



**NorthMiamiFL.gov**

# Comprehensive Annual Financial Report

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**FISCAL YEAR ENDING SEPTEMBER 30, 2018**



Funded by the North Miami Community  
Redevelopment Agency, the newly renovated  
MOCA Plaza opened in December 2018.

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF NORTH MIAMI, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2018**



## **PREPARED BY THE FINANCE DEPARTMENT**

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**Abel Jean-Baptiste – Accountant**

## **SPECIAL ACKNOWLEDGEMENT**

**Katherine Parrish - Administrative Assistant**

**Meghan Thumann – Graphics Designer**

# Our Mission

STATEMENT

**The mission of the City of North Miami  
is to enhance the quality of life,  
environment, and safety for residents,  
businesses, customers, visitors and employees  
in an atmosphere of courtesy,  
integrity and quality, while providing  
fiscally and environmentally  
responsible service.**



**CITY OF NORTH MIAMI, FLORIDA**  
**Fiscal Year Ended September 30, 2018**

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# DEVELOPMENT PROJECTS

North Miami's skyline changed with the construction of two residential high rises at the SoLē Mia construction site. The next phases of development will include recreational space, retail, restaurants, family entertainment and a state of the art medical facility. SoLē Mia and Chinatown are two North Miami development initiatives with the highest expected economic impact.





## I. Introductory Section

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



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April 29, 2019

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

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) for the City of North Miami, Florida, (the “City”) for the fiscal year ended September 30, 2018. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report is published to fulfill the requirements of Chapter 11.45 of the Florida Statutes, and Section 16 of the City Charter which require that City accounts be audited annually by independent auditors.

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

The City’s accounts and financial statements have been audited by RSM US LLP. The firm has issued an unmodified opinion on the City’s financial statements for the year ended September 30, 2018. The independent auditor’s report is located at the beginning of the financial report section on page 1.

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

The management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter and should be read in conjunction with it. The City of North Miami’s MD&A can be found in the section immediately following the report of the independent Certified Public Accountants.

## **PROFILE OF THE CITY**

The City is located in the Northeastern region Miami-Dade County, Florida. The City of North Miami is the sixth largest City in Miami-Dade County, and the forty-first largest in the State. It encompasses 9.5 square miles in area and has a population of approximately 65,000 residents.

The City was incorporated on February 5, 1926 and has been governed by a council-manager form of government. All powers of the City are vested by an elected Council. The Council consists of four Council members and a Mayor. City elections are held on the second Tuesday in May of each odd-numbered year on a non-partisan basis. At each election, each member of the Council is elected for four-year terms and limited to serving no more than two consecutive terms. Thus, the terms are alternated so that there are always at least two experienced members on the Council. The Mayor is elected at-large for a two-year term. Furthermore, on the second Tuesday in May, of odd-numbered years on a non-partisan basis, the City Clerk is elected to hold office for a term of four years and is limited to serving no more than two consecutive terms.

The Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of the various advisory boards, the City Manager and the City Attorney. The City Manager is the City's Chief Executive Officer, and as such, is responsible for the daily operations of the City, implementing policies adopted by the City Council and oversight of the employment function. The City Manager is also charged with preparing and submitting the annual budget and capital improvement plan to the City Council.

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

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

The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. The City Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 30<sup>th</sup> preceding the beginning of the fiscal year on October 1<sup>st</sup>.

Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget-to-actual comparisons for the General Fund, CRA, C.D.B.G. Entitlement and for the Landfill Closure Fund, which are major special revenue funds, are included as Required Supplementary Information (“RSI”) following the Notes to the Basic Financial Statements.

Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted and all non-major governmental funds with appropriated annual budgets.

The major phases of the budget process are detailed in the notes to the Required Supplementary Information Section of this report.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

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

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

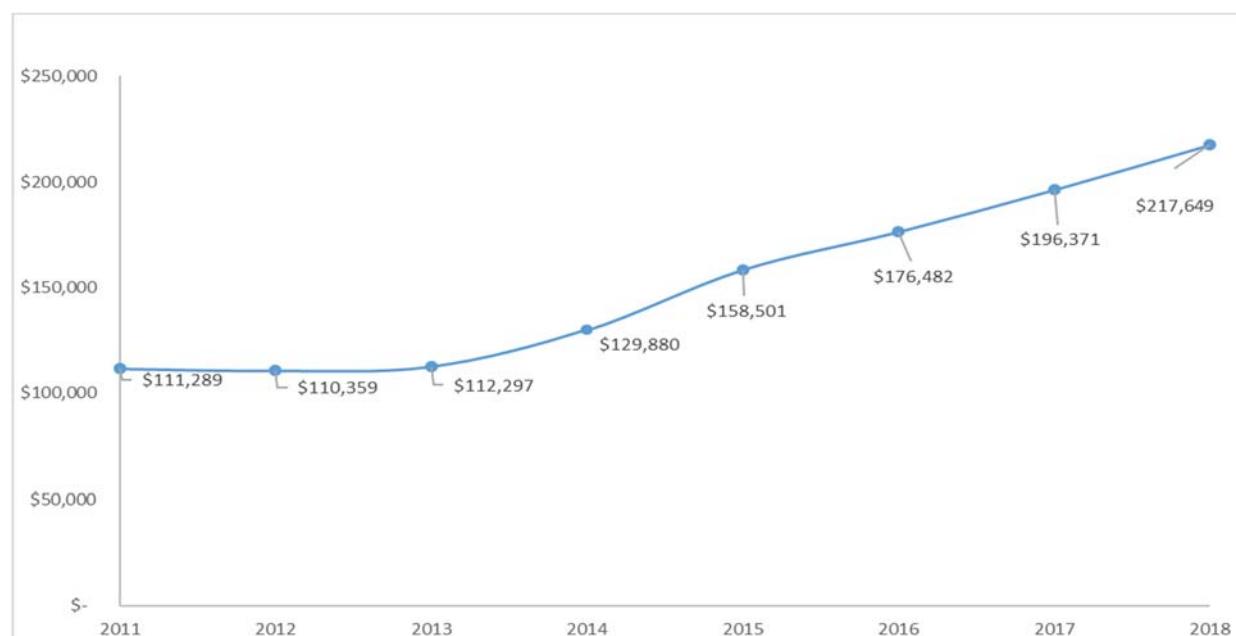
The City's housing stock includes a mix of single-family homes, from apartment buildings and condominiums, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. Two major four-year universities are located in the City: Florida International University Biscayne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

The area's unemployment rate at the end of fiscal year 2018, was down to approximately 4.6% from 6.4% the year before, slightly above the county average of 4.1%. North Miami has managed to increase job growth since the recession of a decade ago, in line with neighboring communities and the County. Most of the growth came in the private sector which has now recovered and surpassed

all the jobs lost during the recession. The employment gains have been led by strong growth in the trade sector, leisure and hospitality, and education and health services. Miami-Dade County's overall labor market is expected to continue to show some improvements as the construction and housing sectors post strong signs of growth. Although sales of existing homes fluctuated, the median sales price of an existing single-family home in North Miami was \$258,000 in 2018. Sales of existing condominium units followed similar pattern and averaged \$159,000.

The single-family residential properties group accounts for about 55% of the City's housing stock, while condominium units represent about 41%. The net assessed value of personal and real property have increased slightly compared to previous years. These economic factors continue to influence discretionary spending which in turn impacts other revenue sources as well. The values have increased by 50% since 2014.

### Average Market Value of Residential Properties



Source Miami-Dade County Property Appraiser 2011-2018 Preliminary Average and Median Residential Values

Under Florida State law, Ch. 200.065 (5), F.S., the maximum millage rate that the City can levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied and adjusted for the change in per capita income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The City levy for the fiscal year ended September 30, 2018, was 7.5000 mills.

### Long-term financial planning

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

## MAJOR INITIATIVES AND OUTLOOK

## ***Downtown Action/Concept Plan***

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

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

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

To date, three of the eight capital projects identified in the Plan have been completed or are nearing completion. In addition, the NE 125 Streetscape improvement project will be breaking ground in mid-2019, leading to a more walkable, pedestrian friendly downtown.

## ***SoLē Mia Project***

The first phase of SoLē Mia was completed at the end of 2018. This new massive development is generating greater revenues and economic development for the City than any other project in North Miami. Twin residential towers, known as The Shoreline, were built for approximately \$100 million and are currently leasing to tenants. The Shoreline features 397 units within the two 17-story apartment buildings. In addition, the first phase includes a 156,000 square-foot Costco store which features about 100 jobs. Finally, Warren Henry Automotive Group is finishing construction on its new headquarters that is expected to open in April 2019.



*Snapshot of the newly constructed Shoreline residential towers in SoLē Mia*

When completed, SoLē Mia will feature approximately 1,400,000 square feet of shopping, chef-driven restaurants, an indoor food hall & fresh market, entertainment venues and office space. Located in North Miami, Turnberry Associates (Soffer’s) and LeFrak’s latest development is destined to become South Florida’s next iconic neighborhood. The 184-acre master-planned community is rising at 15045 Biscayne Boulevard, just south of Aventura and east of Biscayne Boulevard. SoLē Mia Main street will have office space above the retail as well as freestanding office buildings. The commercial space will total 1 million square feet. The office space is estimated at 220,000 square feet

and nearly 4,200 parking spaces are planned. Redefining an entire community, SoLē Mia will be a vibrant hub of cultural and commercial activity that creates jobs, spurs investment, and provides significant benefits to the communities that surround it.



*Artist's rendering of the SoLē Mia Project*

### ***Chinatown***

On February 23, 2016, the North Miami City Council unanimously approved a resolution designating 16 blocks along North West 7th Avenue between North West 119th Street to North West 135th Street as a Chinatown Cultural Arts and Innovation District. Completed in October 2017, the Chinatown Master Plan serves as a design guide to ensure the future growth of the community. The City is actively speaking with investors and developers who are interested in helping to develop the Chinatown neighborhood.



### ***Public Private Partnership***

## ***Public Private Partnership***

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

## ***North Miami Opportunity Zones***

On June 14, 2018 the U.S. Department of Treasury certified the designation of 427 census tracts as Opportunity Zones in the State of Florida as part of the passage of the Tax Cuts & Jobs Act of 2017. Of those 427 tracts, 3 Opportunity Zones were located within the City of North Miami in crucial development areas that are poised for investment such as the Chinatown Cultural Arts & Innovation District and the SoLē Mia Master Planned Development. The City is actively working with development stakeholders to secure investment within these Zones, and economic investment is expected to result from the designation and marketing of these Zones and their assets.

## **AWARDS AND ACKNOWLEDGEMENTS**

The successful preparation of this report would not have been possible without the tireless and dedicated efforts of the entire staff of the Finance Department and the valuable contributions of the Management and Budget Office.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of achievements is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievements Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

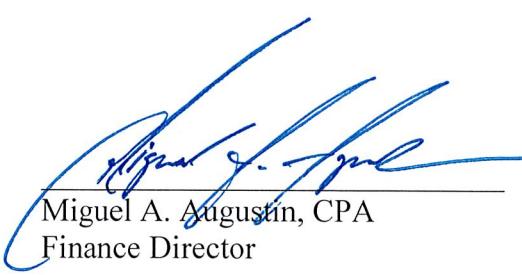
The Government Finance Officers Association (GFOA) of the United States and Canada also presented a Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year 2017.

Respectfully submitted,

---

  
Larry M. Spring, Jr. CPA  
City Manager

---

  
Miguel A. Augustin, CPA  
Finance Director

## Elected Officials



Mayor  
Smith Joseph, D.O., Pharm.D.



Councilman  
Scott Galvin  
District 1



Vice Mayor  
Carol Keys, Esq.  
District 2



Councilman  
Philippe Bien-Aime  
District 3



Councilman  
Alix Desulme  
District 4



City Clerk  
Michael A. Etienne, Esq.

## Executive Staff



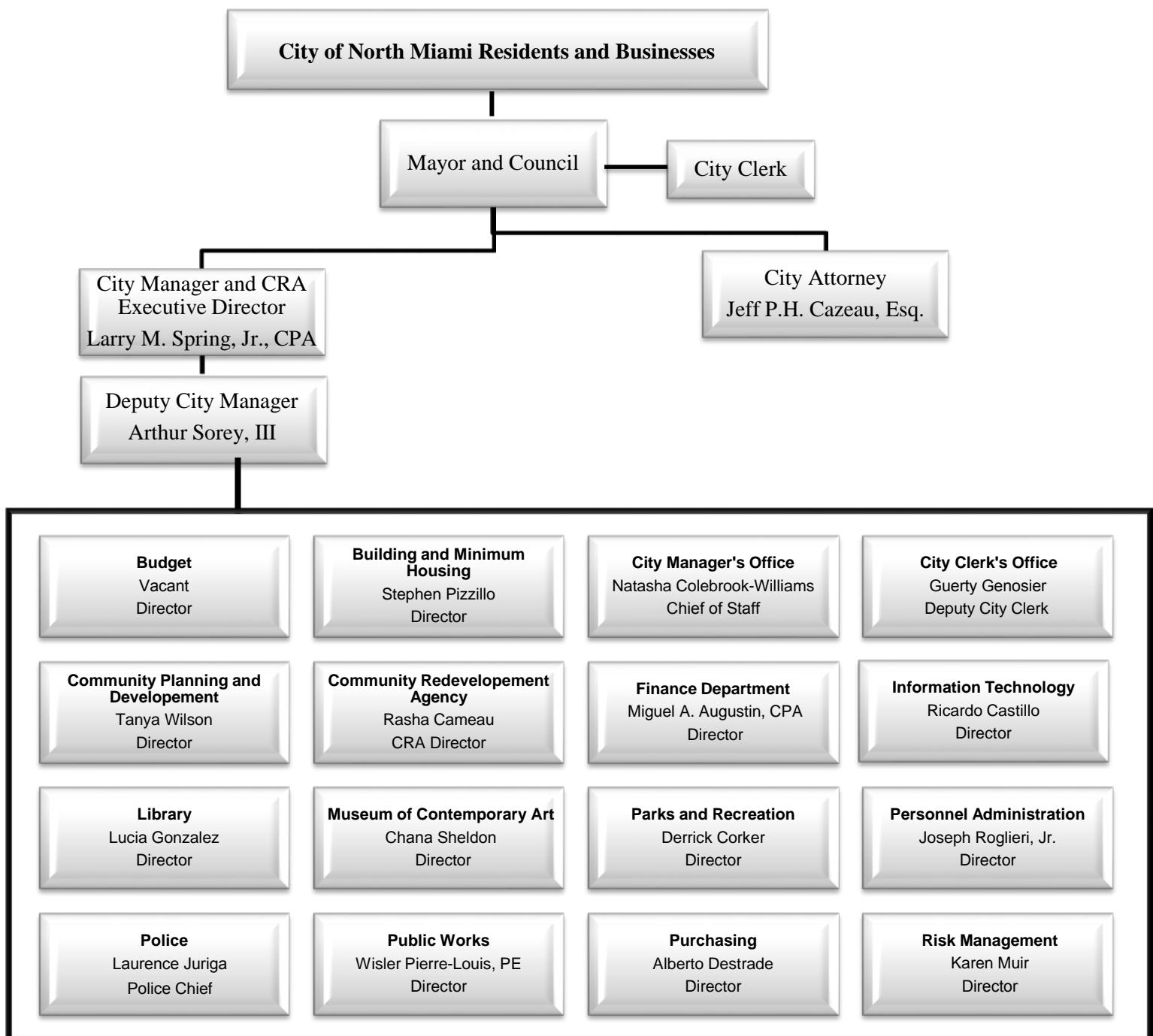
City Manager  
Larry M. Spring, Jr., CPA



City Attorney  
Jeff P. H. Cazeau, Esq.



# Organizational Structure





Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
**City of North Miami  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

September 30, 2017

*Christopher P. Morill*

Executive Director/CEO



## NEIGHBORHOOD EXPERIENCES

Each year, the City of North Miami hosts events for residents seeking safe, family outings that will not break the bank. Among these events are the month-long cultural heritage month celebrations for members of the community to share the most beautiful aspects of their heritage with neighbors and friends through music, art exhibitions, food, folklore and many other educational components that draw thousands to North Miami.



## II. Financial Section

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



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## **Independent Auditor's Report**



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units and funds:

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

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

Reporting Classification	Percentage of,	
	Total Assets / Deferred Outflow of Resources	Total Revenue / Additions
• Governmental Activities	4%	8%
• Major Fund	100%	100%
• Aggregate Remaining Fund Information	92%	82%

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

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

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

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami, Florida, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 15 to the accompanying financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statements No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* effective October 1, 2017. The net position of the governmental activities, business-type activities, water and sewer fund, stormwater utility fund and the aggregate remaining fund information as of October 1, 2017 has been restated. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the accompanying financial statements, the City reported a General Fund deficit of \$8,182,442 as of September 30, 2018. The elimination of this deficit is dependent on the City developing a long-term plan to budget a surplus of revenue over expenditures on an ongoing basis. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedules, and other post-employment benefits and pension related schedules* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules 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 April 26, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RSM VS LLP*

Miami, Florida  
April 26, 2019



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# **Management's Discussion and Analysis - Unaudited (MD&A)**



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# **City of North Miami, Florida**

## Management's Discussion and Analysis – Unaudited

September 30, 2018

The Management's Discussion and Analysis ("MD&A") provides a narrative overview and analysis of the financial activities of the City of North Miami (the "City") for the fiscal year ended September 30, 2018. This MD&A is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found starting in the Introductory Section of this report. For simplification, all amounts in this section have been rounded to the nearest one hundred thousand dollars, and due to rounding, may vary somewhat from certain numbers shown in the body of this report.

### **Financial Highlights**

At September 30, 2018, the government-wide assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows by \$105.9 million compared with \$115.0 million in the previous year.

The City's total net position decreased significantly by (\$6.4 million) in the current year, (367%) compared to an increase of \$2.4 million in the prior year. The significant decrease in the current year was due primarily to the following:

- Recording accumulated expenditures of \$5 million related to Hurricane Irma. Approximately \$3.7 million is expected to be reimbursed by the Federal Emergency Management Agency ("FEMA") in subsequent years.
- The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The adoption of GASB 75 is reflected in the 2018 fiscal year financial statements. Its intent is to improve accounting and financial reporting by requiring an Other Postemployment Benefits (OPEB) liability to be reported on the face of the financial statements rather than in the accompanying notes. The implementation of GASB 75 resulted in an increase in the City's OPEB liability and a decrease in net position of \$2.7 million.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3.9 million, a decrease of \$9.7 million in comparison to the prior year's decrease of \$4.8 million. The current year's decrease was due primarily to overall increased expenditures in the general fund of \$3 million; increased expenditures of \$3.7 million in the new special revenue FEMA Recovery Fund; and increased expenditures of \$0.3 million in the Community Redevelopment Agency Fund ("CRA").

Included in the combined ending governmental funds fund balances is \$4.2 million, which is only available for use in the CRA, a component unit of the City. Also included is approximately \$1.0 million, which is only available for use for the Museum of Contemporary Art, Inc. ("MOCA") and \$9.9 million is restricted for landfill closure.

# **City of North Miami, Florida**

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At the end of the fiscal year, the City's General Fund reported a total fund balance (deficit) of (\$8.1) million of which (\$9.5) million was an unassigned fund net deficit. There was a decrease in current year fund balance of \$3.3 million from operations, primarily due to an overall increase of \$3.8 million in salaries (ranging from 5% to 7% for merit and COLA).

### **Overview of the Financial Statements**

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

### **Government-wide Financial Statements**

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

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

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

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

The government-wide financial statements include, not only the City itself, but also the CRA and MOCA, which are separate legal entities for which the City is financially accountable. In addition to the inclusion in the government-wide financial statements, more detail information for the CRA

# **City of North Miami, Florida**

## Management's Discussion and Analysis – Unaudited

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and MOCA may be obtained from their separately issued financial statements. Complete financial statements for the CRA and MOCA can be obtained by writing to:

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

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

## **Fund Financial Statements**

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

### ***Governmental Funds***

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheets and in the governmental funds statements of revenues, expenditures and changes in fund balances for the General Fund, C.D.B.G. Entitlement, CRA Component Unit and Landfill Closure Fund, which are all considered major funds. Information for the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages 120-125 of this report.

# **City of North Miami, Florida**

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The City adopts annual budgets for its major governmental funds: General Fund, CRA, C.D.B.G. Entitlement and the Landfill Closure Fund. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for each of the major funds identified above. The budgetary comparison schedules can be found on pages 107-110.

### ***Proprietary Funds***

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

Proprietary funds provide the same type of information as the government-wide financial statements; only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and storm-water operations. Both funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The basic proprietary fund financial statements can be found on pages 32 - 34 of this report. The individual fund data for the internal service funds is provided in the form of combining statements on pages 126-128.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds comprise the general employee and the police pension funds and can be found on pages 35-36 of this report.

### **Notes to the Basic Financial Statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37-106 of this report.

### **Other Information**

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

# City of North Miami, Florida

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comparison schedules. The required supplementary information can be found on pages 112-119 of this report.

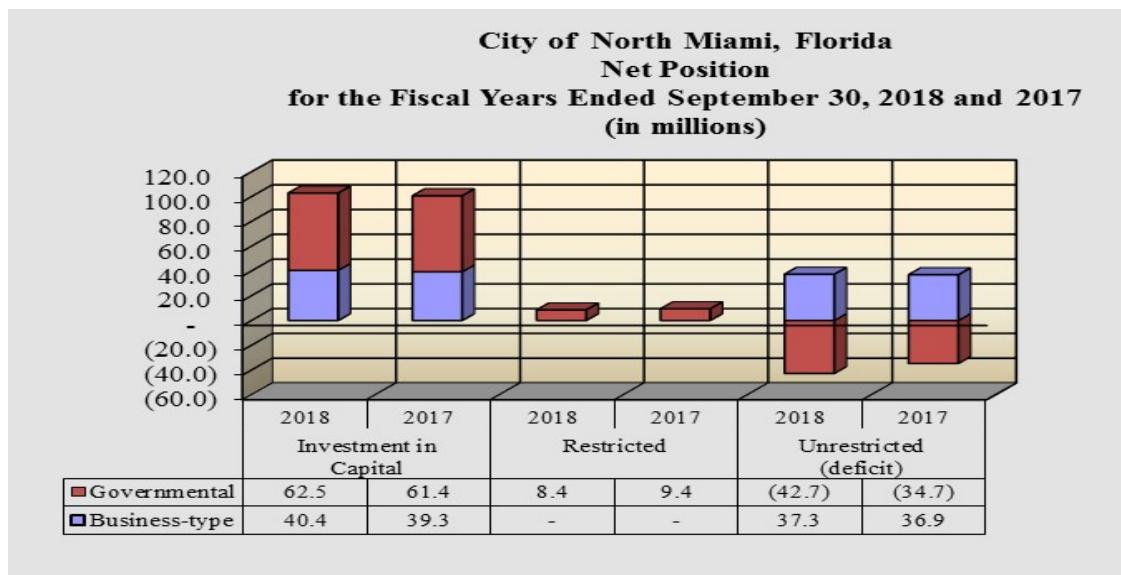
### **Government-Wide Financial Analysis**

#### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the 2018 fiscal year, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$105.9 million of which approximately 26% was for governmental activities and 74% was for business-type activities.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for its business-type activities. The governmental activities net position is either restricted as to the purpose to which it can be used, or is invested in capital assets. The governmental activities show a deficit of approximately (\$42.7 million) for unrestricted net position compared to prior year deficit of (\$32.3 million). The unrestricted deficit was due primarily to operations whereby expenditures have exceeded revenues on a cumulative basis. This is in part due to the limited, straight-line rate at which the unearned revenue associated with prepaid rent on a long-term lease of 99 years, can be amortized and recognized into revenue and consequently the general fund's fund balance.

Although the business-type activities reflect \$37.3 million in unrestricted net position, these resources cannot be used to make up the deficit in governmental activities. The City generally can use only the unrestricted net position to finance the continuing operations of water and sewer, and storm-water operations.



# City of North Miami, Florida

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### Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 53,563,466	\$63,084,436	\$ 51,748,600	\$ 51,825,943	\$ 105,312,066	\$ 114,910,379
Capital assets	62,860,944	62,188,553	45,266,756	44,374,586	108,127,700	106,563,139
Total assets	<u>116,424,410</u>	<u>125,272,989</u>	<u>97,015,356</u>	<u>96,200,529</u>	<u>213,439,766</u>	<u>221,473,518</u>
Deferred outflows of resources	23,526,026	18,028,916	3,177,848	2,483,257	26,703,874	20,512,173
Other liabilities	18,637,260	16,723,055	8,329,186	13,006,792	26,966,446	29,729,847
Noncurrent liabilities:						
Due within one year	3,695,948	3,574,667	785,815	699,283	4,481,763	4,273,950
Due in more than one year	78,443,020	78,329,393	11,890,917	7,651,430	90,333,937	85,980,823
Total liabilities	<u>100,776,228</u>	<u>98,627,115</u>	<u>21,005,918</u>	<u>21,357,505</u>	<u>121,782,146</u>	<u>119,984,620</u>
Deferred inflows of resources	10,967,177	8,559,307	1,427,025	1,110,124	12,394,202	9,669,431
Net position						
Net investment in capital assets	62,452,076	61,365,386	40,449,030	39,310,886	102,901,106	100,676,272
Restricted	8,443,236	9,412,706	-	-	8,443,236	9,412,706
Unrestricted (deficit)	(42,688,281)	(34,662,609)	37,311,231	36,905,271	(5,377,050)	2,242,662
Total net position	<u>\$ 28,207,031</u>	<u>\$36,115,483</u>	<u>\$ 77,760,261</u>	<u>\$ 76,216,157</u>	<u>\$ 105,967,292</u>	<u>\$ 112,331,640</u>

*\*Net position was restated with the implementation of GASB 75.*

The City's net investment in capital assets, totaling \$103 million represented, by far, the largest portion of the net position. Net investment in capital assets comprises land, buildings, infrastructure and machinery and equipment, less any outstanding related debt used to acquire them. The investment in capital assets increased over the prior year by \$2 million.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets was reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources since the capital assets themselves cannot be used to liquidate those liabilities.

# City of North Miami, Florida

## Management's Discussion and Analysis – Unaudited

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### Changes in Net Position

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Program Revenues:</b>						
Charges for services	\$ 25,292,755	\$ 25,686,942	\$ 36,182,376	\$ 34,211,546	\$ 61,475,131	\$ 59,898,488
Operating grants/contributions	6,692,586	5,956,341	-	-	6,692,586	5,956,341
Capital grants/contributions	317,960	670,841	-	-	317,960	670,841
General Revenues:						
Property taxes	20,975,744	19,194,672	-	-	20,975,744	19,194,672
Utility and gas taxes	4,034,989	4,343,095	-	-	4,034,989	4,343,095
Communication services tax	1,203,462	1,212,133	-	-	1,203,462	1,212,133
Franchise fees	3,992,099	4,356,029	-	-	3,992,099	4,356,029
Intergovernmental	11,115,933	9,628,805	-	-	11,115,933	9,628,805
Landfill closure (cost) adjustments	576,286	376,995	-	-	576,286	376,995
Investment earnings	235,600	98,716	-	-	235,600	98,716
Miscellaneous revenues	2,907,367	3,705,137	321,223	105,956	3,228,590	3,811,093
Total revenues	<u>77,344,781</u>	<u>75,229,706</u>	<u>36,503,599</u>	<u>34,317,502</u>	<u>113,848,380</u>	<u>109,547,208</u>
<b>Expenses:</b>						
General government	26,879,421	20,424,384	-	-	26,879,421	20,424,384
Public safety	30,386,983	30,837,393	-	-	30,386,983	30,837,393
Physical environment	591,810	388,242	-	-	591,810	388,242
Transportation and public works	7,806,930	5,954,245	-	-	7,806,930	5,954,245
Housing and urban development	979,480	1,823,347	-	-	979,480	1,823,347
Culture and recreation	13,023,252	11,722,459	-	-	13,023,252	11,722,459
Community planning and development	4,647,836	1,693,997	-	-	4,647,836	1,693,997
Debt service - interest	1,166,356	1,265,498	-	-	1,166,356	1,265,498
Water and sewer	-	-	32,023,616	30,434,388	32,023,616	30,434,388
Stormwater	-	-	2,707,044	2,513,502	2,707,044	2,513,502
Total expenses	<u>85,482,068</u>	<u>74,109,565</u>	<u>34,730,660</u>	<u>32,947,890</u>	<u>120,212,728</u>	<u>107,057,455</u>
Change in net position before transfers	(8,137,287)	1,120,141	1,772,939	1,369,612	(6,364,348)	2,489,753
Transfers	<u>228,835</u>	<u>241,808</u>	<u>(228,835)</u>	<u>(241,808)</u>	<u>-</u>	<u>-</u>
Change in net position	(7,908,452)	1,361,949	1,544,104	1,127,804	(6,364,348)	2,489,753
Net position - beginning	38,468,620	37,106,671	76,574,973	75,447,169	115,043,593	112,553,840
Restatement - GASB 75	(2,353,137)	-	(358,816)	-	(2,711,953)	-
Net position - beginning, as restated	* <u>36,115,483</u>	<u>37,106,671</u>	* <u>76,216,157</u>	<u>75,447,169</u>	* <u>112,331,640</u>	<u>112,553,840</u>
Net position - ending	<u>\$ 28,207,031</u>	<u>\$ 38,468,620</u>	<u>\$ 77,760,261</u>	<u>\$ 76,574,973</u>	<u>\$ 105,967,292</u>	<u>\$ 115,043,593</u>

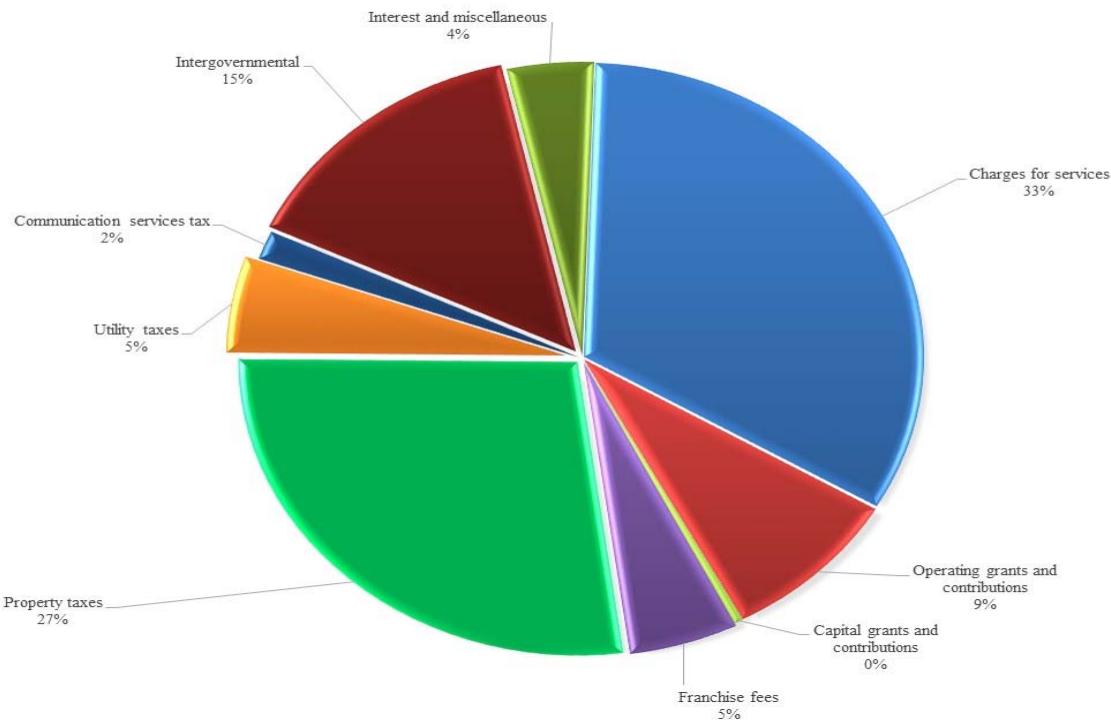
\* Beginning net position was restated with the implementation of GASB 75, as of October 1, 2017. Information was not available to restate the prior periods presented in this schedule.

# City of North Miami, Florida

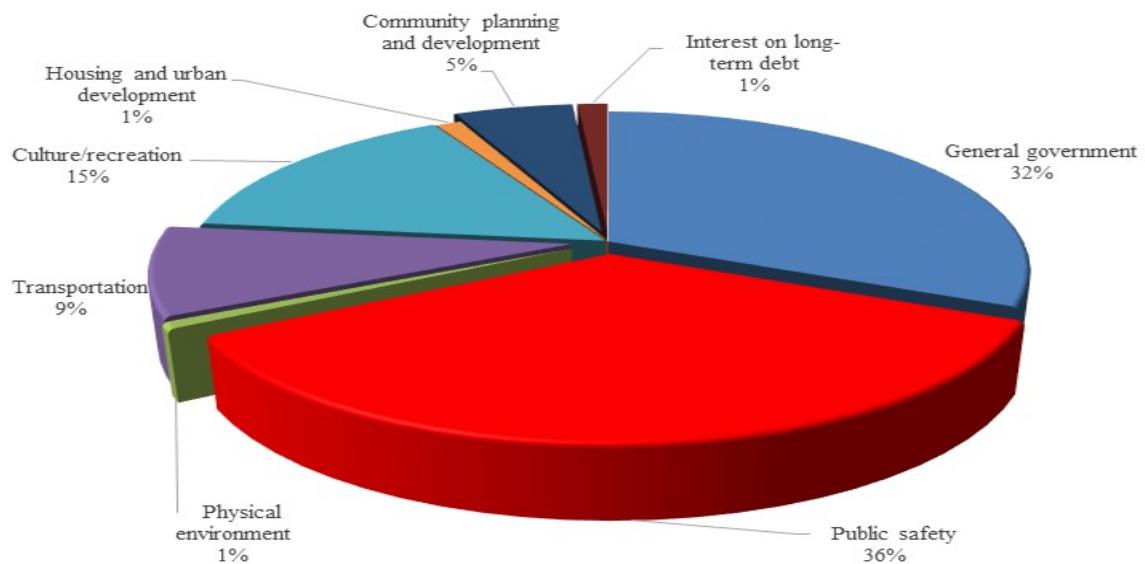
## Management's Discussion and Analysis – Unaudited

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### Revenues by Source – Governmental Activities



### Expenditures by Program – Governmental Activities



# City of North Miami, Florida

## Management's Discussion and Analysis – Unaudited

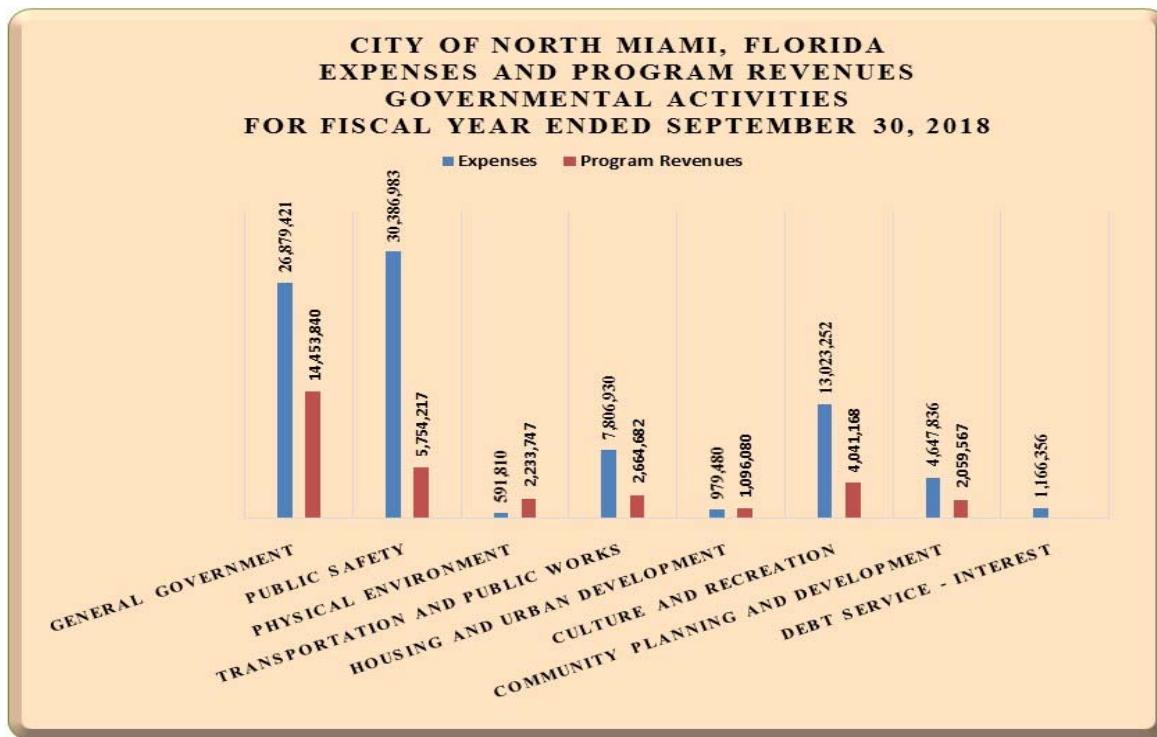
September 30, 2018

### Governmental Activities

Governmental activities for fiscal year 2018 decreased the City's net position by \$8 million. This resulted primarily from an overall net increase in general government expenses of \$6 million. This increase resulted from hurricane related expenses of \$5 million and increase in salaries of \$3 million. General government, public safety, culture and recreation, and community planning and development services comprised approximately 88% of the City's total governmental activities expenses.

In 2018, property taxes revenue increased from \$19.2 million in the prior year to \$21 million in the current year. The increase was due primarily to:

- collections of delinquent property taxes of approximately \$1.3 million by Miami-Dade County and
- recalculations by Miami-Dade County of amounts related to the CRA TIF which resulted in approximately \$0.3 million refunded to the City.



In 2018, program revenues comprised of charges for services, operating and capital grants, and contributions, represented approximately 43% of the governmental activities total revenues (excluding change in landfill closure cost and transfers). Property taxes, accounting for approximately 43% of general revenues (excluding change in landfill closure cost and transfers), are non-program specific and can be used to fund all activities not covered by program revenues.

# City of North Miami, Florida

## Management's Discussion and Analysis – Unaudited

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### Business-type Activities

	Water and Sewer		Stormwater		Total Business-type Activities	
	2018	2017	2018	2017	2018	2017
<b>OPERATING REVENUES</b>						
Charges for water	\$ 16,278,132	\$ 13,162,846	\$ -	\$ -	\$ 16,278,132	\$ 13,162,846
Sanitary sewer fees	16,200,530	17,354,151	-	-	16,200,530	17,354,151
Stormwater charges	-	-	2,552,977	2,610,940	2,552,977	2,610,940
Charges for services provided to other funds	-	-	-	-	-	-
Other revenues	1,150,737	1,083,609	-	-	1,150,737	1,083,609
Total operating revenues	<u>33,629,399</u>	<u>31,600,606</u>	<u>2,552,977</u>	<u>2,610,940</u>	<u>36,182,376</u>	<u>34,211,546</u>
<b>OPERATING EXPENSES</b>						
Personnel services	4,063,044	4,452,035	548,615	585,536	4,611,659	5,037,571
Wholesale water cost and sewage disposal	16,656,029	15,280,638	-	-	16,656,029	15,280,638
Materials, supplies, services and other operating expenses	9,252,829	8,613,250	1,713,827	1,454,712	10,966,656	10,067,962
Depreciation	2,026,548	1,973,879	370,124	390,087	2,396,672	2,363,966
Total operating expenses	<u>31,998,450</u>	<u>30,319,802</u>	<u>2,632,566</u>	<u>2,430,335</u>	<u>34,631,016</u>	<u>32,750,137</u>
<b>Operating income (loss)</b>	<b>1,630,949</b>	<b>1,280,804</b>	<b>(79,589)</b>	<b>180,605</b>	<b>1,551,360</b>	<b>1,461,409</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
<b>AND TRANSFERS</b>						
Interest income	186,505	85,446	-	-	186,505	85,446
Other non-operating revenues	-	-	134,718	20,510	134,718	20,510
Interest expense	(25,166)	(114,586)	(74,478)	(83,167)	(99,644)	(197,753)
Transfers out	<u>(202,263)</u>	<u>(215,054)</u>	<u>(26,572)</u>	<u>(26,754)</u>	<u>(228,835)</u>	<u>(241,808)</u>
Change in net position	1,590,025	1,036,610	(45,921)	91,194	1,544,104	1,127,804
Net position- beginning	68,541,517	67,504,907	8,033,456	7,942,262	76,574,973	75,447,169
Restatement - GASB 75	(313,915)	-	(44,901)	-	(358,816)	-
Net position - beginning, as restated	* <u>68,227,602</u>	* <u>67,504,907</u>	* <u>7,988,555</u>	* <u>7,942,262</u>	* <u>76,216,157</u>	* <u>75,447,169</u>
Net position - ending	<u>\$ 69,817,627</u>	<u>\$ 68,541,517</u>	<u>\$ 7,942,634</u>	<u>\$ 8,033,456</u>	<u>\$ 77,760,261</u>	<u>\$ 76,574,973</u>

\* Beginning net position was restated with the implementation of GASB 75, as of October 1, 2017. Information was not available to restate the prior periods presented in the MD&A herein.

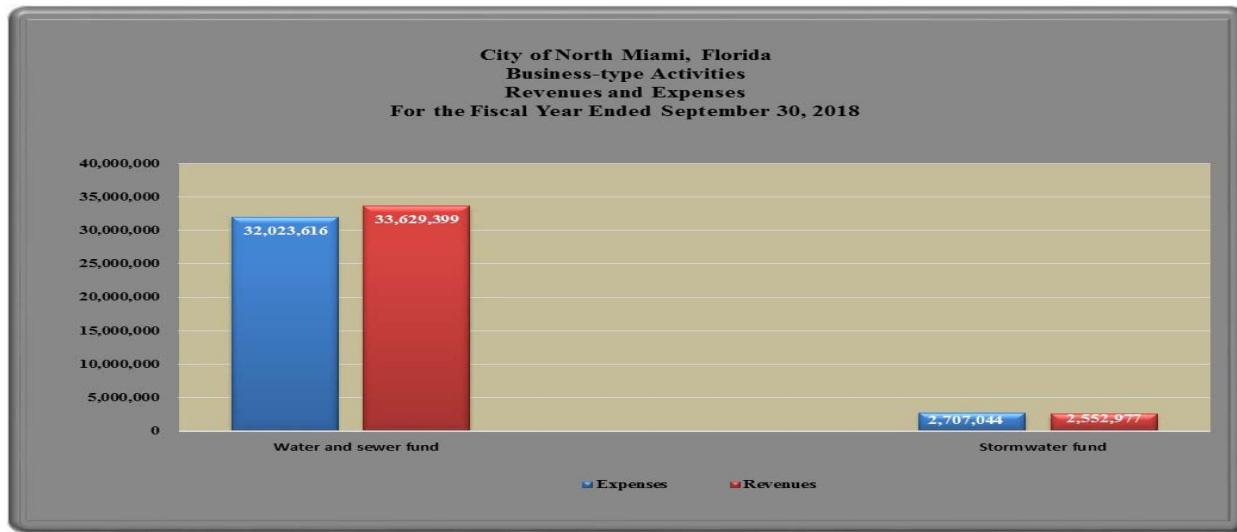
Net position of the City's business-type activities increased from \$76.6 million in the prior fiscal year to \$77.8 million in the current fiscal year.

The net position for the water and sewer fund increased from \$68.5 million in the prior year to \$69.8 million for the current fiscal year. There was operating income of \$1.6 million in the current fiscal year compared to \$1.2 million operating income in the previous fiscal year. The increase of \$0.4 million in operating income over the previous year was primarily due to an increase in charges for services in the current year. In the prior year management determined that approximately \$1.8 million of water and sewer utility billing credits granted to customers in fiscal years 2014 through 2016 was not properly accounted for in the water and sewer fund, this resulted in an adjustment that reduced revenues for the fiscal year ended September 30, 2017.

# City of North Miami, Florida

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The net position for the storm-water utility fund decreased from \$8 million in the prior year to \$7.94 million for the current fiscal year. Operating loss for 2018 was (\$0.1 million) compared to operating income of \$0.2 million in the previous year. The decrease of \$0.1 million in operating income over the previous year was due primarily to overall increase in expenses which included refunds of \$0.1 million to Miami-Dade County for storm water fees.

## **FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS**

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

### **Governmental Funds**

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

As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$3.9 million, which was a total decrease of \$9.7 million in the current year compared to a \$4.7 million decrease in the prior year. \$18.2 million of the ending fund balances constitutes non-spendable and restricted fund balances, which were not available for spending. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances of \$18 million included \$9.9 million for landfill closure cost, \$2.7 million restricted for housing and other capital projects and \$4.2 million for CRA projects. At the end of the 2018 fiscal year, governmental funds also included \$0.3 million assigned for various programs. In addition to balances noted above, reported as assigned, governmental funds also showed negative unassigned of \$14.6 million resulting from operations whereby expenditures have exceeded revenues on a cumulative basis over time.

# City of North Miami, Florida

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### **General Fund**

The General Fund is the main operating fund of the City. General tax revenues and other receipts not allocated to another fund by law or contractual commitment, are accounted for in this fund. General operating expenditures and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2018, the general fund had negative unassigned fund balances of \$9.4 million, an increase in the deficit of \$3.3 million over 2017; due primarily to the increased expenditures for salaries, capital projects and public safety related costs.

The General Fund expenditures increased by \$2.9 million or approximately 5% over prior year. Revenues (including other financing sources) increased by \$3.3 million or approximately 6% over the prior year.

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

<b>General Fund Expenditures</b>	<b>2018</b>	<b>Percent</b>	<b>2017</b>	<b>Percent</b>	<b>Change</b>	
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>Increase (Decrease)</b>	<b>From Prior Year</b>
General government	\$15,044,776	24.7%	\$12,378,728	21.3%	\$ 2,666,048	21.5%
Public safety	28,034,017	45.9%	28,442,358	48.9%	(408,341)	-1.4%
Physical environment	3,985,087	6.5%	3,434,338	5.9%	550,749	16.0%
Transportation	2,737,563	4.5%	3,029,952	5.2%	(292,389)	-9.6%
Culture and recreation	8,879,215	14.6%	8,302,879	14.3%	576,336	6.9%
Community planning and development	1,832,756	3.0%	1,384,496	2.4%	448,260	32.4%
Capital outlay	503,454	0.8%	1,152,140	2.0%	(648,686)	-56.3%
Total expenditures	<u>\$61,016,868</u>	<u>100%</u>	<u>\$58,124,891</u>	<u>100%</u>	<u>\$ 2,891,977</u>	<u>4.98%</u>

In fiscal year 2018, General Fund expenditures increased by \$2.8 million or 5% compared to the prior year. The primary factors contributing to the increase in General Fund expenditures was the overall increase in salaries (ranging from 5% to 7% for merit and COLA) of \$3.8 million.

General Fund revenues (by type) percentage of the total and the amount of change compared to the prior year fiscal year are shown in the following schedule:

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## Management's Discussion and Analysis – Unaudited

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<u>General Fund Revenues</u>	2018 Amount	Percent of Total	2017 Amount	Percent of Total	Change	
					Increase (Decrease) From Prior Year	
Taxes:						
Ad valorem taxes	\$ 17,712,040	30.1%	\$ 16,907,030	30.4%	\$ 805,010	4.8%
Utility and communication taxes	4,420,867	7.5%	4,728,287	8.5%	(307,420)	-6.5%
Franchise fees	3,992,099	6.8%	4,080,636	7.3%	(88,537)	-2.2%
Total taxes	26,125,006	44.4%	25,715,953	46.2%	409,053	1.6%
Charges for services	10,077,538	17.1%	9,467,004	17.0%	610,534	6.4%
Return on investment - utility	2,479,828	4.2%	2,302,696	4.1%	177,132	7.7%
Fines and forfeitures	899,657	1.5%	1,061,091	1.9%	(161,434)	-15.2%
Intergovernmental	8,754,852	14.9%	8,487,686	15.3%	267,166	3.1%
Licenses and permits	3,749,809	6.4%	3,790,191	6.8%	(40,382)	-1.1%
Interest and other earnings	2,899,201	4.9%	2,669,731	4.8%	229,470	8.6%
Rents and royalties	2,746,174	4.7%	1,767,219	3.2%	978,955	55.4%
Proceeds from capital lease and installment sale	-	0.0%	303,014	0.5%	(303,014)	-100%
Transfers in	1,190,000	2.0%	26,884	0.1%	1,163,116	4326%
Total revenues	<u>\$ 58,922,065</u>	<u>100%</u>	<u>\$ 55,591,469</u>	<u>100%</u>	<u>\$ 3,330,596</u>	<u>6.0%</u>

Explanation for the more significant changes for revenues are as follows:

1. Property tax revenues increased by \$0.8 million or 4.8% due to prevailing economic factors, as the City maintained the same operating millage rate of 7.500 mills.
2. Utility and communication taxes decreased by \$0.3 million primarily due to an adjustment made by the State in 2018 for amounts overpaid to the City in 2017.
3. Charges for services net increase of \$0.6 million or 6.4%, primarily due to increase of approximately \$0.6 million for interfund services based on budgeted allocations.
4. Return on investment – utility increased by \$0.2 million primarily due to increase in budgeted allocation.
5. Fines and forfeitures decreased by \$0.1 million primarily due to less fines from special magistrate sessions.
6. Intergovernmental increased by \$0.2 million or 3%, primarily due to additional amounts received for state revenue sharing.

# **City of North Miami, Florida**

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7. Interest and other earnings increased by \$0.2 million or 8.6%, primarily due to receipt of miscellaneous new grants, insurance recovery, liens interest penalty charges.
8. Rent and royalties increased by \$1 million or 55%, primarily due to the collection of outstanding rental fees received from the Biscayne Landing relating to the Royal Oaks apartment complexes.
9. Proceeds from capital lease and installment purchase decreased by \$0.3 million or 100%. In the prior year the City recorded a purchase installment agreement. There was no similar transaction for the current year.
10. The increase of \$1.1 million in transfers received from the CRA, to be used for the residential rehabilitation program for the City.

## **FINANCIAL ANALYSIS OF OTHER GOVERNMENTAL FUNDS**

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

This fund is restricted for funding of remediation and closure costs of an old landfill. The fund was set up from a one-time contribution of \$31 million, which was received from the Miami-Dade County in 2004, and placed in an escrow account. At the end of 2018, the long-term cost was estimated to be \$9 million. The remediation cost for the current year was \$0.6 million. This fund had a restricted fund balance of \$10 million at September 30, 2018. See **NOTE 12** for additional information on the landfill.

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

The CRA, a component unit of the City, reported a \$4.2 million restricted fund balance at year end. During the year, approximately \$3.2 million in property tax incremental revenues was recognized in the CRA (both the City and Miami-Dade County portions). The CRA refunded tax increment revenues of approximately \$1.6 million to Miami-Dade County. The City acts as a pass-through for the tax incremental property tax monies that were transferred to the CRA.

The CRA recorded a transfer of \$1.1 million to the City, to be used for the residential rehabilitation program for the City.

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

The C.D.B.G. fund accounts for grant-related revenues and expenditures for housing rehabilitation programs. The negative unassigned fund balance at year-end was \$0.2 million was due to expenditures that were not reimbursed as of 60 days after fiscal year end.

### ***Other Governmental Funds (Nonmajor)***

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

- Special Revenues restricted fund balance at year-end was \$2.4 million, comprised primarily of:
  1. The Neighborhood Stabilization Program (“NSP”) reported \$0.6 million;
  2. Law Enforcement Trust Fund reported \$0.2 million;
  3. Federal Forfeiture Fund reported \$0.2 million;
  4. Developer Impact Fees Fund reported \$0.7 million; and
  5. MOCA which reported \$0.7 million;

The Home Investment Partnership Program (HIP) and the NSP combined funds awarded a total of \$0.2 million in direct housing grants and aid to home owners and local businesses.

MOCA is included as a component unit of the City because the City provides significant financial support for MOCA’s daily operations. The City provided support of approximately \$2.4 million to fund approximately \$2.7 million of total expenditures shown in MOCA’S financial statements.

### ***Internal Service Funds***

In 2018, the General Risk Management Fund reflected net position of \$3.4 million - a decrease from the prior year’s \$4.0 million.

The Fleet Management Fund reflected net position of \$4.8 million compared to prior year’s total of \$4.5 million.

### ***Fiduciary Funds***

Net investment income from interest and dividends for both City pension plans combined was reported at \$1.8 million. The Plans’ investment policies set the portfolio allocation. Many U.S. market indices posted favorable returns across the board this year. There was a significant appreciation for both plans of approximately \$20.4 million (prior year net appreciation was \$17.5 million). Employer contribution for 2018, for both plans was \$9 million. During 2018, retirement benefit payouts approximated \$12 million for both plans combined.

# City of North Miami, Florida

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### **Capital Assets and Debt Administration**

#### ***Capital Assets***

As of September 30, 2018, the City's capital assets for the governmental and business-type activities amounted to \$108 million (net of accumulated depreciation), compared with \$107 million in the previous fiscal year. These assets include land, construction in progress, buildings, and improvements, infrastructure, machinery and equipment and library books. The total net increase in the City's capital assets balances from prior fiscal year was \$1.5 million or 1.4%.

	<b>CAPITAL ASSETS - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES</b>					
	Governmental		Business-type		Totals	
	Activities	2018	Activities	2018	2017	2018
Capital assets, not being depreciated:						
Land	\$ 12,467,017	\$ 12,467,017	\$ 653,080	\$ 653,080	\$ 13,120,097	\$ 13,120,097
Construction in progress	949,082	994,162	898,886	2,519,687	1,847,968	3,513,849
Total capital assets, not being depreciated	<u>13,416,099</u>	<u>13,461,179</u>	<u>1,551,966</u>	<u>3,172,767</u>	<u>14,968,065</u>	<u>16,633,946</u>
Capital assets, being depreciated, net:						
Land Improvements	18,937,139	18,886,574	1,285,292	154,211	20,222,431	19,040,785
Buildings and improvements	21,280,293	21,087,191	2,474,134	2,469,234	23,754,427	23,556,425
Infrastructure	59,112,226	56,796,571	80,670,336	77,330,608	139,782,562	134,127,179
Machinery and equipment	20,780,262	20,604,416	6,830,358	6,401,339	27,610,620	27,005,755
Library books	2,288,302	2,242,501	-	-	2,288,302	2,242,501
Total capital assets, being depreciated	<u>122,398,222</u>	<u>119,617,253</u>	<u>91,260,120</u>	<u>86,355,392</u>	<u>213,658,342</u>	<u>205,972,645</u>
Accumulated depreciation:						
Land Improvements	(13,791,334)	(13,476,451)	(131,404)	(127,705)	(13,922,738)	(13,604,156)
Buildings and improvements	(10,321,107)	(9,884,952)	(893,749)	(822,996)	(11,214,856)	(10,707,948)
Infrastructure	(29,178,352)	(27,988,247)	(41,394,864)	(39,551,932)	(70,573,216)	(67,540,179)
Machinery and equipment	(17,517,647)	(17,431,450)	(5,125,313)	(4,650,940)	(22,642,960)	(22,082,390)
Library books	(2,144,937)	(2,108,779)	-	-	(2,144,937)	(2,108,779)
Total accumulated depreciation	<u>(72,953,377)</u>	<u>(70,889,879)</u>	<u>(47,545,330)</u>	<u>(45,153,573)</u>	<u>(120,498,707)</u>	<u>(116,043,452)</u>
Total capital assets, being depreciated, net	<u>49,444,845</u>	<u>48,727,374</u>	<u>43,714,790</u>	<u>41,201,819</u>	<u>93,159,635</u>	<u>89,929,193</u>
<b>Total Capital Assets, net</b>	<b><u>\$ 62,860,944</u></b>	<b><u>\$ 62,188,553</u></b>	<b><u>\$ 45,266,756</u></b>	<b><u>\$ 44,374,586</u></b>	<b><u>\$ 108,127,700</u></b>	<b><u>\$ 106,563,139</u></b>

# City of North Miami, Florida

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Total net increase in capital assets for governmental activities (excluding depreciation) was \$2.7 million, primarily due to the following additions:

1. \$2.3 million for infrastructure, primarily for paving of sidewalks and drainage improvement throughout the City.
2. \$0.1 million for machinery and equipment, which included computer software for city hall, police computer equipment and police vehicle equipment upgrades.
3. \$0.2 million for building improvements, primarily for city hall.

Total net increase in capital assets for business-type activities (excluding depreciation) was \$3.3 million, primarily due to the following:

1. Increase of \$2 million for infrastructure, primarily due to lift station upgrades, water distribution line upgrades and the water plant filter project.
2. Increase of \$0.4 million for purchase of machinery and equipment, primarily commercial vehicles for code compliance and public works.
3. Increase of \$0.8 million for construction in progress related to the Winson Water Plant and Sanitary Sewer Lining Rehabilitation projects.

Additional information on the City's capital assets are disclosed in **NOTE 6** starting on page 66 of this report.

### ***Long-term Debt***

At September 30, 2018, the City had total outstanding debt of approximately \$18 million (bonds, notes, leases etc.) compared to approximately \$19 million at the end of the previous fiscal year. The majority of the City's outstanding debt was secured by specific revenue sources. The outstanding debts are summarized below:

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Note payable	\$ 13,235,000	\$ 14,005,000	\$ -	\$ -	\$ 13,235,000	\$ 14,005,000
Unamortized bond discount	(571,787)	(664,396)	-	-	(571,787)	(664,396)
Capital lease obligation	355,330	801,566	-	-	355,330	801,566
Purchase installment liability	280,800	409,400	-	-	280,800	409,400
FMLC Series 2016 Refunding (stormwater)	-	-	1,555,000	1,915,000	1,555,000	1,915,000
Unamortized bond premiums and discount	-	-	82,040	102,550	82,040	102,550
State revolving fund loan	-	-	3,042,232	2,864,933	3,042,232	2,864,933
Capital lease obligations	-	-	1,593	2,393	1,593	2,393
<b>Total</b>	<b>\$ 13,299,343</b>	<b>\$ 14,551,570</b>	<b>\$ 4,680,865</b>	<b>\$ 4,884,876</b>	<b>\$ 17,980,208</b>	<b>\$ 19,436,446</b>

# **City of North Miami, Florida**

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During the fiscal year 2018, the City had the following debt activity:

*Governmental Activities* – The total debt decreased by a net of \$1 million from the prior year, primarily due to the net effect of scheduled principal payments and amortizations.

*Business-type Activities* – The total debt decreased by a net of \$0.2 million from the prior year, primarily due to the effect of scheduled principal payments and amortizations.

Additional information on the City's long-term debt and capital leases can be found in **NOTE 7** on page 68.

## **Overall Budget**

The fiscal year 2018 adopted budget of \$166.6 million represents an increase of 9% compared to the fiscal year 2017 Budget. Major contributors to the increase across all funds included: additional ad valorem revenue resulting from the increase in city-wide taxable values, proceeds from SoLē Mia, development, and inclusion of the CRA budget in the total.

The difference between the original and final amended general fund budget for 2018 was approximately \$3.3 million, which represents an increase in overall appropriations from \$71 million to \$74 million. The increase was due to re-appropriations for prior year projects that were approved by the Mayor and Council in the previous year.

The general fund is the largest component of the total budget, accounting for \$73 million or 48% of the total budget. The budgetary highlights are based on the following schedule:

# City of North Miami, Florida

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### GENERAL FUND BUDGETARY HIGHLIGHTS

	<b>Budgeted Amounts</b>			<b>Variance with Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 17,202,709	\$ 17,571,073	\$ 17,712,040	\$ 140,967
Utility and communication taxes	4,978,208	4,978,208	4,420,867	(557,341)
Charges for services	10,710,954	10,646,266	10,077,538	(568,728)
Return on investment - utility	2,479,826	2,479,826	2,479,828	2
Franchise fees	4,132,730	4,132,730	3,992,099	(140,631)
Fines and forfeitures	786,836	786,836	899,657	112,821
Intergovernmental	8,349,406	8,474,406	8,754,852	280,446
Licenses and permits	4,029,604	4,029,604	3,749,809	(279,795)
Interest	594,876	594,876	620,277	25,401
Other earnings	5,691,763	5,234,399	2,278,924	(2,955,475)
Rents and royalties	3,285,805	3,284,805	2,746,174	(538,631)
Total revenues	<u>62,242,717</u>	<u>62,213,029</u>	<u>57,732,065</u>	<u>(4,480,964)</u>
<b>EXPENDITURES</b>				
General Government:				
Mayor and City Council	1,132,860	1,475,174	1,439,736	35,438
City Manager	2,349,580	2,696,035	2,692,148	3,887
City Clerk	635,168	696,114	696,114	-
Financial Services	3,306,316	3,279,242	3,211,180	68,062
Legal	1,269,528	1,309,654	1,335,631	(25,977)
Human Resources	776,119	882,790	879,021	3,769
Information Technology	1,834,590	1,777,409	1,597,596	179,813
Management and Budget	354,261	354,261	311,279	42,982
Procurement and Purchasing	491,821	515,335	515,701	(366)
Non-Departmental	<u>10,920,909</u>	<u>9,844,278</u>	<u>2,366,370</u>	<u>7,477,908</u>
Total general government	<u>23,071,152</u>	<u>22,830,292</u>	<u>15,044,776</u>	<u>7,785,516</u>
Public Safety:				
Police	26,383,722	26,322,288	24,985,358	1,336,930
Building and Zoning	1,901,860	1,880,407	1,447,767	432,640
Code Enforcement	<u>1,573,911</u>	<u>1,663,911</u>	<u>1,600,892</u>	<u>63,019</u>
Total public safety	<u>29,859,493</u>	<u>29,866,606</u>	<u>28,034,017</u>	<u>1,832,589</u>
Physical Environment:				
Public Works	<u>4,611,118</u>	<u>4,765,497</u>	<u>6,722,650</u>	<u>(1,957,153)</u>
Total physical environment	<u>4,611,118</u>	<u>4,765,497</u>	<u>6,722,650</u>	<u>(1,957,153)</u>
Economic Environment:				
Community Planning and Development	<u>1,411,772</u>	<u>3,598,820</u>	<u>1,832,756</u>	<u>1,766,064</u>
Total economic environment	<u>1,411,772</u>	<u>3,598,820</u>	<u>1,832,756</u>	<u>1,766,064</u>
Culture and Recreation:				
Parks and Recreation	7,298,942	7,756,100	6,134,232	1,621,868
Library	1,035,666	1,044,666	966,887	77,779
MOCA	<u>1,403,254</u>	<u>1,781,754</u>	<u>1,778,096</u>	<u>3,658</u>
Total culture and recreation	<u>9,737,862</u>	<u>10,582,520</u>	<u>8,879,215</u>	<u>1,703,305</u>
Capital outlay	475,472	855,478	503,454	352,024
Total expenditures	69,166,869	72,499,213	61,016,868	11,482,345
Excess (deficiency) of revenues over (under) expenditures	<u>(6,924,152)</u>	<u>(10,286,184)</u>	<u>(3,284,803)</u>	<u>7,001,381</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves	8,423,556	10,595,588	-	(10,595,588)
Transfers in	-	1,190,000	1,190,000	-
Transfers out	<u>(1,499,404)</u>	<u>(1,499,404)</u>	<u>(1,245,564)</u>	<u>253,840</u>
Total other financing sources (uses)	<u>6,924,152</u>	<u>10,286,184</u>	<u>(55,564)</u>	<u>(10,341,748)</u>
Net change in fund balance (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,340,367)</u>	<u>\$ (3,340,367)</u>
Fund balance (deficit), beginning			<u>(4,842,075)</u>	
Fund balance (deficit), ending			<u>\$ (8,182,442)</u>	

# **City of North Miami, Florida**

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Actual total revenues were less than final budgeted revenues by approximately \$4.4 million primarily due to the following factors:

- a. Charges for services were \$0.6 million less than the budgeted amount despite having increased \$0.7 million over prior. The increase was anticipated, but the amount of the increase did not fully meet expectations.
- b. Utility and Communication Taxes revenue was \$0.5 million less than the budget because of a true-up adjustment from the State of Florida.
- c. Other Earnings was \$2.9 million less than the budgeted amount primarily because a planned \$3 million for sale of land to a developer did not materialize.
- d. Rents and Royalties were \$0.5 million less than the budget even though there was an increase of \$0.98 million in the current year compared to prior year. The increase was anticipated so a higher amount was budgeted, however the projection was over-estimated.

The net positive variance of \$11.5 million for expenditures was primarily due to the following factors:

- a. The non-departmental variance of \$7.5 million, which includes an allocation for capital projects and contingency.
- b. The police department \$1.3 million variance was due to staff positions that were not filled.
- c. The public works department (\$2 million) variance was due to increased fees from a service provider and internal re-organization resulting in more divisions in the department.
- d. Community planning and development \$1.7 million positive variance was due to reduced grant activities.
- e. Parks and recreation \$1.6 million positive variance was due to staff positions that were not filled, a number of special events that did not take place and some capital projects that did not start in fiscal 2018.

The General Fund deficit will be eliminated through a combination of reducing expenditures and expected ad-valorem revenue increases from development within the City. The current expenditure reduction plan aims to trim 3% of General Fund expenditures from the 2019 budgeted fiscal year, which is projected to reduce expenditures by \$2.1 million for the year ending September 30, 2019, and result in a net increase in the General Fund's fund balance of \$0.44 million. The City is on target to meet the budgeted revenue balance for the fiscal year ending September 30, 2019. Additionally, the City is currently developing a long-term plan to reduce and eliminate the General Fund's fund balance deficit over the next 3 – 5 years, by budgeting for a surplus of revenues over expenditures in each year. The City projects going forward that there will be additional sales tax revenues from a new major business that relocated to the City and an increase in the ad-valorem tax base from the

# **City of North Miami, Florida**

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SoLē Mia development project, both of which will help reduce the General Fund's fund balance deficit in future years.

### **Economic Factors and Next Year's Budgets and Rates**

In the development of the planned budget year, a number of economic factors are analyzed to ascertain both the immediate and future resources that can be anticipated to fund projected needs in the community. Property values, unemployment rates and median income are three indicators of the health and well-being of a local economy. Although median wages have remained relatively dormant in North Miami, a foundation for growth continues to be laid through emphasis on redevelopment and updating of the City's infrastructure. Currently the unemployment rate for North Miami is approximately 4.2%. This rate has been steadily declining from 2012's high of 9.4%.

The City's adopted fiscal year 2019 budget, prepared on a budgetary basis, presented general fund reserves of \$8.3 million. The term reserves, for budget purposes, refers to pooled cash available to be used to fund current year's operations. It is important to note that the general fund reported a fund balance deficit of \$8.2 million for the year ended September 30, 2018, therefore no accounting reserves are presented for the fiscal year then ended. This is in part due to the limited, straight-line rate at which the unearned revenue associated with a prepaid rent on a long-term lease of 99 years can be amortized and recognized into revenue, and consequently the general fund's fund balance. See NOTE 16 for discussion of the Biscayne Landing Lease.

### **Economic Impact on the Immediate Budget**

For a fifth consecutive year, the City has seen an increase in assessed taxable values as reported by the Miami-Dade Property Appraiser. For fiscal year 2018, the City's assessed taxable value is \$3.1 billion, which is a 9.2% increase from the prior fiscal year. In September 2018, the City Council adopted a millage rate of 7.5000 for the 2018-19 budget. This was the same millage rate as the prior year. Applying the same millage rate to the growing total taxable values is budgeted to generate an additional \$2.2 million in ad-valorem revenue.

### **Future Economy and Budget Years**

While North Miami continues to see improvements in the economy since the recession of 2008, with property tax revenue increasing 35% in the last four years. Despite this, the City is not immune to the growing divide between home prices and the stagnation of wages. The Miami metropolitan statistical area has the second highest disparity in the country between home prices and wages, and North Miami is exposed to this reality as well.

While there are certainly challenges in spurring wage growth in the community, the commercial sector in the community is thriving. With the help of City and CRA assistance and subsidies, new and innovative businesses have entered the downtown region and major corridors. Small business grants that were implemented last year to aid the 90% of North Miami businesses that have less than 10 employees have been a success. Since 2015, North Miami has seen a net increase of more than 250 established businesses throughout the City.

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With the support of market forces and government assistance, the commercial sector in North Miami is rapidly strengthening and will lead to more local job creation and wage growth. Household income in North Miami has increased by nearly \$5,000 over the last four years, outpacing inflation. As the City continues to monitor the state and national economies, there will be several initiatives that will have an interdependent impact on the future local economy and upcoming budget years:

1. ***SoLē Mia*** – The 184-acre mixed-use development, SoLē Mia, is now leasing two 17-story residential rental towers that will have a combined 397 units. A 156,000 square foot Costco Wholesale has opened its new store in North Miami, with Warren Henry Auto Center opening in the second quarter of this year. More rental towers and a commercial complex will be submitting to the City's Development Review Committee later this year. SoLē Mia's continued development will transform the North Miami economy, providing a large boost in revenue to be used throughout the City.
2. ***Capitalize on the CRA*** – The North Miami Community Redevelopment Agency will be a major funding mechanism the City will use to advance the local economy. The CRA continues to grow from TIF contributions year over year with a 32% increase in FY18-19 from the previous Fiscal Year. The FY 18-19 budget calls for continued business grant assistance along with \$3 million in capital projects and downtown marketing. As the TIF contributions grow, the City's utilization of the CRA to provide innovative and capital-intensive services will as well.
3. ***Capital Improvement Plan*** – By continuing to invest in capital projects, which improve parks, streets, sidewalks and its housing stock, the City will attract and retain investors and talent to ensure North Miami will realize its future potential.
4. ***Workforce Development Initiatives*** – The Community Planning & Development Department have implemented scholarship programs, professional development courses, and strategic partnerships to raise the skill level of the North Miami workforce and improve wages in the community.
5. ***Strengthen Footprint*** – Several important indicators that assist in determining a City's financial footprint include the growth of property values, revenues, the amount of debt held, and the ability to pay off that debt. The City of North Miami has growing property values, ad-valorem revenue and reducing debt.
6. ***Transit-Oriented Mobility Hub*** – This year, the City and CRA commissioned the development of a Mobility Hub Master Plan, which was completed and approved by the CRA Board earlier this year. The Plan calls for up zoning of the area within a half-mile radius of the railroad crossing at NE 125 Street, allowing for heights up to 200 feet and the existing of mixed-use development, including multifamily. The Tri-Rail Coastal Link Master Plan calls for a transit station at NE 125 Street, and the Mobility Hub Master Plan predicts a boost in economic development from the adoption of the new Land Use regulations and implementation of the Transit-Oriented development.

# **City of North Miami, Florida**

## Management's Discussion and Analysis – Unaudited

September 30, 2018

### **Request for Information**

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

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

or

Visit our website at [www.northmiamifl.gov/departments/finance/cafra.aspx](http://www.northmiamifl.gov/departments/finance/cafra.aspx).



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## Basic Financial Statements



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# **Government-wide Financial Statements**



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**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,925,158	\$ 28,269,779	\$ 47,194,937
Investments	2,390,393	6,871,835	9,262,228
Receivables	2,149,413	15,960,187	18,109,600
Due from other governments	3,073,139	30,007	3,103,146
Inventories and supplies	50,922	607,477	658,399
Prepays, deposits and other assets	206,206	-	206,206
Unamortized debt issuance - prepaid insurance	-	9,315	9,315
Notes receivable	14,003,200	-	14,003,200
Assets held for resale	2,362,669	-	2,362,669
Restricted cash	10,402,366	-	10,402,366
Capital assets not being depreciated	13,416,099	1,551,966	14,968,065
Capital assets being depreciated, net	49,444,845	43,714,790	93,159,635
<b>Total assets</b>	<b>116,424,410</b>	<b>97,015,356</b>	<b>213,439,766</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Loss on debt refunding	-	15,738	15,738
OPEB related items	472,656	72,073	544,729
Pension related items	23,053,370	3,090,037	26,143,407
<b>Total deferred outflow of resources</b>	<b>23,526,026</b>	<b>3,177,848</b>	<b>26,703,874</b>
<b>LIABILITIES</b>			
Vouchers payable and accrued liabilities	2,508,859	5,285,292	7,794,151
Construction contracts payable	53,538	161,914	215,452
Accrued payroll and benefits	886,391	106,930	993,321
Unearned revenues	14,355,267	-	14,355,267
Deposits	593,320	2,775,050	3,368,370
Interest payable	239,885	-	239,885
Noncurrent liabilities:			
Due within one year	3,695,948	785,815	4,481,763
Due in more than one year	78,443,020	11,890,917	90,333,937
<b>Total liabilities</b>	<b>100,776,228</b>	<b>21,005,918</b>	<b>121,782,146</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
OPEB related items	600,123	91,509	691,632
Pension related items	10,367,054	1,335,516	11,702,570
<b>Total deferred inflows of resources</b>	<b>10,967,177</b>	<b>1,427,025</b>	<b>12,394,202</b>
<b>NET POSITION</b>			
Net investments in capital assets	62,452,076	40,449,030	102,901,106
Restricted for:			
Capital projects	5,178,310	-	5,178,310
Housing and development	690,153	-	690,153
Landfill closure	281,025	-	281,025
Public safety	354,840	-	354,840
Other purposes	1,938,908	-	1,938,908
Unrestricted deficit	(42,688,281)	37,311,231	(5,377,050)
<b>Total net position</b>	<b>\$ 28,207,031</b>	<b>\$ 77,760,261</b>	<b>\$ 105,967,292</b>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government</b>							
Governmental activities:							
General government	\$ 26,879,421	\$ 13,391,131	\$ 1,062,709	\$ -	\$ (12,425,581)	\$ -	\$ (12,425,581)
Public safety	30,386,983	5,485,203	269,014	-	(24,632,766)	-	(24,632,766)
Physical environment	591,810	2,233,747	-	-	1,641,937	-	1,641,937
Transportation and public works	7,806,930	40,025	2,624,657	-	(5,142,248)	-	(5,142,248)
Housing and urban development	979,480	-	1,096,080	-	116,600	-	116,600
Culture and recreation	13,023,252	3,592,542	431,626	17,000	(8,982,084)	-	(8,982,084)
Community planning and development	4,647,836	550,107	1,208,500	300,960	(2,588,269)	-	(2,588,269)
Interest and fiscal charges	1,166,356	-	-	-	(1,166,356)	-	(1,166,356)
<b>Total governmental activities</b>	<b>85,482,068</b>	<b>25,292,755</b>	<b>6,692,586</b>	<b>317,960</b>	<b>(53,178,767)</b>	<b>-</b>	<b>(53,178,767)</b>
Business-type activities:							
Water and sewer	32,023,616	33,629,399	-	-	-	1,605,783	1,605,783
Stormwater	2,707,044	2,552,977	-	-	-	(154,067)	(154,067)
<b>Total business-type activities</b>	<b>34,730,660</b>	<b>36,182,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,451,716</b>	<b>1,451,716</b>
<b>Total primary government</b>	<b>\$ 120,212,728</b>	<b>\$ 61,475,131</b>	<b>\$ 6,692,586</b>	<b>\$ 317,960</b>	<b>\$ (53,178,767)</b>	<b>\$ 1,451,716</b>	<b>\$ (51,727,051)</b>
<b>General revenues</b>							
Taxes:							
Property taxes levied for general purposes				\$ 20,975,744	\$ -	\$ 20,975,744	
Utility taxes				3,217,405	-	3,217,405	
Local option gas tax				817,584	-	817,584	
Communication services tax				1,203,462	-	1,203,462	
Franchise fees based on gross receipts				3,992,099	-	3,992,099	
Intergovernmental not restricted to specific programs				11,115,933	-	11,115,933	
Landfill closure (cost) adjustments				576,286	-	576,286	
Unrestricted investment earnings				235,600	-	235,600	
Miscellaneous revenues				2,907,367	321,223	3,228,590	
Transfers				228,835	(228,835)	-	
Total general revenues				45,270,315	92,388	45,362,703	
Change in net position				(7,908,452)	1,544,104	(6,364,348)	
Net position, beginning, as restated (Note 15)				36,115,483	76,216,157	112,331,640	
<b>Net position, ending</b>				<b>\$ 28,207,031</b>	<b>\$ 77,760,261</b>	<b>\$ 105,967,292</b>	

See notes to basic financial statements.



## Fund Financial Statements



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**CITY OF NORTH MIAMI, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	<b>General</b>	<b>CRA</b>	<b>C.D.B.G. Entitlement</b>	<b>Landfill Closure</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 1,380,051	\$ 4,774,192	\$ -	\$ -	\$ 2,718,363	\$ 8,872,606
Pooled investments	664,586	-	-	-	416,908	1,081,494
Accounts receivables, net of allowance	2,031,589	8,000	940	-	47,986	2,088,515
Due from other governments and entities	1,616,450	-	366,316	-	1,073,067	3,055,833
Due from other funds	4,581,792	-	-	-	-	4,581,792
Prepads, deposits and other current assets	87,743	-	-	-	60,906	148,649
Restricted cash	-	-	-	9,893,573	508,793	10,402,366
Notes receivable	14,003,200	-	-	-	-	14,003,200
<b>Total Assets</b>	<b>24,365,411</b>	<b>4,782,192</b>	<b>367,256</b>	<b>9,893,573</b>	<b>4,826,023</b>	<b>44,234,455</b>
<b>LIABILITIES</b>						
Vouchers payable	1,297,003	562,144	120,726	-	390,838	2,370,711
Construction contracts payable	10,226	-	-	-	41,289	51,515
Accrued payroll and benefits	832,692	-	7,936	-	14,732	855,360
Due to other funds	-	-	143,704	-	4,438,088	4,581,792
Unearned revenues	13,642,886	-	-	-	712,381	14,355,267
Other liabilities and deposits	592,172	-	-	-	1,148	593,320
<b>Total Liabilities</b>	<b>16,374,979</b>	<b>562,144</b>	<b>272,366</b>	<b>-</b>	<b>5,598,476</b>	<b>22,807,965</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - other	2,169,674	-	340,426	-	1,002,343	3,512,443
Unavailable revenue from notes receivable	14,003,200	-	-	-	-	14,003,200
<b>Total deferred inflows of resources</b>	<b>16,172,874</b>	<b>-</b>	<b>340,426</b>	<b>-</b>	<b>1,002,343</b>	<b>17,515,643</b>
<b>FUND BALANCES (DEFICITS)</b>						
Non-spendable	87,743	-	-	-	60,906	148,649
Restricted	1,190,000	4,220,048	-	9,893,573	2,752,163	18,055,784
Assigned	-	-	-	-	260,605	260,605
Unassigned deficit	(9,460,185)	-	(245,536)	-	(4,848,470)	(14,554,191)
<b>Total Fund Balances (Deficits)</b>	<b>(8,182,442)</b>	<b>4,220,048</b>	<b>(245,536)</b>	<b>9,893,573</b>	<b>(1,774,796)</b>	<b>3,910,847</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>						
	<b>\$ 24,365,411</b>	<b>\$ 4,782,192</b>	<b>\$ 367,256</b>	<b>\$ 9,893,573</b>	<b>\$ 4,826,023</b>	<b>\$ 44,234,455</b>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

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<b>Fund balances - total governmental funds</b>	\$ <b>3,910,847</b>
Amounts reported for governmental activities in the statement of net position (page 25) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	61,028,622
Inventory (land) held for resale are not financial resources and therefore, are not reported in the governmental funds.	2,362,669
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	
Other unavailable revenues	3,512,443
Unavailable revenues relating to loans receivable	<u>14,003,200</u>
	17,515,643
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Unamortized bond discount	571,787
Bonds and loans payable	(13,235,000)
Capital leases payable	(118,961)
Compensated absences liability	(7,265,359)
Landfill closure liability	(9,036,262)
Purchase installment liability	(280,800)
Claims payable	(435,864)
Net pension liability	(34,260,758)
Other post-employment benefit (OPEB) liability	<u>(12,558,997)</u>
	(76,620,214)
Accrued interest payable	(239,885)
Net deferred outflows (inflows) - pensions and OPEB which are not recognized under the modified accrual basis of accounting	11,998,723
Assets and liabilities of internal service funds are included in governmental activities statement of net position.	<u>8,250,626</u>
<b>Net position of governmental activities</b>	<u><b>\$ 28,207,031</b></u>

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>General</b>	<b>CRA</b>	<b>C.D.B.G. Entitlement</b>	<b>Landfill Closure</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Ad valorem taxes	\$ 17,712,040	\$ 3,263,704	\$ -	\$ -	\$ -	\$ 20,975,744
Utility and communication taxes	4,420,867	-	-	-	-	4,420,867
Charges for services	10,077,538	-	-	-	350,904	10,428,442
Sanitation fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
Return on investment - utility	2,479,828	-	-	-	-	2,479,828
Franchise fees	3,992,099	-	-	-	-	3,992,099
Fines and forfeitures	899,657	-	-	-	-	899,657
Intergovernmental	8,754,852	-	478,319	-	5,913,060	15,146,231
Licenses and permits	3,749,809	-	-	-	-	3,749,809
Interest and other earnings	2,899,201	38,911	-	32,341	144,486	3,114,939
Rents and royalties	2,746,174	-	-	-	-	2,746,174
Total revenues	<u>57,732,065</u>	<u>3,302,615</u>	<u>478,319</u>	<u>32,341</u>	<u>6,408,450</u>	<u>67,953,790</u>
<b>EXPENDITURES</b>						
Current:						
General government	15,044,776	1,196,574	-	-	3,662,414	19,903,764
Public safety	28,034,017	-	-	-	399,215	28,433,232
Physical environment	3,985,087	-	-	508,126	-	4,493,213
Transportation and public works	2,737,563	-	-	-	1,895,189	4,632,752
Housing and economic development	-	-	496,319	-	399,022	895,341
Culture and recreation	8,879,215	-	-	-	3,142,272	12,021,487
Community planning and development	1,832,756	1,183,805	-	-	17,858	3,034,419
Debt service:						
Principal retirement	-	-	-	-	1,022,527	1,022,527
Interest and fiscal charges	-	-	-	-	761,523	761,523
Capital outlay	<u>503,454</u>	<u>-</u>	<u>12,431</u>	<u>-</u>	<u>2,234,836</u>	<u>2,750,721</u>
Total expenditures	<u>61,016,868</u>	<u>2,380,379</u>	<u>508,750</u>	<u>508,126</u>	<u>13,534,856</u>	<u>77,948,979</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,284,803)</b>	<b>922,236</b>	<b>(30,431)</b>	<b>(475,785)</b>	<b>(7,126,406)</b>	<b>(9,995,189)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,190,000	-	-	-	1,530,102	2,720,102
Transfers out	(1,245,564)	(1,190,000)	-	-	-	(2,435,564)
Total other financing sources (uses)	<u>(55,564)</u>	<u>(1,190,000)</u>	<u>-</u>	<u>-</u>	<u>1,530,102</u>	<u>284,538</u>
Net change in fund balances (deficits)	(3,340,367)	(267,764)	(30,431)	(475,785)	(5,596,304)	(9,710,651)
Fund balances (deficits), beginning	(4,842,075)	4,487,812	(215,105)	10,369,358	3,821,508	13,621,498
<b>Fund balances (deficits), ending</b>	<b>\$ (8,182,442)</b>	<b>\$ 4,220,048</b>	<b>\$ (245,536)</b>	<b>\$ 9,893,573</b>	<b>\$ (1,774,796)</b>	<b>\$ 3,910,847</b>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**Net change in fund balances (deficit) - total governmental funds** \$ (9,710,651)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives:

Expenditures for capital assets	2,750,721
Net effect of various transactions involving capital assets	(591)
Less current year depreciation	<u>(2,671,195)</u>
	78,935

The net effect of various transactions involving land inventory is to increase net position:

Net adjustments for assets held for resale	133,445
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Certain revenues are reported as deferred inflows in the fund financial statements due to amounts being unavailable; under full accrual accounting they are reported as revenues:

Grant revenues	910,044
Other revenues	<u>(1,750,400)</u>
	(840,356)

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

Amortization of bond discount	(92,609)
Principal paid on bonds, loans and capital leases	1,267,388
Installment purchase	<u>128,600</u>
	1,303,379

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

Compensated absences	(940,979)
Landfill and closure cost	576,286
Total OPEB liability	2,575,638
Net pension expense	(834,434)
Accrued interest on long term debt	<u>13,955</u>
	1,390,466

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

(263,670)

**Change in net position of governmental activities** \$ (7,908,452)

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Total</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Enterprise Funds</b>	
<b>ASSETS</b>				
Current assets:				
Pooled cash and cash equivalents	\$ 26,327,424	\$ 1,942,355	\$ 28,269,779	\$ 10,052,552
Pooled investments	6,871,835	-	6,871,835	1,308,899
Accounts receivables, net of allowance	14,892,636	1,067,551	15,960,187	60,898
Grants receivables from other governments	30,007	-	30,007	17,306
Inventories and supplies	607,477	-	607,477	50,922
Prepays and deposits	-	-	-	57,557
Unamortized debt issuance - prepaid insurance	-	9,315	9,315	-
<b>Total current assets</b>	<u>48,729,379</u>	<u>3,019,221</u>	<u>51,748,600</u>	<u>11,548,134</u>
Non-current assets:				
Capital assets, net	37,453,697	7,813,059	45,266,756	1,832,322
<b>Total non-current assets</b>	<u>37,453,697</u>	<u>7,813,059</u>	<u>45,266,756</u>	<u>1,832,322</u>
<b>Total assets</b>	<u>86,183,076</u>	<u>10,832,280</u>	<u>97,015,356</u>	<u>13,380,456</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred loss on debt refunding	-	15,738	15,738	-
OPEB related items	63,054	9,019	72,073	2,669
Pension related items	2,673,672	416,365	3,090,037	901,228
<b>Total deferred outflow of resources</b>	<u>2,736,726</u>	<u>441,122</u>	<u>3,177,848</u>	<u>903,897</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	5,076,588	208,704	5,285,292	138,149
Constructions contracts payable	161,914	-	161,914	2,023
Accrued payroll and benefits	84,251	22,679	106,930	31,031
Deposits and performance bonds	2,775,050	-	2,775,050	-
Compensated absences	205,059	67,335	272,394	83,720
Bonds, notes, leases payable	370,000	143,421	513,421	-
<b>Total current liabilities</b>	<u>8,672,862</u>	<u>442,139</u>	<u>9,115,001</u>	<u>254,923</u>
Non-current liabilities:				
Bonds, notes and lease payable	2,673,825	1,493,619	4,167,444	236,369
Compensated absences	728,640	116,196	844,836	378,664
Claims payable	-	-	-	3,116,518
Net pension liability	4,072,536	772,282	4,844,818	1,330,604
Total OPEB liability	1,745,852	287,967	2,033,819	372,878
<b>Total non-current liabilities</b>	<u>9,220,853</u>	<u>2,670,064</u>	<u>11,890,917</u>	<u>5,435,033</u>
<b>Total liabilities</b>	<u>17,893,715</u>	<u>3,112,203</u>	<u>21,005,918</u>	<u>5,689,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB related items	80,058	11,451	91,509	3,389
Pension related items	1,128,402	207,114	1,335,516	340,382
<b>Total deferred inflows of resources</b>	<u>1,208,460</u>	<u>218,565</u>	<u>1,427,025</u>	<u>343,771</u>
<b>NET POSITION</b>				
Net investment in capital assets	34,247,958	6,201,072	40,449,030	1,593,930
Unrestricted	35,569,669	1,741,562	37,311,231	6,656,696
<b>Total net position</b>	<u>\$ 69,817,627</u>	<u>\$ 7,942,634</u>	<u>\$ 77,760,261</u>	<u>\$ 8,250,626</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for water	\$ 16,278,132	\$ -	\$ 16,278,132	\$ -
Sanitary sewer fees	16,200,530	-	16,200,530	-
Stormwater charges	-	2,552,977	2,552,977	-
Premiums and charges for services provided to other funds	-	-	-	3,831,734
Other revenues	1,150,737	-	1,150,737	255,485
<b>Total operating revenues</b>	<b>33,629,399</b>	<b>2,552,977</b>	<b>36,182,376</b>	<b>4,087,219</b>
<b>OPERATING EXPENSES</b>				
Personnel services	4,063,044	548,615	4,611,659	1,183,795
Wholesale water cost and sewage disposal	16,656,029	-	16,656,029	-
Materials, supplies, services and other operating expenses	9,252,829	1,713,827	10,966,656	2,182,041
Claims cost	-	-	-	585,863
Depreciation	2,026,548	370,124	2,396,672	351,154
<b>Total operating expenses</b>	<b>31,998,450</b>	<b>2,632,566</b>	<b>34,631,016</b>	<b>4,302,853</b>
<b>Operating income (loss)</b>	<b>1,630,949</b>	<b>(79,589)</b>	<b>1,551,360</b>	<b>(215,634)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	186,505	-	186,505	24,496
Other non-operating revenues	-	134,718	134,718	-
Interest expense	(25,166)	(74,478)	(99,644)	(16,829)
<b>Total non-operating revenues</b>	<b>161,339</b>	<b>60,240</b>	<b>221,579</b>	<b>7,667</b>
Income (loss) before transfers	1,792,288	(19,349)	1,772,939	(207,967)
<b>TRANSFERS</b>				
Transfers out	(202,263)	(26,572)	(228,835)	(55,703)
<b>Total transfers out</b>	<b>(202,263)</b>	<b>(26,572)</b>	<b>(228,835)</b>	<b>(55,703)</b>
Change in net position	1,590,025	(45,921)	1,544,104	(263,670)
Net position, beginning, as restated (Note 15)	68,227,602	7,988,555	76,216,157	8,514,296
<b>Net position - ending</b>	<b>\$ 69,817,627</b>	<b>\$ 7,942,634</b>	<b>\$ 77,760,261</b>	<b>\$ 8,250,626</b>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 32,478,662	\$ 2,552,977	\$ 35,031,639	\$ -
Cash receipts from other funds for premiums and charges for services	-	-	-	3,831,734
Other cash receipts	1,150,737	-	1,150,737	255,485
Payments to employees	(4,063,044)	(548,615)	(4,611,659)	(1,183,795)
Payments for wholesale water & sewer	(16,656,029)	-	(16,656,029)	-
Payments to suppliers	(6,592,354)	(1,593,262)	(8,185,616)	(2,223,315)
Payments for claims	-	-	-	(585,863)
Payments for interfund services	(4,058,860)	(6,215)	(4,065,075)	-
Net cash provided by operating activities	<u>2,259,112</u>	<u>404,885</u>	<u>2,663,997</u>	<u>94,246</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants and other revenues	-	134,718	134,718	-
Transfers out	(202,263)	(26,572)	(228,835)	(55,703)
Net cash provided by (used in) noncapital financing activities	<u>(202,263)</u>	<u>108,146</u>	<u>(94,117)</u>	<u>(55,703)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from loan	319,087	-	319,087	-
Principal paid on bonds, notes and capital leases	(142,588)	(360,000)	(502,588)	(332,332)
Interest paid on bonds, notes and capital leases	(25,166)	(74,478)	(99,644)	(16,829)
Acquisition and construction of capital assets	(3,251,810)	(36,907)	(3,288,717)	(944,610)
Net cash used in capital and related financing activities	<u>(3,100,477)</u>	<u>(471,385)</u>	<u>(3,571,862)</u>	<u>(1,293,771)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(95,978)	-	(95,978)	(24,495)
Interest earnings	186,505	-	186,505	24,640
Net cash provided by investing activities	<u>90,527</u>	<u>-</u>	<u>90,527</u>	<u>145</u>
Net increase (decreased) in pooled cash and cash equivalents	(953,101)	41,646	(911,455)	(1,255,083)
Pooled cash and cash equivalents, beginning	27,280,525	1,900,709	29,181,234	11,307,635
Pooled cash and cash equivalents, ending	<u>\$ 26,327,424</u>	<u>\$ 1,942,355</u>	<u>\$ 28,269,779</u>	<u>\$ 10,052,552</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,630,949	\$ (79,589)	\$ 1,551,360	\$ (215,634)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	2,026,548	370,124	2,396,672	351,154
Changes in assets and liabilities, deferred inflows and outflows of resources:				
(Increase) decrease in accounts receivable	(1,079,318)	(119,630)	(1,198,948)	(85,385)
(Increase) decrease in grants receivable from other governments	111,078	-	111,078	-
(Increase) decrease in inventories and supplies	(32,044)	-	(32,044)	5,491
(Increase) decrease in prepaids and deposits	-	2,329	2,329	(16,927)
(Increase) decrease in deferred outflows of resources	(501,200)	(193,391)	(694,591)	(149,563)
Increase (decrease) in vouchers payable	(190,391)	208,159	17,768	(128,515)
Increase (decrease) in constructions contracts payable	(16,910)	-	(16,910)	-
Increase (decrease) in accrued payroll and benefits	19,555	(5,717)	13,838	9,418
Increase (decrease) in deposits and performance bonds	46,015	-	46,015	-
Increase (decrease) in compensated absences	(676,830)	7,602	(669,228)	81,610
Increase (decrease) in claims payable	-	-	-	139,205
Increase (decrease) in other post-employment benefits obligation	704,058	100,706	804,764	26,415
Increase (decrease) in net pension liability	94,490	12,012	106,502	19,777
Increase (decrease) in deferred inflows of resources	123,112	102,280	225,392	57,200
Net cash provided by operating activities	<u>\$ 2,259,112</u>	<u>\$ 404,885</u>	<u>\$ 2,663,997</u>	<u>\$ 94,246</u>
Non-cash investing, capital and financing activities:				
Amortization of deferred amounts	-	(20,510)	(20,510)	-
Total non-cash investing, capital and financing activities:	<u>\$ -</u>	<u>\$ (20,510)</u>	<u>\$ (20,510)</u>	<u>\$ -</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2018**

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and short-term investments	<u>\$ 1,234,428</u>
Investments:	
Short term investments	1,930,179
U.S. Treasuries	13,422,094
U.S. Agency obligations	5,465,105
Corporate bonds	8,476,684
Equity mutual funds	14,572,722
Common stock and mutual funds	60,287,572
Real estate funds	29,989,807
Bond index fund	19,954,456
Index funds (collective investment trust funds)	<u>53,620,962</u>
Total investments	<u>207,719,581</u>
Receivables:	
Plan members' contributions	2,855
CNM Share Plan	118,112
Receivable from broker on investments sold	142,852
Accrued interest	136,958
Accrued dividends	30,724
Total receivables	<u>431,501</u>
Total assets	<u>209,385,510</u>
<b>LIABILITIES</b>	
Accounts payable	42,478
Payable to broker for investments purchased	73,191
Benefits payable	<u>248,877</u>
Total liabilities	<u>364,546</u>
<b>NET POSITION</b>	
Net position restricted for pension benefits	<u>\$ 209,020,964</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 9,020,660
Plan members	1,745,882
County	195,277
Other	84,583
Total contributions	<u>11,046,402</u>
Investment income:	
Net appreciation in fair value of investments	20,474,328
Interest	680,298
Dividends	<u>1,121,895</u>
Gross investment income	22,276,521
Less investment expenses	(779,585)
Net investment income	<u>21,496,936</u>
Total additions	<u>32,543,338</u>
<b>DEDUCTIONS</b>	
Benefits paid directly to Plan members:	
Normal retirement	10,381,623
Disability retirement	281,899
Death benefit	34,549
Lump sum retirement	1,339,607
Refunds of contributions	<u>155,599</u>
Total benefits paid	12,193,277
Administrative expenses	560,879
Total deductions	<u>12,754,156</u>
Increase in net position	19,789,182
Net position restricted for pension benefits, beginning	<u>189,231,782</u>
Net position restricted for pension benefits, ending	<u>\$ 209,020,964</u>

See notes to basic financial statements.



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## Notes to Basic Financial Statements



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**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

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

The accounting policies of the City, as reflected in the accompanying financial statements for the year ended September 30, 2018, conform to generally accepted accounting principles (“GAAP”), in the United States for local governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City’s most significant accounting policies applied in the preparation of the accompanying financial statements are described below.

**A. Financial Reporting Entity**

The financial reporting entity covered by this report includes the City and its component units. The reporting entity has been defined in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100. The accompanying financial statements include those of the City (the primary government) and those of its component units. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the City's financial statements because of the nature and significance of their relationship with the primary government. GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100 provides guidance for the inclusion of a legally separate entity as a component unit of an entity. The application of this guidance provides for identification of entities for which the City is financially accountable or organizations that the nature and significance of their relationship with the City are such that exclusions would cause the City's basic financial statements to be misleading or incomplete.

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

Blended component units, although legally separate entities, are in substance part of the City's operations. Accordingly, data from these component units are included with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that they are legally separate from the City. The financial balances and activities for each blended and discretely presented component unit are as of and for the year ended September 30, 2018.

***Blended Component Units***

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

dependent on the City because the City Council approves the CRA's budget, levies taxes, and must approve any debt issuances.

Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency, 776 N.E. 125 Street, North Miami, Florida 33161.

*Museum of Contemporary Art ("MOCA")* - MOCA is a non-profit organization established by City Ordinance in 1980 to provide cultural benefits to the City. The museum is operated and managed by a board of trustees. In 2008, the City entered into a management agreement with the organization and its board of trustees under which the City primarily funds operations of MOCA in its annual budget. Complete financial statements for MOCA can be obtained by writing to: Director, Museum of Contemporary Art, 770 N.E. 125 Street, North Miami, Florida 33161.

***Discretely Presented Component Unit***

*City of North Miami Health Facilities Authority (the "Authority")* - The Authority was created pursuant to State Statute to issue special obligation debt for capital improvements on certain health facilities located inside and outside the City limits. The debt is supported solely from revenues generated by said facilities and does not constitute an obligation of the City or the Authority. The Authority's sole activity in which it engages, is the issuance of revenue bonds to finance health care facilities, which is subject to the approval of the City Council. In addition, the City Council is responsible for appointing the members of the Board of the Authority, however, it does not function as an integral part of the primary government and it is presented as a discrete component unit. The Authority receives no revenues and makes no disbursements. Because there are no assets, liabilities or results of operations to report, no disclosure other than this description is made in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees. The conduit debit issued by the City was defeased subsequent to fiscal year end September 30, 2018 in January 2019.*

***Related Entity***

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

*North Miami Educational Foundation Inc. ("the Foundation")* – The Foundation is a non-profit organization incorporated in 2012. The original purpose of the Foundation was to provide financial assistance to at-risk students and economically disadvantaged residents in their pursuit of education. The founding board of nine members was selected by the City Council. The City awarded an initial contribution of \$350,000 to establish an endowment fund. An investment firm holds the funds and the earnings are used to fund the mission of the Foundation.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**B. Government-wide and Fund Financial Statements**

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

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

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

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

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

The City reports the following major governmental funds:

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

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

The **Landfill Closure Fund** accounts for the costs of remediation and closure of the former Munisport landfill site and revenues generated from interest earned on the restricted cash balances.

The **CRA Fund** accounts for incremental tax revenues received from the City and Miami-Dade County to finance redevelopment projects intended to stimulate rehabilitation or development in the CRA area.

The City reports the following major proprietary funds:

The **Water and Sewer Utility Fund** accounts for the activity related to providing water treatment and distribution services and sewage treatment to all areas within the City limits and certain districts outside the City limits.

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

Additionally, the City reports the following fund types:

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

The **Pension Trust Funds** (Clair T. Singerman Plan and Police Pension Plan) are used to account for the City's two single-employer defined benefit pension plans. The Clair T. Singerman Plan and the Police Pension Plan were frozen to new participants in June 2016 and December 2016, respectively. New employees hired after such date are required to participate in the State of Florida Retirement System.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

*Reconciliation of Government-wide and Fund Financial Statements*

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset, liability and deferred inflow/outflow of resource elements which comprise the reconciliation differences stem from governmental funds using the *current financial resources measurement focus and the modified accrual basis of accounting* while the government-wide financial statements use the *economic resources measurement focus and the accrual basis of accounting*.

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed. Unrestricted resources

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

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

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

**1. Cash, Cash Equivalents and Investments**

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of collateralized interest on public funds checking accounts and investments with the State Board of Administration Investment Pool. The City pools cash from most of its funds for accounting and investments purposes. This gives the City the ability to maximize earnings potential from large idle cash. The relationship of an individual fund to the pooled cash account is similar to that of a demand deposit account. Individual funds can withdraw cash from the account as needed and, therefore, all equity in the pooled cash is considered highly liquid.

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds. The average interest rate earned on investments was approximately 1.4% for fiscal year 2018.

The types of investments that can be purchased and held by the City are governed by the City's investment policy and the provisions of Florida Statutes Section 218.415. Under City policy and the statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the State Board of Administration Investment Pool, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

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

*Investments*

Certain investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain investments are recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net assets is attributed. Certain investments are recorded at amortized cost.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

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

- Level 1 – Investments’ fair values based on prices quoted in active markets for identical assets.
- Level 2 – Investments’ fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.
- Level 3 – Investments’ fair values based upon unobservable inputs.

Net appreciation or depreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date. Dividends are recorded on the ex-dividend date.

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

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

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

**2. Interfund Receivables, Payables and Transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**3. Receivables**

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

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

**4. Inventories and Prepaids**

Inventories consist principally of materials and supplies held for consumption and are recorded at cost. In the governmental funds, the cost of inventories are recorded as expenditures at the time of purchase since such amounts are not material to the financial statements. In the proprietary funds, the cost of inventories are recorded as expenses when consumed.

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

**5. Assets Held for Resale**

The government-wide financial statements present assets held for resale, which are properties held by the City for resale in connection with the City's grant programs. Such balances are recorded at lower of cost or market. In the fund financial statements such purchases of assets are recorded as expenditures.

**6. Capital Assets**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

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

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

**7. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, such estimates may ultimately differ from actual results.

**8. Deferred Outflows/Inflows of Resources/ Unearned Revenues**

The Statement of Net Position also includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenses in the future period to which it applies. The City currently reports deferred outflows related to debt refunding, pensions and other post-employment benefits (OPEB) in this category. The deferred outflow relating to debt includes the difference between the carrying value of refunded debt and its reacquisition price. This amount is being deferred and amortized over the life of the refunding debt. The deferred outflows related to pensions and OPEB are calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 75, *Accounting and Financial reporting for Postemployment Benefits Other Than Pensions*, respectively. These will be recognized as either pension/OPEB expense or a reduction in the net pension/OPEB liability, respectively, in future reporting years. Details on the composition of deferred outflows related to pensions and OPEB are reported in subsequent notes.

The Statement of Net Position also displays a separate section for deferred inflow of resources. This represents the acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. In this category, the City currently reports deferred inflows of resources related to pensions and OPEB. The deferred inflows related to pensions and OPEB are calculated in accordance with GASB Statement No. 68 and GASB

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

Statement No. 75, respectively. The deferred inflows related to pensions and OPEB will be recognized as a component of pension/OPEB expense in future reporting years. Details on the composition of deferred inflows related to pensions and OPEB are reported in subsequent notes.

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

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

<b><u>Governmental Activities</u></b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Unearned Revenues</b>
Grant funds received in advance	\$ -	\$ -	\$ 1,230,101
Rent received in advance	-	-	12,421,666
Miscellaneous advance receipts	-	-	703,500
OPEB	472,656	600,123	-
Pensions	<u>23,053,370</u>	<u>10,367,054</u>	-
Total governmental activities	<u>23,526,026</u>	<u>10,967,177</u>	<u>14,355,267</u>
 <b><u>Business-type Activities</u></b>			
Loss on debt refunding	15,738	-	-
OPEB	72,073	91,509	
Pensions	<u>3,090,037</u>	<u>1,335,516</u>	
Total business-type activities	<u>\$ 3,177,848</u>	<u>\$ 1,427,025</u>	

**9. Compensated Absences**

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement. The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 25% to 100% depending on years of service. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences of governmental funds.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**10. Other post-employment benefits (OPEB)**

Pursuant to Section 112.0801, Florida Statutes, The City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The rates provide for an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The City is financing the post-employment benefits on a pay-as-you-go basis. As determined by an actuarial valuation, the City records the total OPEB liability in its proprietary and government-wide financial statements related to the implicit subsidy. See Note 8 for further information.

**11. Pensions**

For the purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's pension plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value or net asset value as applicable.

**12. Long-Term Debt**

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**13. Net Position/Fund Balance**

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

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

**Net investment in capital assets** - consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Deferred inflow/outflow of resources attributable to the acquisition, construction, or improvement of those assets and related debt are included in this component of net position.

**Restricted** - this is the portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions.

**Unrestricted** - net position (deficit) consist of all net position that does not meet the definition of either of the other two components.

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

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

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

**Restricted Fund Balances** - include amounts that are restricted for specific purposes either by: (a) constraints imposed by external providers (such as grantors, creditors, bondholders, contributors, or laws or regulations of other governments), or (b) imposed by constitutional provisions. The City's restricted fund balances are for the following purposes:

Landfill closure \$9,893,573; housing and other community development \$4,910,201; public safety projects \$354,840; developer impact fees \$673,884; cultural and recreational purposes \$748,908; City transportation programs \$284,378.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

*Committed Fund Balances* - include amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, which is the City's highest level of decision-making authority, set in place prior to the end of the period. An ordinance is the formal action required to establish, modify or rescind a fund balance commitment since it constitutes the highest binding constraint. The same type of formal action that created the constraint is required to change or remove the specified use. There was no committed fund balance as of fiscal year end.

*Assigned Fund Balances* - include amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made by the City Manager based upon the direction of the City Council. The City's assigned fund balances relate to the following:

\$237,456 funding for MOCA activities and \$23,149 to fund on-going project for the Arch Creek Bridge project.

*Unassigned Fund Balances (Deficits)* - include amounts that have not been restricted, committed or assigned. An unassigned deficit will require future funding.

The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. Accordingly, in addition to the General Fund negative unassigned fund balance of (\$9,460,185), the nonmajor governmental funds reported a total negative unassigned fund balance of (\$4,848,470).

**E. Impact of Recently Issued Accounting Pronouncements**

*Issued and Adopted Accounting Pronouncements*

As of September 30, 2018, the City adopted the following statements of financial accounting standards issued by the GASB:

*Accounting Standards Adopted*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, was issued June 2015. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The adoption of this Statement resulted in a restatement of net position for the governmental activities and business-type activities. See **Note 15** for details of the restatements.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, was issued January 2016. The adoption resulted in no financial impact for the City.

GASB Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued March 2016. The adoption of GASB Statements No. 82 is reflected in the government-wide financial statements and in Note 10, Employee Retirement Plans.

**Pronouncements Issued But Not Yet Adopted**

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

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

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017 and effective for reporting periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2020.

GASB Statement No. 87, *Leases*, was issued in June 2017 and is effective for reporting periods beginning after December 15, 2019. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City's management has not yet determined the effect these statements will have on the City's financial statements.

GASB Statement No. 88, *Certain Disclosures Relating to Debt*, is effective for reporting periods beginning after June 15, 2018. This Statement requires certain disclosures in the notes to government financial statements related to debt, and also clarifies which liabilities governments

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

should include when disclosing information related to debt. The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2019.

GASB Statement No. 90, *Majority Equity Interest*, was issued in August 2018 and is effective for reporting periods beginning after December 15, 2018. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2019.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

***Deposits – Excluding Pension Trust Funds***

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

***Investments – Excluding Pension Trust Funds***

The SBA administers the Florida PRIME which is governed by Ch. 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

As of September 30, 2018, the City's deposit and investment balances, including balances for the City's blended component unit, were as follows:

	<u>Balance</u>
Pooled Cash and Investments:	
SBA (State Investment Pool):	
Florida PRIME	\$ 6,509,522
Cash	<u>44,674,531</u>
Total pooled cash and investments	<u>51,184,053</u>
Non-Pooled Cash and Investments:	
North Miami CRA	4,774,192
MOCA	978,126
Cash	<u>9,923,160</u>
	<u>15,675,478</u>
Total Cash and Investments	<u>\$ 66,859,531</u>

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

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<b>Investments by fair value level</b>		
Money market funds:		
Iberia Bank	\$ 1,500,000	\$ 1,500,000
SunTrust bank	<u>835,798</u>	<u>835,798</u>
<b>Total Investments by Fair Value</b>	<b><u>\$ 2,335,798</u></b>	<b><u>\$ 2,335,798</u></b>

Investments in the State Board Administration (SBA) Florida PRIME totaling \$6,509,522 are recorded at amortized cost.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Interest Rate Risk**

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2018, meet our investment policy restrictions.

**Credit Risk**

The City has an investment policy that limits investments to the highest ratings by two nationally recognized statistical rating organizations (NRSRO) Standard and Poor's and Moody's Investment Services. Excess funds are invested with the SBA Florida PRIME which is rated AAAM by Standard and Poor's. The City's investments in money market funds of \$2,335,798 are not rated.

**Concentration Credit Risk**

The City's investment policy limits its investments to no more than 15% in any one issuer. This includes certificates of deposit, U.S. Federal Agencies, and federal instrumentalities. The maximum limit for total investments varies from 35% to 60% by type. The City does not have an issuers limit for the SBA Trust Funds. GASB 40 requires disclosure when the percent is 5% or more of any investment is held in any one issuer. The City does not have more than 5% of any investment in any one issuer.

**Custodial Credit Risk**

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

**Risks and Uncertainties**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

***Investments – Pension Trust Funds***

The City's Pension Trust Funds are Clair T. Singerman ("CTS") Retirement System and the North Miami Police Pension Plan ("NMPP"). As of September 30, 2018, the City's Pension Trust Funds had the following combined investments:

**Combined Investments - CTS Retirement System and NMPP Plan**

	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 13,422,094	\$ -	\$ 1,248,007	\$ 12,174,087	\$ -
U.S. Agency Obligations	5,465,105	3,449,996	-	848,649	1,166,460
Corporate bonds	8,476,684	245,363	8,231,321	-	-
Bond index funds	19,954,456	-	-	19,954,456	-
<b>Total</b>	<b><u>\$ 47,318,339</u></b>	<b><u>\$ 3,695,359</u></b>	<b><u>\$ 9,479,328</u></b>	<b><u>\$ 32,977,192</u></b>	<b><u>\$ 1,166,460</u></b>

**Clair T. Singerman (CTS) Retirement System**

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Investment Maturity**

Neither State law, nor the CTS Retirement System investment policy limit maturity term on fixed income holdings. As of September 30, 2018, the following table shows the distribution of the CTS Retirement System's investments by maturity:

	<b>Investments - CTS Retirement System</b>				
	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 7,583,051	\$ -	\$ 1,248,007	\$ 6,335,044	\$ -
U.S. Agency Obligations	3,232,378	2,045,007	-	532,583	654,788
Corporate bonds	4,710,152	-	4,710,152	-	-
Bond index funds	16,324,796	-	-	16,324,796	-
Total	<u>\$ 31,850,377</u>	<u>\$ 2,045,007</u>	<u>\$ 5,958,159</u>	<u>\$ 23,192,423</u>	<u>\$ 654,788</u>

**Interest Rate Risk**

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

**Credit Risk**

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

The following table discloses credit ratings, by investment type, at September 30, 2018:

<b>CREDIT RATINGS BY INVESTMENT TYPE - CTS RETIREMENT SYSTEM</b>						
Moody Credit Rating	Corporate Bonds	U.S. Agencies	U.S. Treasuries	Bond Index Fund	Grand Total	% of Portfolio
AGY	-	\$ 1,187,371	-	-	\$ 1,187,371	4%
A1	1,976,905	-	-	-	1,976,905	6%
A2	1,031,793	-	-	-	1,031,793	3%
A3	1,508,980	-	-	-	1,508,980	5%
Aa1	192,474	-	-	-	192,474	1%
Aaa	-	2,045,007	7,583,051	-	9,628,058	30%
Not rated	-	-	-	16,324,796	16,324,796	51%
Total	<u>\$ 4,710,152</u>	<u>\$ 3,232,378</u>	<u>\$ 7,583,051</u>	<u>\$16,324,796</u>	<u>\$ 31,850,377</u>	<u>100%</u>

*Concentration of Credit Risk*

The CTS Retirement System's investment policy stipulates that not more than 5% of its assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2018, the value of each position held by the CTS Retirement System's portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of any company. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The CTS Retirement System does not have more than 5% of their investment in any one issuer.

*Custodial Credit Risk*

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

*Fair Value*

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

- Short-term investments, which consist of money market funds, are reported at amortized cost.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock and mutual funds.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

- Debt securities classified as Level 1 on the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S. Treasury bonds and notes. Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage-backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.
- The CTS Retirement System has alternative investments consisting of real estate funds and a collective investment trust fund which hold a variety of investment vehicles that are reported at net asset value.

CTS Retirement System investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2018:

<b>CTS Retirement System</b>			
<b>Investments by Fair Value Level</b>	<b>Fair Value Measurements Using</b>		
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	
	<b>Balance</b>		
<b>Debt securities:</b>			
U.S. Treasury	\$ 7,583,051	\$ -	\$ 7,583,051
U.S. Agencies	3,232,378	-	3,232,378
Corporate bonds	4,710,152	-	4,710,152
<b>Total Debt Securities</b>	<u>15,525,581</u>	<u>-</u>	<u>15,525,581</u>
<b>Equity securities:</b>			
Common stock	29,944,699	29,944,699	-
Equity mutual fund	14,572,722	14,572,722	-
<b>Total Equity Securities</b>	<u>44,517,421</u>	<u>44,517,421</u>	<u>-</u>
<b>Total Investments by Fair Value</b>	<u>\$ 60,043,002</u>	<u>\$ 44,517,421</u>	<u>\$ 15,525,581</u>
<b>Investments Measured at Net Asset Value (NAV)</b>			
Real estate funds	\$ 19,278,783		
Collective investment trust funds:			
Bond fund	16,324,796		
Equity securities index fund	<u>31,863,884</u>		
Total investments measured at NAV	<u>67,467,463</u>		
Money market funds (exempt)	1,447,378		
<b>Total Investments</b>	<u>\$ 128,957,843</u>		

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

<b>CTS Retirement System</b>				
<b>Investments Measured at NAV</b>	<u>Balance</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period (Day)</u>
Real estate funds <sup>1</sup>	\$ 19,278,783	\$ -	Daily	10 - 90
Collective investment trust funds:				
Bond fund <sup>2</sup>	16,324,796	-	Daily	1
Equity securities index fund <sup>2</sup>	31,863,884	-	Daily	1
Total investments measured at NAV	<u><u>\$ 67,467,463</u></u>			

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

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

**North Miami Police Pension Plan**

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Investment Maturity**

Neither state law nor the NMPP Plan investment policy limits maturity term on fixed income holdings. As of September 30, 2018, the following table shows the distribution of the NMPP Plan's investments, by maturity:

	<b>Investments - NMPP Plan</b>				
	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 5,839,043	\$ -	\$ -	\$ 5,839,043	\$ -
U.S. Agency Obligations	2,232,727	1,404,989	-	316,066	511,672
Corporate bonds	3,766,532	245,363	3,521,169	-	-
Bond index funds	3,629,660	-	-	3,629,660	-
Total	<u>\$ 15,467,962</u>	<u>\$ 1,650,352</u>	<u>\$ 3,521,169</u>	<u>\$ 9,784,769</u>	<u>\$ 511,672</u>

**Interest Rate Risk**

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

**Credit Risk**

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

The following table discloses credit ratings by investment type for the NMPP Plan at September 30, 2018:

<b>CREDIT RATINGS BY INVESTMENT TYPE - NMPP PLAN</b>						
<b>Rating</b>	Corporate Bonds	U.S. Agencies	U.S. Treasuries	Bond Index Fund	Grand Total	% of Portfolio
AGY	\$ -	\$ 827,738	\$ -	\$ -	\$ 827,738	5%
A1	1,192,555	-	-	-	1,192,555	8%
A2	920,279	-	-	-	920,279	6%
A3	1,296,903	-	-	-	1,296,903	8%
Aa1	356,795	-	-	-	356,795	2%
Aaa	-	1,404,989	5,839,043	-	7,244,032	48%
Not rated	-	-	-	3,629,660	3,629,660	23%
Grand Total	<u>\$ 3,766,532</u>	<u>\$ 2,232,727</u>	<u>\$ 5,839,043</u>	<u>\$ 3,629,660</u>	<u>\$ 15,467,962</u>	<u>100%</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

*Concentration of Credit Risk*

The NMPP Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2018, the value of each position held by the NMPP Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The plan does not have more than 5% of their investment in any one issuer.

*Custodial Credit Risk*

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

*Fair Value*

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

investment. Annual audits of partnerships include a review of compliance with each partnership's valuation policies. Real estate partnerships investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers.

- The value of collective investment trusts are determined by the fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. Such investments are valued at net asset value held at the end of the period.

Plan investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2018:

	Balance	NMPP Plan		
		Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	
<b>Investments by Fair Value Level</b>				
Debt securities:				
U.S. Treasury	\$ 5,839,043	\$ -	\$ 5,839,043	
U.S. Agencies	2,232,727	-	2,232,727	
Corporate bonds	3,766,532	-	3,766,532	
<b>Total Debt Securities</b>	<b>11,838,302</b>	<b>-</b>	<b>11,838,302</b>	
Equity securities:				
Common stock	20,765,406	20,765,406	-	
Mutual fund	9,577,467	9,577,467	-	
<b>Total Equity Securities</b>	<b>30,342,873</b>	<b>30,342,873</b>	<b>-</b>	
<b>Total Investments by Fair Value</b>	<b>42,181,175</b>	<b>\$ 30,342,873</b>	<b>\$ 11,838,302</b>	
<b>Investments Measured at Net Asset Value (NAV)</b>				
Real estate funds	\$ 10,711,024			
Collective investment trust fund:				
Bond fund	3,629,660			
Equity securities	21,757,078			
Total investments measured at NAV	36,097,762			
Money market funds (exempt)	482,801			
<b>Total Investments</b>	<b>\$ 78,761,738</b>			

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

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

<b>North Miami Police Pension</b>		Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (Day)
<b>Investments Measured at NAV</b>	Balance			
Real estate funds <sup>1</sup>	\$ 10,711,024	\$ -	Daily	10 - 90
Collective investment trust fund				
Bond fund <sup>2</sup>	3,629,660	-	Daily	1
Equity securities <sup>2</sup>	<u>21,757,078</u>	-	Daily	1
Total investments measured at NAV	<u><u>\$ 36,097,762</u></u>			

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

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

**NOTE 3. RECEIVABLES**

Receivables as of September 30, 2018, for the City's individual major funds and nonmajor funds, in the aggregate, net of the allowances for uncollectable accounts, are as follows:

	Internal						Total
	CDBG	Nonmajor	Water and	Service	Funds		
	General	Entitlement	CRA	Governmental	Sewer	Stormwater	
<b>Receivables:</b>							
Customer accounts	\$ 1,151,205	\$ -	\$ -	\$ 47,986	\$ 16,048,325	\$ 1,202,444	- \$ 18,449,960
Due from component unit	215,586		-				215,586
Other - liens interest	3,690,666	-	8,000	-	567,401	-	4,266,067
Miscellaneous - receivable	826,355	940	-	-	2,424	-	60,898 890,617
Intergovernmental	1,616,450	366,316	-	1,073,067	30,007	-	17,306 3,103,146
Gross receivables	7,500,262	367,256	8,000	1,121,053	16,648,157	1,202,444	78,204 26,925,376
Less allowance for uncollectables	<u>(3,852,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,725,514)</u>	<u>(134,893)</u>	<u>- (5,712,630)</u>
<b>Total receivables, net</b>	<b><u>\$ 3,648,039</u></b>	<b><u>\$ 367,256</u></b>	<b><u>\$ 8,000</u></b>	<b><u>\$ 1,121,053</u></b>	<b><u>\$ 14,922,643</u></b>	<b><u>\$ 1,067,551</u></b>	<b><u>\$ 78,204</u></b> <b><u>\$ 21,212,746</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3. RECEIVABLES (Continued)**

***Notes Receivable - Oleta Partners***

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

The future minimum receipts are as follows:

Fiscal year ending September 30:	Note 1		Note 2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 934,713	\$ 261,720	\$ 815,686	\$ 228,392	\$ 1,750,399	\$ 490,112
2020	934,713	229,005	815,686	199,843	1,750,399	428,848
2021	934,713	196,290	815,686	171,294	1,750,399	367,584
2022	934,713	163,575	815,686	142,745	1,750,399	306,320
2023	934,713	130,859	815,686	114,196	1,750,399	245,055
2024-2026	<u>2,804,142</u>	<u>196,287</u>	<u>2,447,063</u>	<u>171,294</u>	<u>5,251,205</u>	<u>367,581</u>
	<u><u>\$ 7,477,707</u></u>	<u><u>\$ 1,177,736</u></u>	<u><u>\$ 6,525,493</u></u>	<u><u>\$ 1,027,764</u></u>	<u><u>\$14,003,200</u></u>	<u><u>\$ 2,205,500</u></u>

***Mortgage Loans Receivable - Housing Urban Development (HUD)***

The City provides subsidy assistance to certain qualified residents of the City through the Home Purchase Subsidy Assistance Program in accordance with HUD guidelines. The Program was designed to assist in the acquisition and/or rehabilitation of qualified primary residences, in an amount not to exceed \$50,000 per participant. Each subsidy is secured by a mortgage on the property, which is required to be paid back in the event of a default. The amount outstanding at September 30, 2018, totaled \$9,356,200. The loans are forgivable ratably over a ten-year period and have therefore been allowed for as of fiscal year end.

**NOTE 4. PROPERTY TAXES**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 4. PROPERTY TAXES (Continued)**

The total taxable value of property, as established by the Miami-Dade County Property Appraiser, at July 1, 2017, upon which the 2018 budget was based, was approximately \$2.8 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed value for general governmental services other than the payment of principal and interest on general obligation long-term debt. For the year ended September 30, 2018, the tax rate to finance General Fund operations was 7.5000 per \$1,000 of assessed value. Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$71,000 for the General Fund.

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from other funds consisted of the following balances at September 30, 2018:

	Interfund	
	Receivable	Payable
<b>Major Funds</b>		
General Fund	\$ 4,581,792	\$ -
C.D.B.G. Entitlement Fund	-	143,704
Non Major Funds:		
FEMA Disaster Recovery	-	3,652,339
Other nonmajor funds	-	785,749
Total	<u>\$ 4,581,792</u>	<u>\$ 4,581,792</u>

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

***Interfund Transfers***

Interfund transfers for the year ended September 30, 2018, consisted of the following:

<b>Transfers out</b>	<b>Transfers in</b>		<b>Total</b>
Funds	Debt Service		
	Fund	General Fund	
General	\$ 1,245,564	\$ -	\$ 1,245,564
CRA	-	1,190,000	1,190,000
Water and sewer	202,263	-	202,263
Stormwater utility	26,572	-	26,572
Internal service	55,703	-	55,703
Total	<u>\$ 1,530,102</u>	<u>\$ 1,190,000</u>	<u>\$ 2,720,102</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

Bond covenants and City financial policies require use of interfund transfers to move financial resources from funds designated to receive them to the funds required to expend them. The transfers between the General Fund and other Nonmajor Funds related to restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers to the Nonmajor Debt Service Fund were made to fund the principal and interest payment on the pension obligation bond. The transfer from the CRA to the General Fund relates to funding provided to be used for the City's Residential Rehabilitation Program.

**NOTE 6. CAPITAL ASSETS**

Capital assets activities for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,467,017	\$ -	\$ -	\$ -	\$ 12,467,017
Construction in progress	994,162	141,426	-	(186,506)	949,082
Total capital assets not being depreciated	<u>13,461,179</u>	<u>141,426</u>	<u>-</u>	<u>(186,506)</u>	<u>13,416,099</u>
Capital assets, being depreciated:					
Land improvements	18,886,574	50,565	-	-	18,937,139
Building and improvements	21,087,191	193,102	-	-	21,280,293
Infrastructure	56,796,571	2,129,149	-	186,506	59,112,226
Machinery and equipment	20,604,416	1,134,697	(958,851)	-	20,780,262
Library Books	2,242,501	45,801	-	-	2,288,302
Total capital assets being depreciated	<u>119,617,253</u>	<u>3,553,314</u>	<u>(958,851)</u>	<u>186,506</u>	<u>122,398,222</u>
Less accumulated depreciation for:					
Land improvements	(13,476,451)	(314,883)	-	-	(13,791,334)
Building and improvements	(9,884,952)	(436,155)	-	-	(10,321,107)
Infrastructure	(27,988,247)	(1,190,105)	-	-	(29,178,352)
Machinery and equipment	(17,431,450)	(1,045,048)	958,851	-	(17,517,647)
Library Books	(2,108,779)	(36,158)	-	-	(2,144,937)
Total accumulated depreciation	<u>(70,889,879)</u>	<u>(3,022,349)</u>	<u>958,851</u>	<u>-</u>	<u>(72,953,377)</u>
Total capital assets being depreciated, net	<u>48,727,374</u>	<u>530,965</u>	<u>-</u>	<u>186,506</u>	<u>49,444,845</u>
Governmental activities capital assets, net	<u><u>\$ 62,188,553</u></u>	<u><u>\$ 672,391</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,860,944</u></u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 6. CAPITAL ASSETS (Continued)**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 653,080	\$ -	\$ -	\$ -	\$ 653,080
Construction in progress	2,519,687	806,408	-	(2,427,209)	898,886
Total capital assets not being depreciated	3,172,767	806,408	-	(2,427,209)	1,551,966
Capital assets, being depreciated:					
Land improvements	154,211	9,640	-	1,121,441	1,285,292
Building and improvements	2,469,234	4,900	-	-	2,474,134
Infrastructure	77,330,608	2,033,960	-	1,305,768	80,670,336
Machinery and equipment	6,401,339	433,934	(4,915)	-	6,830,358
Total capital assets being depreciated	86,355,392	2,482,434	(4,915)	2,427,209	91,260,120
Less accumulated depreciation for:					
Land improvements	(127,705)	(3,699)	-	-	(131,404)
Building and improvements	(822,996)	(70,753)	-	-	(893,749)
Infrastructure	(39,551,932)	(1,842,932)	-	-	(41,394,864)
Machinery and equipment	(4,650,940)	(479,288)	4,915	-	(5,125,313)
Total accumulated depreciation	(45,153,573)	(2,396,672)	4,915	-	(47,545,330)
Total capital assets being depreciated, net	41,201,819	85,762	-	2,427,209	43,714,790
Business-type activities capital assets, net	<u>\$ 44,374,586</u>	<u>\$ 892,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,266,756</u>

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

**Governmental activities:**

General government	\$ 543,453
Public safety	563,237
Transportation and public works	838,812
Culture and recreation	655,782
Physical environment	27,293
Housing and urban development	42,618
Subtotal	<u>2,671,195</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	351,154
Total depreciation expense – governmental activities	<u>\$3,022,349</u>

**Business-type activities:**

Water and sewer	\$2,026,548
Stormwater	370,124
Total depreciation expense – business-type activities	<u>\$2,396,672</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7. LONG-TERM LIABILITIES**

***Governmental Activities***

The following is a summary of changes in long-term liabilities for governmental activities for the year ended September 30, 2018:

	Beginning Balance, as restated*	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Debt payable:					
Pension obligation note-Series 2010	\$ 14,005,000	\$ -	\$ (770,000)	13,235,000	\$ 830,000
Unamortized bond discount	(664,396)	- -	92,609	(571,787)	-
Capital lease obligation	801,566	- -	(446,236)	355,330	299,503
Total debt payable	<u>14,142,170</u>	<u>- -</u>	<u>(1,123,627)</u>	<u>13,018,543</u>	<u>1,129,503</u>
Other liabilities:					
Compensated absences	6,705,155	2,954,258	(1,931,669)	7,727,744	2,472,845
Landfill closure	9,612,548	- -	(576,286)	9,036,262	-
Total OPEB liability	10,531,325	3,116,086	(715,536)	12,931,875	-
Net pension liability	30,365,341	372,097	(212,224)	30,525,214	-
Net pension liability - FRS	4,371,810	694,338	- -	5,066,148	-
Purchase installment liability	409,400	- -	(128,600)	280,800	93,600
Claims payable (risk)	2,977,310	725,071	(585,863)	3,116,518	-
Claims payable (other)	435,864	- -	- -	435,864	-
Total other liabilities	<u>65,408,753</u>	<u>7,861,850</u>	<u>(4,150,178)</u>	<u>69,120,425</u>	<u>2,566,445</u>
Governmental activities - long-term liabilities	<u><u>\$ 79,550,923</u></u>	<u><u>\$ 7,861,850</u></u>	<u><u>\$ (5,273,805)</u></u>	<u><u>82,138,968</u></u>	<u><u>\$ 3,695,948</u></u>

\*Beginning balance was restated for the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*.

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

**Note Payable**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

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

Fiscal years ending September 30:	Principal	Interest	Total
2019	\$ 830,000	\$ 959,538	\$ 1,789,538
2020	885,000	899,363	1,784,363
2021	950,000	835,200	1,785,200
2022	1,020,000	766,325	1,786,325
2023	1,095,000	692,375	1,787,375
2024-2029	<u>8,455,000</u>	<u>2,269,975</u>	<u>10,724,975</u>
Total	<u>\$ 13,235,000</u>	<u>\$ 6,422,776</u>	<u>\$ 19,657,776</u>

***Business-type Activities***

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2018:

	Beginning Balance, as restated*	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Debt payable:					
FMLC Series 2016 Refunding (stormwater)	\$ 1,915,000	\$ -	\$ (360,000)	1,555,000	\$ 370,000
Unamortized bond premiums	102,550	-	(20,510)	82,040	-
State revolving fund loans	2,864,933	319,087	(141,788)	3,042,232	142,621
Capital lease obligations	<u>2,393</u>	<u>-</u>	<u>(800)</u>	<u>1,593</u>	<u>800</u>
Total debt payable	<u>4,884,876</u>	<u>319,087</u>	<u>(523,098)</u>	<u>4,680,865</u>	<u>513,421</u>
Other liabilities:					
Compensated absences	1,786,456	431,533	(1,100,759)	1,117,230	272,394
Total OPEB liability	1,320,565	822,357	(109,103)	2,033,819	-
Net pension liability	4,078,840	99,770	-	4,178,610	-
Net pension liability - FRS	659,477	77,720	(70,989)	666,208	-
Total other liabilities	<u>7,845,338</u>	<u>1,431,380</u>	<u>(1,280,851)</u>	<u>7,995,867</u>	<u>272,394</u>
Business-type activities - long-term liabilities	<u>\$ 12,730,214</u>	<u>\$ 1,750,467</u>	<u>\$ (1,803,949)</u>	<u>\$ 12,676,732</u>	<u>\$ 785,815</u>

\*Beginning balance was restated for the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

**Loans Payable**

Stormwater Utility Loan

On September 29, 2016, the City issued \$2,265,000 FMLC Series 2016 Bond for the purpose of refunding, on a current basis, the then outstanding FMLC-Series 2001A Bond with an aggregate principal amount of \$2,600,000 and certain costs of issuing the note. Interest rates for the refunded bond ranges from 2% to 4%. The refunding resulted in gross savings of \$62,311 and an economic gain of \$100,572.

Debt Service Requirements to Maturity

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

FMLC Loan - 2016	Principal	Interest	Total
Fiscal year ending September 30:			
2019	\$ 370,000	\$ 54,400	\$ 424,400
2020	385,000	39,600	424,600
2021	395,000	28,050	423,050
2022	405,000	16,200	421,200
Total	<u>\$ 1,555,000</u>	<u>\$ 138,250</u>	<u>\$ 1,693,250</u>

State Revolving Fund Loans

*Clean Water State Revolving Fund Loan – WW-131810*

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

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

The purpose of the loan was to provide financial assistance for the planning and designing of the City’s sewer rehabilitation project. As of September 30, 2018, the total loan amount disbursed and outstanding was \$2,723,144.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

*Drinking Water State Revolving Fund Loan – DW-131830*

In March 2013, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for a State Revolving Fund (“SRF”) loan in the amount of \$4,513,025 with an interest rate of 1.86%. The loan agreement was subsequently annulled March 6, 2018, to give the City additional time to complete construction activities. In November, 2017, the City re-applied for the loan which was amended to \$4,410,680. Repayment of the loan will be over 20 years and will start after the final disbursement which is expected to be received by June 2019.

The purpose of the loan was to provide assistance for the City’s water treatment filters rehabilitation project. As of September 30, 2018, the total loan amount disbursed and outstanding was \$319,087.

Summary Debt Service Requirements to Maturity

Principal and interest are payable through 2036:

	SRF Loan 1 (WW131810)			SRF Loan 1 (DW131830)			Total SRF LOANS		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
<b>Fiscal year ending September 30:</b>									
2019	142,621	24,333	166,954	-	-	-	142,621	24,333	166,954
2020	143,881	23,074	166,955	319,087	-	319,087	462,968	23,074	486,042
2021	145,154	21,801	166,955	-	-	-	145,154	21,801	166,955
2022	146,439	20,516	166,955	-	-	-	146,439	20,516	166,955
2023	147,736	19,218	166,954	-	-	-	147,736	19,218	166,954
2024 - 2028	758,606	76,168	834,774	-	-	-	758,606	76,168	834,774
2029 - 2033	793,050	41,724	834,774	-	-	-	793,050	41,724	834,774
2034 - 2036	445,658	7,771	453,429	-	-	-	445,658	7,771	453,429
<b>Total</b>	<b>2,723,145</b>	<b>234,605</b>	<b>2,957,750</b>	<b>319,087</b>	<b>-</b>	<b>319,087</b>	<b>3,042,232</b>	<b>234,605</b>	<b>3,276,837</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

**Pledged Revenues**

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on outstanding debt as of September 30, 2018 follows:

Source of Revenue Pledged	Non Ad-Valorem Revenues
<b>Governmental Activities:</b>	
Description of debt	Note payable
Purpose of debt	Refunded the Taxable Special Obligation Bonds -Series 2002
Current revenue pledged	\$ 41,210,025
Total future revenues pledged	\$ 19,657,776
Term of commitment	2010-2029
Current year debt service	\$ 1,784,050
Percentage of debt service to pledged revenues (current year)	4.33%
Source of Revenue Pledged	Non Ad-Valorem Revenues
<b>Business Type Activities:</b>	
Description of debt	FMLC Loan - Series 2016 (stormwater)
Purpose of debt	State Revolving Loans (drinking water)
Current revenue pledged	Capital improvements
Total future revenues pledged	\$41,210,025
Term of commitment	\$1,693,250
Current year debt service	\$3,276,837
Percentage of debt service to pledged revenues (current year)	2002-2022
	2014-2036
	\$ 431,463
	\$175,585
	1.05%
	0.43%

**Purchase Installment Agreement**

On March 7, 2017, the City entered into an agreement with Point Blank Enterprises, Inc. to purchase body-worn cameras and the related monitoring software for the police department. The agreement is for an initial period of five (5) years for a total cost of \$533,000. At September 30, 2018, the remaining balance due was \$280,800 which will be paid annually as follows:

	<u>Amount</u>
Fiscal year ending September 30:	
2019	\$ 93,600
2020	93,600
2021	93,600
Total	<u>\$ 280,800</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

**Capital Leases**

The City finances the acquisition of certain vehicles and equipment through capital leases. The leases are collateralized by the leased vehicles and equipment. Future minimum total lease payments and the present value of minimum lease payments as of September 30, 2018, follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Fiscal year ending September 30:		
2019	\$ 316,964	\$ 814
2020	<u>55,825</u>	<u>788</u>
Total minimum lease payments	372,789	1,603
Less amount representing interest	<u>(17,459)</u>	<u>(10)</u>
Present value of minimum lease payments	<u><u>\$ 355,330</u></u>	<u><u>\$ 1,593</u></u>

The net book value of assets acquired through capital leases as of September 30, 2018 follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Fleet	\$ 1,087,633	\$ -
Equipment	<u>537,933</u>	<u>3,193</u>
Total cost	1,625,566	3,193
Less accumulated depreciation	<u>(1,270,236)</u>	<u>(1,600)</u>
Total net book value	<u><u>\$ 355,330</u></u>	<u><u>\$ 1,593</u></u>

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS**

Effective October 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, for certain post-employment healthcare benefits provided by the City. The implementation of this statement resulted in a restatement of the City's financial statements as subsequently discussed in **Note 15**.

***Plan Description***

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

No assets are held in trust for payment of the OPEB liability, as the plan operates on a pay-as-you-go basis.

***Benefits Provided***

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

In 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Additionally, since October 1997, the City provides paid group health insurance premiums until age 65 for elected officials of the City who have served a minimum of two complete terms of office, and their tenure as an elected official commenced after May 1, 1991.

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

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

***Funding Policy***

The City does not directly contribute to the Plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates that are charged for active employees. The premiums vary depending on the benefits selected and whether the retiree elects single or family coverage. The premium also varies depending on whether the retiree elects' coverage under the HMO or POS plan. However, the City's actuary, in the actuarial valuation, calculates an offset to the cost of these benefits as an employer contribution, based on the implicit rate subsidy. This offset equals the total age-adjusted premiums paid by the City or its active employees for coverage of the retirees and their dependents for the year, net of the retiree's own annual payments.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***Plan Membership***

At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of the following:

Inactive plan members	92
Active plan members	<u>391</u>
	<u>483</u>

***Total OPEB Liability***

The City's total OPEB liability of \$14,965,694 was measured as of September 30, 2017, and was determined by an actuarial valuation as of October 1, 2016.

***Actuarial Assumptions and Other Inputs***

Valuation Date: October 1, 2016

Measurement Date: September 30, 2017

Roll-forward Disclosure The Total OPEB Liability was rolled-forward twelve months from the valuation date to the measurement date using standard actuarial techniques.

***Methods and Assumptions Used to Determine Total OPEB Liability:***

Actuarial Cost Method - Entry-Age Normal

Inflation - 2.50%

Discount Rate - 3.50% - long-term municipal bond rate. For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the actuarial roll-forward, the municipal bond rate is 3.50% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date).

Salary Increases - Salary increase rates based on those used in the respective October 1, 2015 actuarial valuations. For participants in Florida Retirement System, salary rates based on those used in the July 1, 2016 actuarial valuation of Florida Retirement System.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

<b>Salary Increases in the Coming Year</b>			
<b>Years of Service</b>	<b>General</b>	<b>Years of Service</b>	<b>Police Officers</b>
1 to 5	7.5%	1 to 10	9.4%
6 to 10	6.8%	11 to 15	6.0%
11 to 15	5.5%	16 to 20	6.5%
16 to 20	5.0%	21+	
21+	5.4%		

Retirement Age - Retirement rates based on those used in the respective October 1, 2015 actuarial valuations. For participants in Florida Retirement System, retirement rates based on those used in the July 1, 2016 actuarial valuation of Florida Retirement System.

<u><b>% Retiring Within Next Year for</b></u>			
<u><b>Year of Eligibility</b></u>	<u><b>% Retiring</b></u>		
1st	48%		
2nd	32%		
3rd	32%		
4th	32%		
5th	32%		
6th	100%		

<u><b>% Retiring within Next Year for Police Officers</b></u>			
<u><b>Year of Eligibility</b></u>	<u><b>Members who did not waive the 20 &amp; out early retirement provision</b></u>	<u><b>Members who did waive the 20 &amp; out early retirement provision</b></u>	
1st	40%	40%	
2nd	40%	40%	
3rd	40%	40%	
4th	40%	40%	
5th	40%	40%	
6th	100%	100%	

Members with 20 years of service	100%	N/A
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**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Mortality - Mortality tables used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

Healthcare Cost Trend Rates - Trend rate starting at 15.40% for claims costs and premiums (based on actual premium rates effective January 1, 2017), and thereafter trend based on the Getzen Model, with trend rate decreasing to 7.00% effective January 1, 2018, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.62% increase for excise tax.

Aging factors - Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".

Expenses - Administrative expenses are included in the per capita health costs.

Changes in the OPEB liability for the fiscal year ended September 30, 2018, were as follows:

Balance at September 30, 2017	<u>\$ 15,069,609</u>
Changes for the year:	
Service cost	744,106
Interest	482,386
Changes in assumptions	(824,639)
Benefits payments	<u>(505,768)</u>
Net changes	<u>(103,915)</u>
Balance at September 30, 2018	<u>\$ 14,965,694</u>

*Sensitivity of the total OPEB liability to changes in the discount rate:*

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.50%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	Current		
	Discount Rate		
	Decrease	Assumption	Increase
	2.50%	3.50%	4.50%
<b>Total OPEB liability</b>	<u>\$ 17,172,972</u>	<u>\$ 14,965,694</u>	<u>\$ 13,184,122</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Sensitivity of the total OPEB liability to the healthcare cost trend rate:* Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	Decrease 6%	Assumption 7%	Increase 8%
<b>Total OPEB liability</b>	<u>\$ 13,685,946</u>	<u>\$ 14,965,694</u>	<u>\$ 16,475,478</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the fiscal year ended September 30, 2018, the City recognized OPEB expense of \$1,093,486. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>OPEB</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumption and other inputs	\$ -	\$ 691,632
Employer contributions made subsequent to the measurement date	<u>544,729</u>	<u>-</u>
	<u>\$ 544,729</u>	<u>\$ 691,632</u>

The deferred outflows of resources totaling \$544,729, resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the fiscal year ended September 30, 2019. The amount reported as deferred inflows of resources resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30,</b>	<b>Amount</b>
2019	\$ 133,006
2020	133,006
2021	133,006
2022	133,006
2023	133,006
Thereafter	<u>26,602</u>
Total	<u>\$ 691,632</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 9. SELF-INSURANCE**

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2018 is based on recommended funding requirements, as determined by a self-insurance actuarial review as of September 30, 2018, performed by outside consultants.

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

As of September 30, 2018, the City's risk retention for certain types of risk is as follows:

<u>Line of Coverage</u>	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-insured:		
Workers' compensation	Self-insured retention of \$500,000	Excess worker's compensation Part I - Statutory Part II - \$1,000,000 (employers liability)
General & automobile liability	Fully self-insured	F.S. 768.28 (\$200,000/individual, \$300,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000 general & 5% named storm	66,332,552 (bldg) \$14,064,250 (contents)
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$1,000 to \$2,000 Contents: \$1,000 to \$2,000 varies according to facility	Buildings: \$25,000 to \$333,300 Contents: \$0 to \$200,000 varies according to facility
Other:		
Police professional liability	\$25,000/claim & \$75,000/aggregate	\$2,000,000/loss and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$2,000,000/loss and aggregate

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

**Workers' Compensation**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 9. SELF-INSURANCE (Continued)**

**General Liability**

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

**Estimated Claims Liability**

The estimated claims liability of \$3,116,518 in the General Risk Management internal service fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses. The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the estimated claims liability are as follows:

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>2018 Total</b>	<b>2017 Total</b>
Estimated claims liability - beginning of year	\$ 1,931,612	\$ 1,045,698	\$ 2,977,310	\$ 2,953,092
Current year claims and changes in estimates	61,515	663,556	725,071	892,770
Claim payments	(431,540)	(154,323)	(585,863)	(868,552)
Estimated claims liability - end of year	<u>\$ 1,561,587</u>	<u>\$ 1,554,931</u>	<u>\$ 3,116,518</u>	<u>\$ 2,977,310</u>

The City carries Excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2018, there was no reduction in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage. The City continues to seek annual recovery on cases exceeding the self-insured retention. The City recovered reimbursements from the excess carrier on two cases where the self-insured retentions of \$250,000 and \$350,000 were exceeded.

**NOTE 10. EMPLOYEE RETIREMENT PLANS**

**Pension Systems Administered by the City of North Miami**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

On February 15, 2016, the City closed the CTS Retirement System to new participants. After the closure, new members are required to join the Florida Retirement System (“FRS”). Active members were afforded a one-time irrevocable option to transfer to the FRS.

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

Each of the Plans issues a publicly available stand-alone report that includes financial statements and required supplementary information for each Plan. These reports may be obtained by writing to: North Miami Employees’ Retirement Systems, 12000 Biscayne Boulevard Suite 205, Miami, Florida 33181.

**Summary of Significant Accounting Policies**

***Basis of Accounting***

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

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

***Method Used to Value Investments***

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

For more detail regarding the methods used to measure the fair value of investments refer to **NOTE 2.**

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**North Miami Police Pension Plan (NMPP Plan)**

**Plan Description**

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

Since the Plan is a single-employer public employees' retirement system plan sponsored by the City, the Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The latest available actuarial valuation is as of October 1, 2017 (beginning of year valuation date); however, employer contribution requirements for the year ended September 30, 2018, were based on an October 1, 2016 valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

Membership in the Plan as of October 1, 2017, is as follows:

Inactive plan members and beneficiaries currently receiving benefits	42
Active plan members	<u>115</u>
Total	<u>157</u>

**Pension Benefits**

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

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

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Contributions and Funding Policies**

Employees contribute 9.51% or 11.51% of their base salaries or wages based on the Plan's investment performance. Interest is credited annually on members' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 0.19% for 2018. Employer and state contributions for the fiscal year ended September 30, 2018, was 43.80% of covered payroll.

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

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for sworn police personnel. The excess of insurance premium tax monies allocated to pay for additional benefits in this plan amounted to \$368,171 for the fiscal year ended September 30, 2018, and is reported as other contributions; the receivable balance as of September 30, 2018, was \$82,682. All other insurance premium tax monies, to the extent they do not exceed the threshold, remain with the City of North Miami's Police Share Plan.

**Net Pension Liability**

Components of the net pension liability of the City as of September 30, 2018:

	<b><u>NMPP Plan</u></b>
Total pension liability	\$95,087,691
Plan fiduciary net position	<u>(70,583,225)</u>
Net pension liability	<u>\$24,504,466</u>
Plan fiduciary net position as a percentage of total pension liability	74.23%

***Actuarial Assumptions***

The total pension liability was measured as of September 30, 2017, and determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions and applied to all prior periods included in the measurement:

**Assumptions Used to Determine Net Pension Liability:**

Inflation - 2.50%

Salary Increases - 3.50% to 9.00% depending on service

Investment rate of return - 8.10%

Retirement Age - Experience-based table of rates that are specific to the type of eligibility condition.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

Mortality - The mortality table is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation, as mandated by Chapter 112.63, Florida Statutes.

Note: Effective as of October 1, 2015, the investment return assumption has been reduced by 0.1% from 8.20% to 8.10%.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2018, are summarized in the following table:

<b>NMPP Plan</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	52.00%	7.50%
International equity	13.00%	8.50%
Domestic bonds	21.00%	2.50%
International bonds	0.00%	3.50%
Real Estate	14.00%	4.50%
Alternative assets	0.00%	6.24%

**Discount Rate** - A single discount rate of 8.10% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.10%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments (8.10%) was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Changes in Net Pension Liability**

The following table shows the changes in net pension liability based on the actuarial information provided to the City at September 30, 2018:

	<b>NMPP Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at September 30, 2017</b>	<u>\$ 87,227,493</u>	<u>63,141,517</u>	<u>\$ 24,085,976</u>
<b>Changes for the year</b>			
Service cost	2,736,585	-	2,736,585
Interest	7,112,421	-	7,112,421
Difference between actual & expected experience	(586,971)	-	(586,971)
Assumption changes	2,910,987	-	2,910,987
Benefit payments	(4,280,161)	-	(4,280,161)
Refunds	(32,663)	-	(32,663)
Contributions - employer	-	3,744,407	(3,744,407)
Contributions - employer (from State/Share Plan)	-	82,682	(82,682)
Contributions - member	-	1,153,440	(1,153,440)
Net investment income (loss)	-	6,933,826	(6,933,826)
Benefit payments	-	(4,280,161)	4,280,161
Refunds	-	(32,663)	32,663
Administrative expense	-	(159,823)	159,823
<b>Net changes</b>	<u>7,860,198</u>	<u>7,441,708</u>	<u>418,490</u>
<b>Balance at September 30, 2018</b>	<u>\$ 95,087,691</u>	<u>\$ 70,583,225</u>	<u>\$ 24,504,466</u>

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

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

	<b>NMPP Plan</b>		
	Single Discount Rate		
	Decrease 6.5%	Assumption 7.5%	Increase 8.5%
<b>Net pension liability</b>	<u>\$ 38,678,242</u>	<u>\$ 24,504,466</u>	<u>\$ 13,203,375</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

For the year ended September 30, 2018, the City recognized pension expense of \$3,617,327. At September 30, 2018, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	<b>NMPP Plan</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,249,540
Assumptions changes	3,601,929	-
Net difference between projected and actual earnings on pension plan investments	1,094,890	2,081,272
Employer contributions made subsequent to the measurement date	<u>3,967,627</u>	-
	<u>\$ 8,664,446</u>	<u>\$ 4,330,812</u>

The deferred outflows of resources related to the Plan, totaling \$3,967,627, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2019. Other amounts reported as net deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2019	\$ 48,618
2020	218,369
2021	(329,075)
2022	131,958
2023	<u>296,137</u>
Total	<u>\$ 366,007</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Clair T. Singerman Retirement System**

**Plan Description**

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

The CTS Retirement System was established by the City's Ordinance 691 effective January 1, 1968. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All full-time employees are eligible except for sworn police personnel hired after 1976. The latest actuarial valuation is as of October 1, 2017; however, the required employer contribution for the fiscal year ended September 30, 2018, is based on the October 1, 2016, actuarial valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the Board of Trustees, subject to approval of the City Council.

Membership in the CTS Retirement System as of October 1, 2017, is as follows:

Inactive plan members and beneficiaries currently receiving benefits	230
Inactive plan members entitled but not yet receiving benefits	3
Active plan members	<u>233</u>
Total	<u>466</u>

**Pension Benefits**

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

Normal retirement is attained for:

- General plan members who reach the earlier of age 55 and 10 years of service or age 50 and 20 years of service.
- Police and firefighters plan members who reach age 50 and 20 years of service.

Early retirement is available after completion of 14 years of service for all Plan members.

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

Normal retirement benefits are based on 1% of average final compensation multiplied by the years of services through July 1, 1979, plus 3% of average final compensation for years of service after June 30, 1979. However, for any year prior to October 1, 1968, during which a member contributed less than 7% of compensation, the benefit percentage for each year varies per the Ordinance. A terminating member with less than five years' creditable service shall receive his/her contribution plus accrued interest accumulated since initial employment. Partially vested members shall receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982, and his/her vested benefits.

**Contributions and Funding Policies**

Plan members contribute either 6%, 7% or 8% of their annual compensation depending on their credited years of service as of November 10, 2015. Interest is credited annually on members' accumulated contributions through the prior year-end. The interest rate determined by the Board of Trustees was 0.19% in 2018. Employer contributions for the fiscal year ended September 30, 2018, was 45.05% of covered payroll. The total employer contribution on the statement of changes in fiduciary net position is \$5,135,715 for 2018.

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

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

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for the one remaining sworn police personnel that was included in this Plan prior to 1976. The excess of insurance premium tax monies amounted to \$1,901 for the fiscal year ended September 30, 2018, and is reported as other contributions; the balance to be received as of September 30, 2018 was \$35,430. The funds were received by the City of North Miami's Police Share Plan, and are held there until this Plan determines what benefit enhancements will be made. All other insurance premium tax monies, to the extent they do not exceed the threshold remain with the City of North Miami's Police Share Plan.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Net Pension Liability**

Components of the net pension liability of the City at September 30, 2018 follows:

	<b><u>CTS Retirement System</u></b>
Total pension liability	\$128,847,915
Plan fiduciary net position	<u>(118,648,557)</u>
Net pension liability	<u>\$ 10,199,358</u>
Plan fiduciary net position as a percentage of total pension liability	92.08 %

**Actuarial Assumptions**

The total pension liability was measured as of September 30, 2017, and determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions and applied to all prior periods included in the measurement:

**Assumptions Used to Determine Net Pension Liability**

Inflation - 2.50%

Salary Increases - 3.0% to 6.00% depending on service

Assumed discount rate on investment - 7.05%

Retirement Age - Experience-based table of rates

Mortality - The mortality table for General Employees is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality) with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2016, as mandated by Chapter 112.63, Florida Statutes.

The mortality table for Police and Fire members is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality) with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2016, as mandated by Chapter 112.63, Florida Statutes.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

***Long-Term Expected Rate of Return*** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<b>CTS Retirement System</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	48.00%	7.50%
International equity	12.00%	8.50%
Domestic bonds	26.00%	2.50%
International bonds	0.00%	3.50%
Real Estate	14.00%	4.50%
Alternative assets	0.00%	6.24%

***Discount Rate*** - A single discount rate of 7.05% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.95%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.05%) was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Changes in Net Pension Liability**

The following table shows the changes in net pension liability based on the actuarial information provided to the City at September 30, 2018:

	<b>CTS Retirement System</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at September 30, 2017</b>	<u>\$ 118,702,482</u>	<u>\$ 108,344,279</u>	<u>\$ 10,358,203</u>
<b>Changes for the year</b>			
Service cost	1,959,651	-	1,959,651
Interest	8,775,025	-	8,775,025
Benefit changes (changes in assumption)	4,504,616	-	4,504,616
Difference between actual & expected experience	2,228,073	-	2,228,073
Benefit payments	(7,225,538)	-	(7,225,538)
Refunds	(98,051)	-	(98,051)
Other	1,657	-	1,657
Contributions - employer	-	4,924,792	(4,924,792)
Contributions - employer (from State/Share Plan)	-	1,657	(1,657)
Contributions - non-employer contributing entity	-	103,860	(103,860)
Contributions - member	-	788,484	(788,484)
Net investment income	-	12,071,492	(12,071,492)
Benefit payments	-	(7,225,538)	7,225,538
Refunds	-	(98,051)	98,051
Administrative expense	-	(262,418)	262,418
<b>Net changes</b>	<u>10,145,433</u>	<u>10,304,278</u>	<u>(158,845)</u>
<b>Balance at September 30, 2018</b>	<u>\$ 128,847,915</u>	<u>\$ 118,648,557</u>	<u>\$ 10,199,358</u>

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

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability (asset), if it were calculated using a single discount rate of 7.05%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<b>CTS Retirement System</b>		
	Single Discount Rate		
	Decrease 6.05%	Assumption 7.05%	Increase 8.05%
<b>Net pension liability (asset)</b>	<u>\$ 28,813,395</u>	<u>\$ 10,199,358</u>	<u>\$ 1,662,037</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

For the year ended September 30, 2018, the City recognized pension expense of \$2,132,136. At September 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>CTS Retirement System</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,609,164	\$ 1,076,311
Assumptions changes	3,253,334	-
Net difference between projected and actual earnings on pension plan investments	2,712,367	5,735,302
Employer contributions made subsequent to the measurement date	5,330,992	-
	<u>\$ 12,905,857</u>	<u>\$ 6,811,613</u>

The deferred outflows of resources related to the CTS Retirement System, totaling \$5,330,992, resulting from City contributions to the CTS Retirement System subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2019. Other amounts reported as net deferred outflow of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2019	\$ 392,993
2020	1,486,318
2021	(351,384)
2022	(764,675)
Total	<u>\$ 763,252</u>

**Pension Plans Administered by the State of Florida**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**FLORIDA RETIREMENT SYSTEM**

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

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

The City's pension expense for FRS totaled \$1,048,484 for the fiscal year ended September 30, 2018.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**Plan Description**

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

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

Employees enrolled in the FRS prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the FRS on or after July 1, 2011, once vested, are eligible for normal

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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the FRS may include up to four years of credit for military service toward creditable service.

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

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

**FRS Retirement Benefits and Contributions**

Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

**CITY OF NORTH MIAMI, FLORIDA**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

Contributions during the 2018 fiscal year were as follows:

Class <sup>(2)</sup>	Percent of Gross Salary	
	Employee	Employer <sup>(1)</sup>
FRS, Regular	3.00%	6.20%
FRS, Elected Council Officers	3.00%	43.78%
FRS, Senior Management Service	3.00%	20.99%
	(2)	(2)

(1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

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

The City's contributions to the FRS amounted to \$576,517 and employees' contributions amounted to \$155,311 for the fiscal year ended September 30, 2018.

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

On September 30, 2018, the City reported a liability of \$4,285,357 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2018 fiscal year contributions relative to the participating members. At June 30, 2018, the City's proportionate share was 0.014227%. For the fiscal year ended September 30, 2018, the City recognized pension expense of \$1,048,484 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

	<b>FRS</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,400,246	\$ -
Difference between expected and actual experience	363,034	13,176
Difference between projected and actual investment earnings	-	331,096
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	1,436,112	43,238
City FRS contributions subsequent to the measurement date	<u>137,824</u>	-
<b>Total</b>	<b><u>\$ 3,337,216</u></b>	<b><u>\$ 387,510</u></b>

The deferred outflows of resources related to pensions, totaling \$137,824, resulting from the City's contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2019	\$ 562,376
2020	562,376
2021	562,376
2022	562,376
2023	562,378
	<b><u>\$ 2,811,882</u></b>

**Actuarial Assumptions**

The FRS actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2018, applied to all periods included in the measurement:

Inflation - 2.60%

Salary Increases - 3.25% average, including inflation

Investment Rate of Return - 7.0%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

**Long-Term Expected Rate of Return** - The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map

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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation *	FRS			Standard Deviation
		Annual Arithmetic Return	Compound (Geometric) Return		
Cash	1%	2.9%	2.9%	1.8%	
Fixed income	18%	4.4%	4.3%	4.0%	
Global equity	54%	7.6%	6.3%	17.0%	
Real estate	11%	6.6%	6.0%	11.3%	
Private equity	10%	10.7%	7.8%	26.5%	
Strategic investment	6%	6.0%	5.7%	8.6%	
	<u>100.00%</u>				
Assumed inflation-mean		2.6%			1.9%

\*Note: As outlined in the Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability of the Plan was 7.00%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected investment rate of return. The discount rate is reviewed annually and set by mutual agreement between the Board of Trustees and its Actuarial firm.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

City's proportionate share of the net pension liability	FRS		
	Decrease 6.00%	Current Discount Rate	Increase 8.00%
		7.00%	
\$ 7,820,754		\$ 4,285,357	\$ 1,348,798

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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Retiree Health Insurance Subsidy Program (HIS)**

**Plan Description**

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

**Benefits Provided**

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions**

The HIS is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution rate was 1.66%. The City contributed 100% of its statutorily required contributions for the current fiscal year. The HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS totaled \$74,141 for the fiscal year ended September 30, 2018.

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

At September 30, 2018, the City reported a net pension liability of \$1,447,001 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2018 fiscal year contributions relative to the 2018 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was 0.01367%.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$286,883 related to the HIS. In addition, the City reported, deferred outflows of resources and deferred inflows of resources related to the HIS from the following sources:

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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

	<b>HIS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,153	\$ 2,458
Changes of Assumptions	160,924	152,989
Net difference between projected and actual earnings on HIS pension plan investments	873	-
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	1,027,086	17,186
City HIS contributions subsequent to the measurement date	<u>24,852</u>	-
<b>Total</b>	<b><u>\$ 1,235,888</u></b>	<b><u>\$ 172,633</u></b>

The deferred outflows of resources related to pensions, totaling \$24,852 resulting from the City's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ending September 30:**

2019	\$ 207,681
2020	207,681
2021	207,681
2022	207,681
2023	207,679
<b>Total</b>	<b><u>\$ 1,038,403</u></b>

**Actuarial Assumptions**

The HIS plan's actuarial valuation was determined using the following actuarial assumptions as of July 1, 2018, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates - Investment Rate of Return	3.87%

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

The actuarial assumptions used in July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability for the HIS Plan was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following presents the City's proportionate share of the net pension liability calculated using a discount rate of 3.87%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	<b>HIS</b>		
	Current		
	Decrease	Discount Rate	Increase
	2.87%	3.87%	4.87%
City's proportionate share of the net pension liability	\$ 1,648,049	\$ 1,446,999	\$ 1,279,415

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

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

Plan	<b>PENSION RELATED ITEMS</b>			
	Net Pension Liability	Deferred Inflow of Resources	Deferred Outflow of Resources	Pension Expenses/Expenditures
North Miami Police Pension Plan	\$ 24,504,466	\$ 4,330,812	\$ 8,664,446	\$ 3,617,327
Clair T. Singerman Employee Retirement System	10,199,358	6,811,613	12,905,857	2,132,136
Florida Retirement System (FRS)	4,285,357	387,510	3,337,216	1,048,484
Retiree Health Insurance Subsidy Program (HIS)	1,447,001	172,635	1,235,888	286,883
Total	<u>\$ 40,436,182</u>	<u>\$ 11,702,570</u>	<u>\$ 26,143,407</u>	<u>\$ 7,084,830</u>

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**NOTE 11. DEFINED CONTRIBUTION PLANS**

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

The City of North Miami Police Officers' Retirement Pension Fund Share Plan established by (Ord. 592.1.1) (the Plan) provides retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized \$368,171 as on behalf payments for contributions of these premiums into the Plan.

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

**Managers' Pension Plan**

The Managers' Pension Plan is an IRS Section 401(a) defined contribution pension plan for those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2018, the City contributed approximately \$59,495 into this Plan, which is administered through a third party administrator.

**Excess Benefit Plan**

In May 1968, the City established the Excess Benefit Plan, a qualified governmental excess benefit arrangement as defined in Section 415(M)(3) of the Internal Revenue Code. The City contributed approximately \$40,332 into this Plan. This Plan is administered by the City.

**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site)**

**Historical Background**

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

The City subsequently entered into a 30-year lease agreement with a company formed to develop a recreation project on the Interama land. The company subsequently operated a portion of the property as a dumpsite, and the property became the subject of controversy arising principally from site related environmental issues involving the City, the company, various governmental agencies and others. The controversy restricted the use and development of the property.

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**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)**

Accordingly, the recreation project was never completed and the company abandoned the premises.

In 1981, the Florida Department of Environmental Regulation (a/k/a FDEP) filed a suit against the City to close the portion of the land, which was operated as a dumpsite (landfill). The landfill has not operated since 1980 and the City, State and the Department of Environmental Resources Management (DERM) have worked together to produce a closure plan, pursuant to a Consent Agreement. On February 10, 1998, the City voluntarily executed a Consent Agreement with the DERM to carry out groundwater remedial measures required by Florida law and County ordinance. In 2004, Miami-Dade County provided the City with a one-time contribution of \$31 million for remediation and closure of the landfill.

In May 2012, the City entered into a 99-year lease and development agreement for the site with Oleta Partners (see Note 16). In connection with the agreement, the developer assumed responsibility for the remediation and closure of the site beyond the costs funded by the Miami-Dade County contribution mentioned above. As of September 30, 2018, the liability assumed by the developer for remediation and closure is approximately \$18.5 million. In accordance with the guidance provided by GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs*, the City met the requirements to transfer its responsibility for closure and post-closure, to the developer. Therefore, the \$18.5 million is not reported in the City's financial statements for post-closure cost. The City has reported a landfill closure liability of \$9 million at year end related to the site.

**Recent Studies and Developments**

A Remediation and Landfill Closure Cost Projection was completed in 2015, which estimated the cost of remediation and closure at approximately \$13.1 million. This cost estimate is a decrease from a previous cost projection of \$13.6 million and is based on the proposed groundwater remediation system, the reevaluated stormwater management system, and the closure-related activities. While this latest method has tentatively been approved by DERM and the FDEP, the newly proposed groundwater remediation system is at the conceptual level as of September 30, 2018, and uncertainties remains as to the ultimate cost of the remediation and closure of the landfill site.

During 2018, the City incurred approximately \$508,126 in site closure costs, which is reflected in the Landfill Closure fund. In addition to the remediation and closure of the site, as discussed above, it is estimated that long-term closure care costs will be approximately \$637,081 per year over 30 years, for a projected total cost of approximately \$19 million.

**Landfill Closure Escrow Account**

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

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**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)**

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

The following is a schedule of restricted assets and the activity of the closure escrow account in the Landfill Closure special revenue fund, presented on a cash basis, as of the year ended September 30, 2018:

Restricted assets:	
Cash in bank (money market fund)	\$ <u>9,893,573</u>
Beginning balance - October 1, 2017	\$ 10,369,358
Interest	32,341
Disbursements	<u>(508,126)</u>
Ending balance - September 30, 2018	<u>\$ 9,893,573</u>

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

**Long-term Care Escrow Account**

The City opened a second escrow account for the purpose of funding the landfill's long term care costs. This account will remain dormant until the time of facility closing where it will be funded in accordance with Rule 62-701.630(5)(c), Florida Administrative Code. Therefore, as of September 30, 2018, the balance in this escrow account is \$0.

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

As provided by Rule 62-701.630(5)(c), Florida Administrative Code, the City is required to annually submit to the Florida Department of Environmental Protection an audit of the landfill closure account with a list of all deposits and disbursements made. For the year ended September 30, 2018, disbursements of \$508,181 were made from the account, and no additional deposits, other than interest received of \$32,341 were made.

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**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)**

**Overall Outlook**

The agreement provided for development of the site with the City receiving income from sales of units and from an annual ground lease. It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former landfill site will be offset by revenues generated from the future use of the land.

**NOTE 13. CONTINGENCIES**

***Lawsuits***

- The Florida Supreme Court ruled in favor of drivers who brought a class action lawsuit claiming that municipal-enacted red-light camera traffic violations were unlawful. The ruling relates to fines based on cameras installed before the State Legislature authorized them in July 2010. The City of North Miami is named as a defendant in similar lawsuits, along with American Traffic Solutions, the supplier of the camera equipment and related maintenance. The ruling did not order an ultimate refund of fines collected by the City and the dispute over the mechanism is expected to continue. We estimate that the potential loss ranges between \$200,000 to \$1.2 million. Accordingly, the City has recorded a potential liability at the government-wide level financial statements of approximately \$295,000 related to this matter.
- The City is a defendant in several other lawsuits as of September 30, 2018, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition or operations of the City.

***Grantor Agencies***

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

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**NOTE 14. CONDUIT DEBT**

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

***Health Care Facilities Revenue Bonds***

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds, Series 2006 (Series 2006A, Subordinate Series 2006B-1, and Subordinate Series 2006B-2) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation operating an independent elderly living facility (Imperial Club) located within the geographic boundaries of Miami-Dade County, Florida. The Series 2006B-2 bonds included in the issuance are accretion bonds. The Series 2006 bonds were issued to refund the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B bonds and to provide financing for the cost of certain additional capital improvements to the health care facility.

The combined outstanding debt as of September 30, 2018, for the Series 2006 bonds was \$23,372,602.

**NOTE 15. RESTATEMENT – IMPLEMENTATION OF GASB STATEMENT No. 75**

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the 2018 fiscal year, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This statement addresses accounting and financial reporting for other post-employment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report these balances in the government's financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about their OPEB liability.

The implementation of GASB Statement No. 75 described above, required that the City restate its financial statements as of October 1, 2017.

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**NOTE 15. RESTATEMENT – IMPLEMENTATION OF GASB No. 75 (Continued)**

The impact of the restatement on the governmental activities and business-type activities beginning net position at September 30, 2018, are as follows:

<b>Restatement of Net Position</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net position - October 1, 2017, as previously reported	\$ 38,468,620	\$ 76,574,973	\$ 115,043,593
Restatement - Implementation of GASB Statement No. 75	<u>(2,353,137)</u>	<u>(358,816)</u>	<u>(2,711,953)</u>
Net position - October 1, 2017, as restated	<u><u>\$ 36,115,483</u></u>	<u><u>\$ 76,216,157</u></u>	<u><u>\$ 112,331,640</u></u>

<b>Proprietary Funds</b>			
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total</b>
Net position - October 1, 2017, as previously reported	\$ 68,541,517	\$ 8,033,456	\$ 76,574,973
Restatement - Implementation of GASB Statement No. 75	<u>(313,915)</u>	<u>(44,901)</u>	<u>(358,816)</u>
Net position - October 1, 2017, as restated	<u><u>\$ 68,227,602</u></u>	<u><u>\$ 7,988,555</u></u>	<u><u>\$ 76,216,157</u></u>

<b>Internal Service Funds</b>			
	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Total</b>
Net position - October 1, 2017, as previously reported	\$ 3,983,567	\$ 4,544,018	\$ 8,527,585
Restatement - Implementation of GASB Statement No. 75	<u>(4,386)</u>	<u>(8,903)</u>	<u>(13,289)</u>
Net position - October 1, 2017, as restated	<u><u>\$ 3,979,181</u></u>	<u><u>\$ 4,535,115</u></u>	<u><u>\$ 8,514,296</u></u>

The implementation of GASB Statement No. 75 resulted in the City recording deferred outflows and inflows and increasing the total OPEB liability from \$11,851,890 to \$15,069,609 as of October 1, 2017.

**NOTE 16. BISCAYNE LANDING LEASE**

In 2012, an agreement was signed for the site known as Munisport (Biscayne Landing). The agreement contemplated development of the site with the City receiving income from the sale of residential units and from an annual ground lease. The agreement called for a 99-year lease of the site to the developer (Oleta Partners), with a 100-year renewal. The initial development program for Biscayne Landing has been modified in accordance with subsequent changes to the initial agreement. The City will also receive rent on the commercial space based on 50% of the net profits. Detailed information on the changes to the initial agreement are available on the City's website at [northmiamifl.gov](http://northmiamifl.gov).

In Fiscal Year 2018, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$2,545,884.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 17. FUND DEFICITS**

The following funds had fund deficits as September 30, 2018:

<b>Fund</b>	<b>Fund Deficits</b>
General Fund	\$ 8,182,442
Special Revenue Funds:	
C.D.B.G. Entitlement	245,536
FEMA Disaster Recovery	3,652,339
Other	650,870
Debt Service Fund	403,492
Capital Project Funds	141,769
Total	<u><u>\$ 13,276,448</u></u>

The General Fund deficit will be eliminated through a combination of reducing expenditures and expected ad-valorem revenue increases from development within the City. The current expenditure reduction plan aims to trim 3% of General Fund expenditures from the 2019 budgeted fiscal year, which is projected to reduce expenditures by \$2.1 million for the year ending September 30, 2019, and result in a net increase in the General Fund's fund balance of \$0.44 million. The City is on target to meet the budgeted revenue balance for the fiscal year ending September 30, 2019. Additionally, the City is currently developing a long-term plan to reduce and eliminate the General Fund's fund balance deficit over the next 3 – 5 years, by budgeting for a surplus of revenues over expenditures in each year. The City projects going forward that there will be additional sales tax revenues from a new major business that relocated to the City and an increase in the ad-valorem tax base from the SoLē Mia development project, both of which will help reduce the General Fund's fund balance deficit in future years. The special revenue funds deficits will be eliminated when grant funding is received in future periods. The FEMA Disaster Fund deficit will be eliminated when grant reimbursement request are received in fiscal year 2019. The Debt Service and Capital Project Funds deficits will be eliminated with interfund transfers in the future.

**NOTE 18. SUBSEQUENT EVENTS**

In March 2019, the City entered into an interlocal agreement with the School Board of Miami-Dade County, Florida, for the design, construction and joint funding of recreational facilities located adjacent to, and immediately east of Arch Creek Elementary School and North Miami Middle School. The agreement required the City to make a deposit of \$7 million into an escrow account representing the City's share of the project. The Miami-Dade School Board has also contributed \$3.5 million into the escrow account to fund the estimated \$10.5 million total cost of the project. The resulting assets will be owned by the City.

The City will recoup \$5 million of the \$7 million escrow deposit from the Miami-Dade County by June 2019. This amount is the City's share of funding from the County-issued Building Better Communities General Obligation Bond Series 2004. The City's \$5,000,000 portion was originally slated for Ruck's Park but was re-appropriated to Cagni Park in 2011.



# **Required Supplementary Information (Unaudited)**



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## Budgetary Comparison Schedule



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**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 17,202,709	\$ 17,571,073	\$ 17,712,040	\$ 140,967
Utility and communication taxes	4,978,208	4,978,208	4,420,867	(557,341)
Charges for services	10,710,954	10,646,266	10,077,538	(568,728)
Return on investment - utility	2,479,826	2,479,826	2,479,828	2
Franchise fees	4,132,730	4,132,730	3,992,099	(140,631)
Fines and forfeitures	786,836	786,836	899,657	112,821
Intergovernmental	8,349,406	8,474,406	8,754,852	280,446
Licenses and permits	4,029,604	4,029,604	3,749,809	(279,795)
Interest	594,876	594,876	620,277	25,401
Other earnings	5,691,763	5,234,399	2,278,924	(2,955,475)
Rents and royalties	3,285,805	3,284,805	2,746,174	(538,631)
Total revenues	<u>62,242,717</u>	<u>62,213,029</u>	<u>57,732,065</u>	<u>(4,480,964)</u>
<b>EXPENDITURES</b>				
General Government:				
Mayor and City Council	1,132,860	1,475,174	1,439,736	35,438
City Manager	2,349,580	2,696,035	2,692,148	3,887
City Clerk	635,168	696,114	696,114	-
Financial Services	3,306,316	3,279,242	3,211,180	68,062
Legal	1,269,528	1,309,654	1,335,631	(25,977)
Human Resources	776,119	882,790	879,021	3,769
Information Technology	1,834,590	1,777,409	1,597,596	179,813
Management and Budget	354,261	354,261	311,279	42,982
Procurement and Purchasing	491,821	515,335	515,701	(366)
Non-Departmental	<u>10,920,909</u>	<u>9,844,278</u>	<u>2,366,370</u>	<u>7,477,908</u>
Total general government	<u>23,071,152</u>	<u>22,830,292</u>	<u>15,044,776</u>	<u>7,785,516</u>
Public Safety:				
Police	26,383,722	26,322,288	24,985,358	1,336,930
Building and Zoning	1,901,860	1,880,407	1,447,767	432,640
Code Enforcement	<u>1,573,911</u>	<u>1,663,911</u>	<u>1,600,892</u>	<u>63,019</u>
Total public safety	<u>29,859,493</u>	<u>29,866,606</u>	<u>28,034,017</u>	<u>1,832,589</u>
Physical Environment:				
Public Works	<u>4,611,118</u>	<u>4,765,497</u>	<u>6,722,650</u>	<u>(1,957,153)</u>
Total physical environment	<u>4,611,118</u>	<u>4,765,497</u>	<u>6,722,650</u>	<u>(1,957,153)</u>
Economic Environment:				
Community Planning and Development	<u>1,411,772</u>	<u>3,598,820</u>	<u>1,832,756</u>	<u>1,766,064</u>
Total economic environment	<u>1,411,772</u>	<u>3,598,820</u>	<u>1,832,756</u>	<u>1,766,064</u>
Culture and Recreation:				
Parks and Recreation	7,298,942	7,756,100	6,134,232	1,621,868
Library	1,035,666	1,044,666	966,887	77,779
MOCA	<u>1,403,254</u>	<u>1,781,754</u>	<u>1,778,096</u>	<u>3,658</u>
Total culture and recreation	<u>9,737,862</u>	<u>10,582,520</u>	<u>8,879,215</u>	<u>1,703,305</u>
Capital outlay	<u>475,472</u>	<u>855,478</u>	<u>503,454</u>	<u>352,024</u>
Total expenditures	<u>69,166,869</u>	<u>72,499,213</u>	<u>61,016,868</u>	<u>11,482,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,924,152)</u>	<u>(10,286,184)</u>	<u>(3,284,803)</u>	<u>7,001,381</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves	8,423,556	10,595,588	-	(10,595,588)
Transfers in	-	1,190,000	1,190,000	-
Transfers out	<u>(1,499,404)</u>	<u>(1,499,404)</u>	<u>(1,245,564)</u>	<u>253,840</u>
Total other financing sources (uses)	<u>6,924,152</u>	<u>10,286,184</u>	<u>(55,564)</u>	<u>(10,341,748)</u>
Net change in fund balance (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,340,367)</u>	<u>\$ (3,340,367)</u>
Fund balance (deficit), beginning				
Fund balance (deficit), ending			<u>\$ (4,842,075)</u>	<u>\$ (8,182,442)</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CRA**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 4,908,775	\$ 4,908,775	\$ 3,263,704	\$ (1,645,071)
Interest and other earnings	3,000	31,392	38,911	7,519
Carry over surplus	3,831,167	4,200,884	-	(4,200,884)
Total revenues	<u>8,742,942</u>	<u>9,141,051</u>	<u>3,302,615</u>	<u>(5,838,436)</u>
<b>EXPENDITURES</b>				
General government	1,423,732	1,423,732	1,196,574	227,158
Community planning and development	<u>6,129,264</u>	<u>6,129,264</u>	<u>1,183,805</u>	<u>4,945,459</u>
Total expenditures	<u>7,552,996</u>	<u>7,552,996</u>	<u>2,380,379</u>	<u>5,172,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,189,946</u>	<u>1,588,055</u>	<u>922,236</u>	<u>(665,819)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,190,000)	(1,190,000)	(1,190,000)	-
Total other financing sources (uses)	<u>(1,190,000)</u>	<u>(1,190,000)</u>	<u>(1,190,000)</u>	<u>-</u>
Net change in fund balances	\$ (54)	\$ 398,055	(267,764)	\$ (665,819)
Fund balances - beginning			4,487,812	
Fund balances - ending			<u>\$ 4,220,048</u>	

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**C.D.B.G.**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 748,385	\$ 936,354	\$ 478,319	\$ (458,035)
Total revenues	<u>748,385</u>	<u>936,354</u>	<u>478,319</u>	<u>(458,035)</u>
<b>EXPENDITURES</b>				
Housing and economic development	722,585	903,323	496,319	407,004
Capital outlay	-	-	12,431	(12,431)
Total expenditures	<u>722,585</u>	<u>903,323</u>	<u>508,750</u>	<u>394,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,800</u>	<u>33,031</u>	<u>(30,431)</u>	<u>(63,462)</u>
Net change in fund balances	<u>\$ 25,800</u>	<u>\$ -</u>	<u>(30,431)</u>	<u>\$ (63,462)</u>
Fund balances - beginning				
Fund balances (deficit) - ending			<u>(215,105)</u>	<u>\$ (245,536)</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LANDFILL CLOSURE**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Interest and other earnings	\$ -	\$ -	\$ 32,341	\$ 32,341
Total revenues	<u>-</u>	<u>-</u>	<u>32,341</u>	<u>32,341</u>
<b>EXPENDITURES</b>				
Physical environment	12,177,578	12,177,578	508,126	11,669,452
Total expenditures	<u>12,177,578</u>	<u>12,177,578</u>	<u>508,126</u>	<u>11,669,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,177,578)</u>	<u>(12,177,578)</u>	<u>(475,785)</u>	<u>(11,637,111)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves	12,177,578	12,177,578	-	(12,177,578)
Total other financing source (uses)	<u>12,177,578</u>	<u>12,177,578</u>	<u>-</u>	<u>(12,177,578)</u>
Net change in fund balances	\$ -	\$ -	(475,785)	\$ (475,785)
Fund balances - beginning				10,369,358
Fund balances - ending				<u>\$ 9,893,573</u>

See notes to basic financial statements.

## **CITY OF NORTH MIAMI, FLORIDA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION** **September 30, 2018**

#### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

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

- 1) Thirty-Five (35) days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget is restricted to proposed expenditures and the means of financing them through appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General Fund is legally maintained at the departmental level.
- 2) Two public hearings are conducted to obtain taxpayers' comments as required by Truth in Millage (TRIM) legislation. Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- 3) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- 4) Budget amendments, according to the Budget Resolution, allows for administrative approval. During fiscal year 2018, budget amendments to general fund revenues and expenditures totaled \$3,332,345. Approximately \$1.2 million was for housing initiatives; \$0.6 million for beautification programs; \$0.4 million for streets and sidewalks project, \$0.65 million for Mayor and Council initiatives, \$0.4 million for social services programs and \$0.5 million related to encumbrance rollover.
- 5) Unencumbered appropriations lapse at year-end. All encumbrances outstanding at the end of the current fiscal year will be appropriated as part of the subsequent year's budget.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST FOUR YEARS**  
**UNAUDITED**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>				
Service cost	\$ 1,959,651	\$ 2,659,600	\$ 2,438,790	\$ 2,250,457
Interest	8,775,025	9,099,037	8,937,243	8,638,765
Benefit changes	4,504,616	(6,839,780)	-	-
Difference between actual & expected experience	2,228,073	(1,266,151)	(2,263,638)	-
Benefit payments	(7,225,538)	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	(98,051)	(190,942)	(265,792)	(185,090)
Other	1,657	1,423	1,253	1,253
Net change in total pension liability	10,145,433	(3,570,957)	1,984,336	3,765,690
Total pension liability - beginning	<u>118,702,482</u>	<u>122,273,439</u>	<u>120,289,103</u>	<u>116,523,413</u>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 128,847,915</u></b>	<b><u>\$ 118,702,482</u></b>	<b><u>\$ 122,273,439</u></b>	<b><u>\$ 120,289,103</u></b>
<b>Plan fiduciary net position</b>				
Contributions - employer	4,924,792	5,900,606	5,452,219	4,024,959
Contributions - employer (from State/Share Plan)	1,657	1,423	1,253	1,253
Contributions - non-employer contributing entity	103,860	92,782	145,792	171,222
Contributions - member	788,484	920,667	853,456	789,599
Net investment income	12,071,492	11,084,389	548,641	9,493,224
Benefit payments	(7,225,538)	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	(98,051)	(190,942)	(265,792)	(185,090)
Administrative expense	(262,418)	(250,675)	(235,209)	(284,291)
Net change in plan fiduciary net position	10,304,278	10,524,106	(363,160)	7,071,181
Plan fiduciary net position - beginning	<u>108,344,279</u>	<u>97,820,173</u>	<u>98,183,333</u>	<u>91,112,152</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 118,648,557</u></b>	<b><u>\$ 108,344,279</u></b>	<b><u>\$ 97,820,173</u></b>	<b><u>\$ 98,183,333</u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b><u>\$ 10,199,358</u></b>	<b><u>\$ 10,358,203</u></b>	<b><u>\$ 24,453,266</u></b>	<b><u>\$ 22,105,770</u></b>
Plan fiduciary net position as a percentage of total pension liability	92.08%	91.27%	80.00%	81.62%
Covered payroll	\$ 11,834,725	\$ 11,618,974	\$ 12,192,229	\$ 11,279,986
Net pension liability as a percentage of covered payroll	86.18%	89.15%	200.56%	195.97%
Measurement Date	10/1/2017	10/1/2016	10/1/2015	10/1/2014

information is presented for those years available.

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NORTH MIAMI POLICE PENSION PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST FOUR YEARS**  
**UNAUDITED**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>				
Service cost	\$ 2,736,585	\$ 2,688,621	\$ 2,364,576	\$ 2,474,226
Interest	7,112,421	6,699,774	6,407,038	5,987,806
Difference between actual & expected experience	(586,971)	(722,729)	(2,551,912)	-
Assumption changes	2,910,987	1,055,450	973,319	-
Benefit payments	(4,280,161)	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(32,663)	(160,092)	-	(72,946)
Net change in total pension liability	7,860,198	6,701,998	4,200,665	4,851,587
Total pension liability - beginning	87,227,493	80,525,495	76,324,830	71,473,243
<b>Total pension liability - ending (a)</b>	<b>\$ 95,087,691</b>	<b>\$ 87,227,493</b>	<b>\$ 80,525,495</b>	<b>\$ 76,324,830</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	3,744,407	3,558,223	3,358,659	3,194,000
Contributions - employer (from State/Share Plan)	82,682	82,682	82,682	82,682
Contributions - non-employer contributing entity	-	494,141	-	-
Contributions - member	1,153,440	1,014,411	846,576	791,906
Net investment income	6,933,826	5,759,158	1,672,653	4,798,319
Benefit payments	(4,280,161)	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(32,663)	(160,092)	-	(72,946)
Administrative expense	(159,823)	(136,260)	(126,435)	(132,094)
Net change in plan fiduciary net position	7,441,708	7,753,237	2,841,779	5,124,368
Plan fiduciary net position - beginning	63,141,517	55,388,280	52,546,501	47,422,133
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 70,583,225</b>	<b>\$ 63,141,517</b>	<b>\$ 55,388,280</b>	<b>\$ 52,546,501</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 24,504,466</b>	<b>\$ 24,085,976</b>	<b>\$ 25,137,215</b>	<b>\$ 23,778,329</b>
Plan fiduciary net position as a percentage of total pension liability	74.23%	72.39%	68.78%	68.85%
Covered payroll	\$ 9,058,510	\$ 9,185,954	\$ 8,901,956	\$ 8,327,087
Net pension liability as a percentage of covered payroll	270.51%	262.20%	282.38%	285.55%
Measurement Date	10/1/2017	10/1/2016	10/1/2015	10/1/2014

Note to Schedule:

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM**  
**LAST FIVE YEARS**  
**UNAUDITED**

Fiscal Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Actial Contribution as % of Covered Payroll
2014	\$ 4,196,181	\$ 4,196,181	\$ -	\$ 11,173,564	37.55%
2015	5,598,011	5,598,011	-	12,192,229	45.91%
2016	5,993,388	5,993,388	-	11,618,974	51.58%
2017	5,028,652	5,028,652	-	11,834,725	42.49%
2018	5,135,715	5,135,715	-	12,433,881	41.30%

The following actuarial methods and assumptions were used to determine contribution rates for fiscal year 2018, as reported in the schedule of contributions above:

**Valuation Date :**

October 1, 2016

Notes

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	General: Level Percentage of Payroll, Closed Police and Fire: Level Dollar, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	2.50%
Salary Increases	3.00% to 6.00% depending on service
Investment Rate of Return	7.05%
Retirement Age	Experience-based table of rates
Mortality	

The mortality table for General Employees is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality) with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2016.

The mortality table for Police and Fire members is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post retirement mortality) with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2016.

**Note to Schedule:**

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

See notes to the required supplementary information.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**NORTH MIAMI POLICE PENSION PLAN**  
**LAST FIVE YEARS**  
**UNAUDITED**

Fiscal Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Actual Contribution as % of Covered Payroll
2014	\$ 3,276,682	\$ 3,276,682	\$ -	\$ 8,327,087	39.35%
2015	3,441,341	3,441,341	-	8,901,956	38.66%
2016	3,640,905	3,640,905	-	9,185,954	39.64%
2017	3,827,089	3,827,089	-	9,058,510	42.25%
2018	3,884,945	3,884,945	-	9,767,957	39.77%

The following actuarial methods and assumptions were used to determine contribution rates for fiscal year 2018, as reported in the schedule of contributions above:

**Valuation Date :** October 1, 2016

## Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	2.50%
Salary Increases	3.50% to 9.00% depending on service
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The mortality table is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality) with improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 100% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation, as mandated by Chapter 112.63, Florida Statutes.

### Note to Schedule:

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AND**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST THREE YEARS**  
**UNAUDITED**

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

Fiscal Ending September 30,	City's Proportionate % Share of the FRS Net Pension Liability	City's Proportionate Share of the FRS Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the FRS Net Pension Liability as a % of its Covered Payroll	FRS Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	0.0011%	\$ 287,371	\$ 1,548,779	18.55%	84.88%
2017	0.0136%	4,039,330	1,694,062	238.44%	83.89%
2018	0.0142%	4,285,357	4,545,822	94.27%	84.26%

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

Fiscal Ending September 30,	Contractually Required FRS Contribution	FRS Contribution in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	City's Covered Payroll	FRS Contribution as a % of covered payroll
2016	\$ 27,754	\$ 27,754	\$ -	\$ 1,548,779	1.79%
2017	355,375	355,375	-	1,694,062	20.98%
2018	405,469	405,469	-	5,177,230	7.83%

Note: The amounts presented for each fiscal year were determined as of June 30th (NPL) and September 30th (contribution). The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for the fiscal years presented are available. The City entered the Plan as of October 1, 2015.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**HEALTH INSURANCE SUBSIDY PROGRAM (HIS)**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AND**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST THREE YEARS**  
**UNAUDITED**

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

Fiscal Ending September 30,	City's Proportionate % Share of the HIS Net Pension Liability	City's Proportionate Share of the HIS Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the HIS Net Pension Liability as a % of its Covered Payroll	HIS Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	0.0002%	\$ 25,823	\$ 1,548,779	1.67%	0.97%
2017	0.0092%	993,347	1,694,062	58.64%	0.50%
2018	0.0137%	1,447,001	4,545,822	31.83%	2.15%

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

Fiscal Ending September 30,	Contractually Required HIS Contribution	HIS Contribution in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	City's Covered Payroll	HIS Contribution as a % of covered payroll
2016	\$ 1,136	\$ 1,136	\$ -	\$ 1,548,779	0.07%
2017	49,166	49,166	-	1,694,062	2.90%
2018	74,141	74,141	-	5,177,230	1.43%

Note: The amounts presented for each fiscal year were determined as of June 30th (NPL) and September 30th (contributions). The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for the fiscal years presented are available. The City entered the Plan as of October 1, 2015.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS - PENSION PLANS**  
**LAST FIVE YEARS**  
**UNAUDITED**

**ANNUAL MONEY-WEIGHTED RATE OF RETURN,  
NET OF INVESTMENT EXPENSE**

<u>September 30,</u>	<u>CTS</u>	<u>NMPP</u>
2014	9.47%	10.91%
2015	0.78%	2.82%
2016	10.61%	8.07%
2017	12.53%	13.20%
2018	11.04%	12.26%

Notes to Schedule:

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS**  
**LIABILITY AND RELATED RATIOS**  
**SEPTEMBER 30, 2018**  
**UNAUDITED**

Balance at September 30, 2017	<u>\$ 15,069,609</u>
Changes for the year:	
Service cost	744,106
Interest	482,386
Changes in assumptions	(824,639)
Benefits payments	(505,768)
Net changes	<u>(103,915)</u>
Balance at September 30, 2018	<u><u>\$ 14,965,694</u></u>

Notes to Schedule:

The amounts presented for each fiscal year were determined as of September 30th. GASB Statement No. 75 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.



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**Combining Fund  
Statements and Schedules**



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## NONMAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS**

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

- **Home Investment Partnership (HIP)** – This fund was created to account for expenditures of federal funds used to expand safe, decent, and affordable housing opportunities to low and very-low income households.
- **2005 Disaster Recovery** – This fund is used to account for expenditures for federally funded disaster recovery funds for repairs to homes affected by the 2005 hurricane season. This is a pass through grant from HUD to the State of Florida Department of Community Affairs, to Miami-Dade County. The City is the recipient of the funding from the County.
- **Neighborhood Stabilization** – This fund is used to account for the City's allocation of federal monies received from the U.S. Department of Housing and Urban Development (HUD) to assist in addressing the effects of abandoned and foreclosed properties within the community.
- **FEMA Disaster Recovery** – This fund is used to account to accumulate expenditures relating to specific disaster recovery reimbursable by FEMA.
- **Local Housing Assistance (SHIP)** – This fund is used to account for state funds provided for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing and to increase housing-related employment.
- **Police Training** – This fund is used to account for expenditures of state police training funds on behalf of the City of North Miami police officer training.
- **Law Enforcement** – This fund is used to account for confiscated monies awarded to the City under State Statutes to be used for law enforcement related expenditures.
- **Federal Forfeiture** – This fund is used to account for confiscated monies that involve the City's Police department and federal agencies.
- **Justice Assistance Grant (JAG)** – This fund is used to account for the City's allocation under the Edward Byrne Memorial Justice Assistance Grant.

## NONMAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS – (Continued)**

- **Half-Cent Transportation Surtax** – This fund is used to account for the City's prorated share of the Charter County Transit System Surtax proceeds. The monies received can be used toward projects and programs such as public transportation operations, street lighting, and transit system enhancements.
- **Developer Impact Fees** – This fund is used to account for impact fees to fund capital improvements, capital facility, and capital equipment attributable to new developments.
- **Miscellaneous and Other Grants** – The miscellaneous special revenue funds column reflects the activities of the following funds: State Aid to Libraries Grant, FDOT-Occupant Protection Grant, Impaired Driving Enforcement Grant, Community Oriented Police Services Hiring Recovery Grant, Department of Justice Victims of Crime Act Intervention Grant, and the Bulletproof Vest Partnership Grant.
- **MOCA** – The Museum of Contemporary Art (MOCA) fund reflects the museum activities relating to cultural programs benefitting the City.

### **DEBT SERVICE FUNDS**

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

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

### **CAPITAL PROJECTS FUNDS**

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

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS** (Continued)

- **Transportation Gas Tax** – This fund is used to account for expenditures for implementing transportation related capital improvements. The local option gas tax is a county imposed tax, collected by the State of Florida, and distributed back to counties and municipalities based on the interlocal agreement in effect for that year.
- **Arch Creek Bridge** – This fund is used to account for revenues and expenditures related to the construction of a youth center. Construction is to be funded through grant funds and other sources.
- **Other Capital Projects Funds** – To account for all other resources (primarily from current revenues and Federal and State grants) used to finance long-lived construction projects other than those financed by enterprise funds.

### **INTERNAL SERVICE FUNDS**

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

- **Risk Management** – This fund is used to account for the cost of insuring the City in the areas of property and casualty liability, public officials' and law enforcement officers' liability and workers' compensation. Departments of the City are assessed a charge based upon the funding needs of the fund.
- **Fleet Management** – This fund is used to account for the costs and funding of providing motor vehicles and heavy equipment to other departments.

### **PENSION TRUST FUNDS**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

**Special Revenue**

	<b>HOME Investment Partnership</b>	<b>2005 Recovery</b>	<b>Neighborhood Stabilization</b>	<b>FEMA Disaster Recovery</b>	<b>Local Housing (SHIP)</b>	<b>Police Training</b>	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>Justice Assistance Grants</b>
<b>ASSETS</b>									
Pooled cash and cash equivalents	\$ 4,832	\$ 55,526	\$ 983,859	\$ -	\$ 300,898	\$ -	\$ 210,563	\$ 162,285	\$ -
Pooled investments	-	-	-	-	-	-	-	-	-
Accounts receivables, net of allowance	-	-	100	-	-	-	-	-	-
Due from other governments and entities	55,472	-	-	-	-	-	-	-	44,621
Prepays, deposits and other current assets	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>60,304</b>	<b>55,526</b>	<b>983,959</b>	<b>-</b>	<b>300,898</b>	<b>-</b>	<b>210,563</b>	<b>162,285</b>	<b>44,621</b>
<b>LIABILITIES</b>									
Vouchers payable	-	-	29,986	-	44,627	-	11,979	6,029	-
Construction contracts payable	-	-	-	-	-	-	-	-	-
Accrued payroll and benefits	1,211	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	3,652,339	-	10,977	-	-	34,362
Unearned revenues	-	-	344,285	-	281,141	-	-	-	26,549
Other liabilities and deposits	-	-	1,148	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,211</b>	<b>-</b>	<b>375,419</b>	<b>3,652,339</b>	<b>325,768</b>	<b>10,977</b>	<b>11,979</b>	<b>6,029</b>	<b>60,911</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenues - other	33,006	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>33,006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>									
Non-spendable	-	-	-	-	-	-	-	-	-
Restricted	26,087	55,526	608,540	-	-	-	198,584	156,256	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned deficit	-	-	-	(3,652,339)	(24,870)	(10,977)	-	-	(16,290)
<b>Total Fund Balances (Deficits)</b>	<b>26,087</b>	<b>55,526</b>	<b>608,540</b>	<b>(3,652,339)</b>	<b>(24,870)</b>	<b>(10,977)</b>	<b>198,584</b>	<b>156,256</b>	<b>(16,290)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 60,304</b>	<b>\$ 55,526</b>	<b>\$ 983,959</b>	<b>\$ -</b>	<b>\$ 300,898</b>	<b>\$ -</b>	<b>\$ 210,563</b>	<b>\$ 162,285</b>	<b>\$ 44,621</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	Special Revenue					Debt Service	
	Half-Cent Transportation Surtax	Developer Impact Fees	Miscellaneous & Other Grants	MOCA	Total Special Revenue Funds	Pension Obligation Bonds	Total Debt Service Fund
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 5,934	\$ 673,884	\$ -	\$ 52,425	\$ 2,450,206	\$ -	\$ -
Pooled investments	-	-	-	416,908	416,908	-	-
Accounts receivables, net of allowance	367	-	-	47,519	47,986	-	-
Due from other governments and entities	891,391	-	28,823	4,700	1,025,007	-	-
Prepays, deposits and other current assets	-	-	-	60,906	60,906	-	-
Restricted cash	-	-	-	508,793	508,793	-	-
<b>Total assets</b>	<b>897,692</b>	<b>673,884</b>	<b>28,823</b>	<b>1,091,251</b>	<b>4,509,806</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>							
Vouchers payable	242,585	-	10,155	43,981	389,342	-	-
Construction contracts payable	32,599	-	-	-	32,599	-	-
Accrued payroll and benefits	13,521	-	-	-	14,732	-	-
Due to other funds	-	-	196,645	-	3,894,323	403,492	403,492
Unearned revenues	-	-	60,406	-	712,381	-	-
Other liabilities and deposits	-	-	-	-	1,148	-	-
<b>Total liabilities</b>	<b>288,705</b>	<b>-</b>	<b>267,206</b>	<b>43,981</b>	<b>5,044,525</b>	<b>403,492</b>	<b>403,492</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues - other	969,337	-	-	-	1,002,343	-	-
<b>Total deferred inflows of resources</b>	<b>969,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,002,343</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>							
Non-spendable	-	-	-	60,906	60,906	-	-
Restricted	-	673,884	-	748,908	2,467,785	-	-
Assigned	-	-	-	237,456	237,456	-	-
Unassigned deficit	(360,350)	-	(238,383)	-	(4,303,209)	(403,492)	(403,492)
<b>Total Fund Balances (Deficits)</b>	<b>(360,350)</b>	<b>673,884</b>	<b>(238,383)</b>	<b>1,047,270</b>	<b>(1,537,062)</b>	<b>(403,492)</b>	<b>(403,492)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 897,692</b>	<b>\$ 673,884</b>	<b>\$ 28,823</b>	<b>\$ 1,091,251</b>	<b>\$ 4,509,806</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

<u>Capital Projects</u>						
	<u>E May Avil Library</u>	<u>Transportation Gas Tax</u>	<u>Arch Creek Bridge</u>	<u>Other Capital Project Funds</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 245,008	\$ 23,149	\$ -	\$ 268,157	\$ 2,718,363
Pooled investments	-	-	-	-	-	416,908
Accounts receivables, net of allowance	-	-	-	-	-	47,986
Due from other governments and entities	-	48,060	-	-	48,060	1,073,067
Prepays, deposits and other current assets	-	-	-	-	-	60,906
Restricted cash	-	-	-	-	-	508,793
<b>Total assets</b>	<b>-</b>	<b><u>293,068</u></b>	<b><u>23,149</u></b>	<b><u>-</u></b>	<b><u>316,217</u></b>	<b><u>4,826,023</u></b>
<b>LIABILITIES</b>						
Vouchers payable	-	-	-	1,496	1,496	390,838
Construction contracts payable	-	8,690	-	-	8,690	41,289
Accrued payroll and benefits	-	-	-	-	-	14,732
Due to other funds	47,514	-	-	92,759	140,273	4,438,088
Unearned revenues	-	-	-	-	-	712,381
Other liabilities and deposits	-	-	-	-	-	1,148
<b>Total liabilities</b>	<b>47,514</b>	<b><u>8,690</u></b>	<b><u>-</u></b>	<b><u>94,255</u></b>	<b><u>150,459</u></b>	<b><u>5,598,476</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - other	-	-	-	-	-	1,002,343
<b>Total deferred inflows of resources</b>	<b>-</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,002,343</u></b>
<b>FUND BALANCES (DEFICITS)</b>						
Non-spendable	-	-	-	-	-	60,906
Restricted	-	284,378	-	-	284,378	2,752,163
Assigned	-	-	23,149	-	23,149	260,605
Unassigned deficit	(47,514)	-	-	(94,255)	(141,769)	(4,848,470)
<b>Total Fund Balances (Deficits)</b>	<b>(47,514)</b>	<b><u>284,378</u></b>	<b><u>23,149</u></b>	<b><u>(94,255)</u></b>	<b><u>165,758</u></b>	<b><u>(1,774,796)</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ -</b>	<b><u>\$ 293,068</u></b>	<b><u>\$ 23,149</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 316,217</u></b>	<b><u>\$ 4,826,023</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Special Revenue</b>									
	<b>HOME Investment Partnership</b>	<b>2005 Recovery</b>	<b>Neighborhood Stabilization</b>	<b>FEMA Disaster Recovery</b>	<b>Local Housing (SHIP)</b>	<b>Police Training</b>	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>Justice Assistance Grants</b>
<b>REVENUES</b>									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Intergovernmental	45,503	-	158,294	-	121,140	7,966	23,702	68,560	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Interest and other earnings	41,858	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>87,361</b>	<b>-</b>	<b>158,294</b>	<b>-</b>	<b>121,140</b>	<b>7,966</b>	<b>23,702</b>	<b>68,560</b>	<b>-</b>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	3,652,339	-	-	-	-	-
Public safety	-	-	-	-	-	9,089	51,085	140,308	26,549
Physical environment	-	-	-	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	-	-	-	-
Housing and economic development	90,747	-	152,290	-	155,985	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	6,005	-	-	-	7,995	-	-
<b>Total expenditures</b>	<b>90,747</b>	<b>-</b>	<b>158,295</b>	<b>3,652,339</b>	<b>155,985</b>	<b>9,089</b>	<b>59,080</b>	<b>140,308</b>	<b>26,549</b>
Excess (deficiency) of revenues over (under) expenditures	(3,386)	-	(1)	(3,652,339)	(34,845)	(1,123)	(35,378)	(71,748)	(26,549)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances (deficits)	(3,386)	-	(1)	(3,652,339)	(34,845)	(1,123)	(35,378)	(71,748)	(26,549)
Fund balances (deficits), beginning	29,473	55,526	608,541	-	9,975	(9,854)	233,962	228,004	10,259
<b>Fund balances (deficits), ending</b>	<b>\$ 26,087</b>	<b>\$ 55,526</b>	<b>\$ 608,540</b>	<b>\$ (3,652,339)</b>	<b>\$ (24,870)</b>	<b>\$ (10,977)</b>	<b>\$ 198,584</b>	<b>\$ 156,256</b>	<b>\$ (16,290)</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue</b>				<b>Debt Service</b>			
	<b>Half-Cent Transportation Surtax</b>	<b>Developer Impact Fees</b>	<b>Miscellaneous &amp; Other Grants</b>	<b>MOCA</b>	<b>Total Special Revenue Funds</b>	<b>FMLC-Loan General Obligation</b>	<b>Pension Obligation Bonds</b>	<b>Total Debt Service Funds</b>
<b>REVENUES</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	- -	- -	- -	- -	- -	- -	- -	- -
Charges for services	40,025	239,359	- -	71,520	350,904	- -	- -	- -
Franchise fees	- -	- -	- -	- -	- -	- -	- -	- -
Fines and forfeitures	- -	- -	- -	- -	- -	- -	- -	- -
Intergovernmental	2,094,274	- -	655,392	2,437,245	5,612,076	- -	- -	- -
Licenses and permits	- -	- -	- -	- -	- -	- -	- -	- -
Interest and other earnings	- -	7,181	- -	95,447	144,486	- -	- -	- -
Rents and royalties	- -	- -	- -	- -	- -	- -	- -	- -
<b>Total revenues</b>	<b>2,134,299</b>	<b>246,540</b>	<b>655,392</b>	<b>2,604,212</b>	<b>6,107,466</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>
<b>EXPENDITURES</b>								
Current:								
General government	- -	- -	10,075	- -	3,662,414	- -	- -	- -
Public safety	- -	- -	172,184	- -	399,215	- -	- -	- -
Physical environment	- -	- -	- -	- -	- -	- -	- -	- -
Transportation and public works	1,895,189	- -	- -	- -	1,895,189	- -	- -	- -
Housing and economic development	- -	- -	- -	- -	399,022	- -	- -	- -
Culture and recreation	- -	- -	485,400	2,656,872	3,142,272	- -	- -	- -
Community planning and development	- -	- -	17,858	- -	17,858	- -	- -	- -
Debt service:					- -			
Principal retirement	- -	- -	- -	- -	- -	1,022,527	1,022,527	
Interest and fiscal charges	- -	- -	- -	- -	- -	761,523	761,523	
Capital outlay	1,826,183	- -	31,498	- -	1,871,681	- -		
<b>Total expenditures</b>	<b>3,721,372</b>	<b>- -</b>	<b>717,015</b>	<b>2,656,872</b>	<b>11,387,651</b>	<b>- -</b>	<b>1,784,050</b>	<b>1,784,050</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(1,587,073)</b>	<b>246,540</b>	<b>(61,623)</b>	<b>(52,660)</b>	<b>(5,280,185)</b>	<b>- -</b>	<b>(1,784,050)</b>	<b>(1,784,050)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	- -	- -	- -	- -	- -	1,530,102	1,530,102	
<b>Total other financing sources (uses)</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>1,530,102</b>	<b>1,530,102</b>	
Net change in fund balances (deficits)	(1,587,073)	246,540	(61,623)	(52,660)	(5,280,185)	- -	(253,948)	(253,948)
Fund balances (deficits), beginning	1,226,723	427,344	(176,760)	1,099,930	3,743,123	- -	(149,544)	(149,544)
<b>Fund balances (deficits), ending</b>	<b>\$ (360,350)</b>	<b>\$ 673,884</b>	<b>\$ (238,383)</b>	<b>\$ 1,047,270</b>	<b>\$ (1,537,062)</b>	<b>\$ -</b>	<b>\$ (403,492)</b>	<b>\$ (403,492)</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Capital Projects</b>						
	<b>E May Avil Library</b>	<b>Transportation Gas Tax</b>	<b>Arch Creek Bridge</b>	<b>Other Capital Project Funds</b>	<b>Total Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	350,904
Franchise fees	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	-	300,961	-	23	300,984	5,913,060
Licenses and permits	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	144,486
Rents and royalties	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>300,961</b>	<b>-</b>	<b>23</b>	<b>300,984</b>	<b>6,408,450</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	3,662,414
Public safety	-	-	-	-	-	399,215
Physical environment	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	1,895,189
Housing and economic development	-	-	-	-	-	399,022
Culture and recreation	-	-	-	-	-	3,142,272
Community planning and development	-	-	-	-	-	17,858
Debt service:						
Principal retirement	-	-	-	-	-	1,022,527
Interest and fiscal charges	-	-	-	-	-	761,523
Capital outlay	-	351,928	-	11,227	363,155	2,234,836
<b>Total expenditures</b>	<b>-</b>	<b>351,928</b>	<b>-</b>	<b>11,227</b>	<b>363,155</b>	<b>13,534,856</b>
Excess (deficiency) of revenues over (under) expenditures	-	(50,967)	-	(11,204)	(62,171)	(7,126,406)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	1,530,102
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,530,102</b>
Net change in fund balances (deficits)	-	(50,967)	-	(11,204)	(62,171)	(5,596,304)
Fund balances (deficits), beginning	(47,514)	335,345	23,149	(83,051)	227,929	3,821,508
<b>Fund balances (deficits), ending</b>	<b>\$ (47,514)</b>	<b>\$ 284,378</b>	<b>\$ 23,149</b>	<b>\$ (94,255)</b>	<b>\$ 165,758</b>	<b>\$ (1,774,796)</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENTS OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 5,486,499	\$ 4,566,053	\$ 10,052,552
Pooled investments	1,308,899	-	1,308,899
Accounts receivables, net of allowance	57,776	3,122	60,898
Grants receivables from other governments	-	17,306	17,306
Inventories and supplies	-	50,922	50,922
Prepays and deposits	57,557	-	57,557
<b>Total current assets</b>	<b>6,910,731</b>	<b>4,637,403</b>	<b>11,548,134</b>
Non-current assets:			
Capital assets, net	-	1,832,322	1,832,322
<b>Total assets</b>	<b>6,910,731</b>	<b>6,469,725</b>	<b>13,380,456</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
OPEB related items	2,669	-	2,669
Pension related items	388,881	512,347	901,228
<b>Total deferred outflow of resources</b>	<b>391,550</b>	<b>512,347</b>	<b>903,897</b>
<b>LIABILITIES</b>			
Current liabilities:			
Vouchers payable	54,288	83,861	138,149
Constructions contracts payable	-	2,023	2,023
Accrued payroll and benefits	13,745	17,286	31,031
Compensated absences	50,435	33,285	83,720
<b>Total current liabilities</b>	<b>118,468</b>	<b>136,455</b>	<b>254,923</b>
Non-current liabilities:			
Bonds, notes and lease payable	-	236,369	236,369
Compensated absences	70,825	307,839	378,664
Claims payable	3,116,518	-	3,116,518
Net pension liability	324,123	1,006,481	1,330,604
<b>Total OPEB liability</b>	<b>141,385</b>	<b>231,493</b>	<b>372,878</b>
Total non-current liabilities	3,652,851	1,782,182	5,435,033
<b>Total liabilities</b>	<b>3,771,319</b>	<b>1,918,637</b>	<b>5,689,956</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related items	3,389	-	3,389
Pension related items	99,812	240,570	340,382
<b>Total deferred inflows of resources</b>	<b>103,201</b>	<b>240,570</b>	<b>343,771</b>
<b>NET POSITION</b>			
Net investment in capital assets	-	1,593,930	1,593,930
Unrestricted	3,427,761	3,228,935	6,656,696
<b>Total net position</b>	<b>\$ 3,427,761</b>	<b>\$ 4,822,865</b>	<b>\$ 8,250,626</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Premiums and charges for services provided to other funds	\$ 1,119,994	\$ 2,711,740	\$ 3,831,734
Other revenues	196,894	58,591	255,485
Total operating revenues	<u>1,316,888</u>	<u>2,770,331</u>	<u>4,087,219</u>
<b>OPERATING EXPENSES</b>			
Personnel services	413,800	769,995	1,183,795
Materials, supplies, services and other operating expenses	875,733	1,306,308	2,182,041
Claims cost	585,863	-	585,863
Depreciation	-	351,154	351,154
Total operating expenses	<u>1,875,396</u>	<u>2,427,457</u>	<u>4,302,853</u>
<b>Operating income (loss)</b>	<b>(558,508)</b>	<b>342,874</b>	<b>(215,634)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	24,496	-	24,496
Interest expense	-	(16,829)	(16,829)
Total non-operating revenues (expenses)	<u>24,496</u>	<u>(16,829)</u>	<u>7,667</u>
Income (loss) before transfers	<u>(534,012)</u>	<u>326,045</u>	<u>(207,967)</u>
<b>TRANSFERS</b>			
Transfers out	(17,408)	(38,295)	(55,703)
Total transfers out	<u>(17,408)</u>	<u>(38,295)</u>	<u>(55,703)</u>
Change in net position	(551,420)	287,750	(263,670)
Net position, beginning, as restated (Note 15)	3,979,181	4,535,115	8,514,296
<b>Net position - ending</b>	<b>\$ 3,427,761</b>	<b>\$ 4,822,865</b>	<b>\$ 8,250,626</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from other funds for premiums and charges for services	\$ 1,119,994	\$ 2,711,740	\$ 3,831,734
Other cash receipts	196,894	58,591	255,485
Payments to employees	(413,800)	(769,995)	(1,183,795)
Payments to suppliers	(881,842)	(1,341,473)	(2,223,315)
Payments for claims	(585,863)	-	(585,863)
Net cash provided by (used in) operating activities	<u>(564,617)</u>	<u>658,863</u>	<u>94,246</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out - pension debt service	(17,408)	(38,295)	(55,703)
Net cash used for noncapital financing activities	<u>(17,408)</u>	<u>(38,295)</u>	<u>(55,703)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on capital leases	-	(332,332)	(332,332)
Interest paid on capital leases	-	(16,829)	(16,829)
Acquisition and construction of capital assets	-	(944,610)	(944,610)
Net cash used for capital and related financing activities	<u>-</u>	<u>(1,293,771)</u>	<u>(1,293,771)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(24,495)	-	(24,495)
Interest earnings	<u>24,495</u>	<u>145</u>	<u>24,640</u>
Net cash provided by investing activities	<u>-</u>	<u>145</u>	<u>145</u>
Net decrease in pooled cash and cash equivalents	(582,025)	(673,058)	(1,255,083)
Pooled cash and cash equivalents at beginning of year	6,068,524	5,239,111	11,307,635
Pooled cash and cash equivalents a end of the year	<u>\$ 5,486,499</u>	<u>\$ 4,566,053</u>	<u>\$ 10,052,552</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating (loss) income	\$ (558,508)	\$ 342,874	\$ (215,634)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	351,154	351,154
Changes in assets, liabilities, deferred inflows and outflows of resources:			
(Increase) decrease in accounts receivable	(64,146)	(21,239)	(85,385)
(Increase) decrease in inventories and supplies	-	5,491	5,491
(Increase) decrease in prepaids and deposits	(16,927)	-	(16,927)
(Increase) decrease in deferred outflows of resources	(44,057)	(105,506)	(149,563)
Increase (decrease) in vouchers payable	(126,277)	(2,238)	(128,515)
Increase (decrease) in accrued payroll and benefits	5,366	4,052	9,418
Increase (decrease) in compensated absences	54,627	26,983	81,610
Increase (decrease) in claims payable	139,205	-	139,205
Increase (decrease) in other post-employment benefits obligation	26,415	-	26,415
Increase (decrease) in net pension liability	2,091	17,686	19,777
Increase (decrease) in deferred inflows of resources	17,594	39,606	57,200
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ (564,617)</u></b>	<b><u>\$ 658,863</u></b>	<b><u>\$ 94,246</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENTS OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2018**

	<b>691 CTS Plan</b>	<b>748 Police Plan</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and short term investments	\$ 495,850	\$ 738,578	\$ 1,234,428
Investments:			
Short term investments	1,447,378	482,801	1,930,179
U.S. Treasuries	7,583,051	5,839,043	13,422,094
U.S. Agency obligations	3,232,378	2,232,727	5,465,105
Corporate bonds	4,710,152	3,766,532	8,476,684
Common stock	29,944,699	30,342,873	60,287,572
Equity mutual funds	14,572,722	-	14,572,722
Real estate funds	19,278,783	10,711,024	29,989,807
Bond Index Funds	16,324,796	3,629,660	19,954,456
Index funds (collective investment trust funds)	31,863,884	21,757,078	53,620,962
Total investments	<u>128,957,843</u>	<u>78,761,738</u>	<u>207,719,581</u>
Receivables:			
Plan members' contributions	319	2,536	2,855
Share Plan	35,430	82,682	118,112
Receivable from broker on investments sold	142,852	-	142,852
Accrued interest	80,196	56,762	136,958
Accrued dividends	18,669	12,055	30,724
Total receivables	<u>277,466</u>	<u>154,035</u>	<u>431,501</u>
Total assets	<u>129,731,159</u>	<u>79,654,351</u>	<u>209,385,510</u>
<b>LIABILITIES AND NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
Liabilities:			
Accounts payable and accrued liabilities	17,684	24,794	42,478
Payable to broker for investments purchased	73,191	-	73,191
Benefits payable	-	248,877	248,877
Total liabilities	<u>90,875</u>	<u>273,671</u>	<u>364,546</u>
Net position restricted for pension benefits	<u>\$ 129,640,284</u>	<u>\$ 79,380,680</u>	<u>\$ 209,020,964</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>691 CTS Plan</b>	<b>748 Police Plan</b>	<b>Totals</b>
<b>ADDITIONS</b>			
Employer	\$ 5,135,715	\$ 3,884,945	\$ 9,020,660
Plan members	813,650	932,232	1,745,882
County	195,277	-	195,277
Other	1,901	82,682	84,583
Total contributions	<u>6,146,543</u>	<u>4,899,859</u>	<u>11,046,402</u>
Investment income:			
Net appreciation in fair value of investments	12,141,030	8,333,298	20,474,328
Interest	390,817	289,481	680,298
Dividends	763,033	358,862	1,121,895
Gross investment income	<u>13,294,880</u>	<u>8,981,641</u>	<u>22,276,521</u>
Less investment expenses	(492,143)	(287,442)	(779,585)
Net investment income	<u>12,802,737</u>	<u>8,694,199</u>	<u>21,496,936</u>
Total additions	<u>18,949,280</u>	<u>13,594,058</u>	<u>32,543,338</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Normal retirement	7,178,739	3,202,884	10,381,623
Disability retirement	131,495	150,404	281,899
Death benefit	5,529	29,020	34,549
Lump sum retirement	171,809	1,167,798	1,339,607
Refunds of contributions	136,942	18,657	155,599
	<u>7,624,514</u>	<u>4,568,763</u>	<u>12,193,277</u>
Administrative expenses	333,039	227,840	560,879
Total deductions	<u>7,957,553</u>	<u>4,796,603</u>	<u>12,754,156</u>
Increase in net position	10,991,727	8,797,455	19,789,182
Net position, beginning	<u>118,648,557</u>	<u>70,583,225</u>	<u>189,231,782</u>
<b>Net position, ending</b>	<b><u>\$ 129,640,284</u></b>	<b><u>\$ 79,380,680</u></b>	<b><u>\$ 209,020,964</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>							
	<b>Home Investment Partnership</b>				<b>2005 Disaster Recovery Grant</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>(Negative)</b>	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>(Negative)</b>
<b>REVENUES</b>								
Intergovernmental	\$ 208,444	\$ 208,444	\$ 45,503	\$ (162,941)	\$ -	\$ -	\$ -	\$ -
Interest and other earnings	24,445	196,477	41,858	(154,619)	-	-	-	-
Total revenues	<u>232,889</u>	<u>404,921</u>	<u>87,361</u>	<u>(317,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>								
Housing and economic development	232,889	404,921	90,747	314,174	-	-	-	-
Total expenditures	<u>232,889</u>	<u>404,921</u>	<u>90,747</u>	<u>314,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,386)	(3,386)	-	-	-	-
Net change in fund balances (deficits)	-	-	(3,386)	(3,386)	-	-	-	-
Fund balances - beginning			<u>29,473</u>				<u>55,526</u>	
Fund balances - ending			<u>26,087</u>				<u>55,526</u>	

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>							
	<b>Neighborhood Stabilization Program</b>				<b>FEMA Disaster Recovery</b>			
			<b>Variance with Final Budget (Negative)</b>				<b>Variance with Final Budget (Negative)</b>	
	<b>Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Budget (Negative)</b>	<b>Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>		
	<b>Original</b>	<b>Final</b>		<b>Original</b>	<b>Final</b>			
<b>REVENUES</b>								
Intergovernmental	\$ 30,000	30,000	\$ 158,294	\$ 128,294	\$ -	\$ -	\$ -	\$ -
Interest	1,280	1,280	-	-	-	-	-	-
Total revenues	<u>31,280</u>	<u>31,280</u>	<u>158,294</u>	<u>128,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>								
Housing and economic development	31,200	29,200	152,290	(123,090)	-	-	3,652,339	(3,652,339)
Capital outlay	80	2,080	6,005	(3,925)	-	-	-	-
Total expenditures	<u>31,280</u>	<u>31,280</u>	<u>158,295</u>	<u>(127,015)</u>	<u>-</u>	<u>-</u>	<u>3,652,339</u>	<u>(3,652,339)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(1)	1,279	-	-	(3,652,339)	(3,652,339)
Net change in fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ 1,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,652,339)</u>	<u>\$ (3,652,339)</u>
Fund balances - beginning			608,541				-	
<b>Fund balances (deficits) - ending</b>			<u>\$ 608,540</u>				<u>\$ (3,652,339)</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>							
	<b>Local Housing (SHIP)</b>				<b>Police Training</b>			
	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>		<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>(Negative)</b>	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>(Negative)</b>
<b>REVENUES</b>								
Intergovernmental	\$ 249,567	\$ 249,567	\$ 121,140	\$ (128,427)	\$ 8,880	\$ 8,880	\$ 7,966	\$ (914)
Interest and other earnings	23,425	216,059	-	(216,059)	-	-	-	-
Total revenues	<u>272,992</u>	<u>465,626</u>	<u>121,140</u>	<u>(344,486)</u>	<u>8,880</u>	<u>8,880</u>	<u>7,966</u>	<u>(914)</u>
<b>EXPENDITURES</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	8,880	8,880	9,089	(209)
Housing and economic development	272,992	465,626	155,985	309,641	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>272,992</u>	<u>465,626</u>	<u>155,985</u>	<u>309,641</u>	<u>8,880</u>	<u>8,880</u>	<u>9,089</u>	<u>(209)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(34,845)</u>	<u>(34,845)</u>	<u>-</u>	<u>-</u>	<u>(1,123)</u>	<u>(1,123)</u>
Net change in fund balances (deficits)	\$ -	\$ -	\$ (34,845)	\$ (34,845)	\$ -	\$ -	\$ (1,123)	\$ (1,123)
Fund balances - beginning			9,975				(9,854)	
<b>Fund balances (deficits) - ending</b>			<u>\$ (24,870)</u>				<u>\$ (10,977)</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>							
	<b>Law Enforcement Trust</b>				<b>Federal Forfeiture</b>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
	Original	Final	Original	Budget (Negative)	Original	Final	Original	Budget (Negative)
<b>REVENUES</b>								
Intergovernmental	\$ 224,522	\$ 224,522	\$ 23,702	\$ (200,820)	\$ 229,058	\$ 229,058	\$ 68,560	\$ (160,498)
Interest and other earnings	-	-	-	-	56,478	56,478	-	(56,478)
Total revenues	<u>224,522</u>	<u>224,522</u>	<u>23,702</u>	<u>(200,820)</u>	<u>285,536</u>	<u>285,536</u>	<u>68,560</u>	<u>(216,976)</u>
<b>EXPENDITURES</b>								
Public safety	198,852	198,852	51,085	147,767	283,458	279,158	140,308	138,850
Debt service	-	-	-	-	700	5,000	-	5,000
Capital outlay	25,670	25,670	7,995	17,675	1,378	1,378	-	1,378
Total expenditures	<u>224,522</u>	<u>224,522</u>	<u>59,080</u>	<u>165,442</u>	<u>285,536</u>	<u>285,536</u>	<u>140,308</u>	<u>145,228</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(35,378)	(35,378)	-	-	(71,748)	(71,748)
Net change in fund balances	\$ -	\$ -	(35,378)	\$ (35,378)	\$ -	\$ -	(71,748)	\$ (71,748)
Fund balances - beginning			<u>233,962</u>				<u>228,004</u>	
<b>Fund balances - ending</b>			<u>\$ 198,584</u>				<u>\$ 156,256</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>									
	<b>Justice Assistance Grant</b>					<b>1/2 Cent Transportation</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>		
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>				
<b>REVENUES</b>										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 40,025	\$ (9,975)		
Intergovernmental	- -	- -	- -	- -	2,385,518	2,385,518	2,094,274	(291,244)		
Total revenues	- -	- -	- -	- -	2,435,518	2,435,518	2,134,299	(301,219)		
<b>EXPENDITURES</b>										
Public safety	- -	- -	26,549	(26,549)						
Transportation	- -	- -	- -	- -	2,427,138	2,366,267	1,895,189	471,078		
Physical environment	- -	- -	- -	- -	- -	- -	- -	- -		
Capital outlay	- -	- -	- -	- -	1,282,000	3,082,195	1,826,183	1,256,012		
Total expenditures	- -	- -	26,549	(26,549)	3,709,138	5,448,462	3,721,372	1,727,090		
Excess (deficiency) of revenues over (under) expenditures	- -	- -	(26,549)	26,549	(1,273,620)	(3,012,944)	(1,587,073)	1,425,871		
<b>OTHER FINANCING SOURCES (USES)</b>										
Reserves	- -	- -	- -	- -	1,273,620	3,012,944	- -	(3,012,944)		
Transfers in	- -	- -	- -	- -	- -	- -	- -	- -		
Transfers out	- -	- -	- -	- -	- -	- -	- -	- -		
Total other financing source (uses)	- -	- -	- -	- -	1,273,620	3,012,944	- -	(3,012,944)		
Net change in fund balances	\$ - -	\$ - -	(26,549)	\$ - -	\$ - -	\$ - -	\$ (1,587,073)	(1,587,073)		
Fund balances - beginning			10,259					1,226,723		
<b>Fund balances (deficits) - ending</b>			<b>\$ (16,290)</b>					<b>\$ (360,350)</b>		

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Special Revenue Funds</b>							
	<b>Development Impact Fees</b>				<b>Miscellaneous Grants &amp; Other</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>(Negative)</b>	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>(Negative)</b>
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ 239,359	\$ 239,359	\$ -	\$ 431,861	\$ 655,392	\$ 223,531
Interest and other earnings	-	-	7,181	7,181	28,998	350,490	-	(350,490)
Total revenues	-	-	246,540	246,540	28,998	782,351	655,392	(126,959)
<b>EXPENDITURES</b>								
General government							10,075	(10,075)
Public safety	-	-	-	-	-	-	172,184	(172,184)
Culture and recreation	-	-	-	-	-	500,023	485,400	14,623
Community planning and development	-	-	-	-	-	20,000	17,858	2,142
Capital outlay	-	-	-	-	28,998	262,328	31,498	230,830
Total expenditures	-	-	-	-	28,998	782,351	717,015	65,336
Excess (deficiency) of revenues over (under) expenditures	-	-	246,540	246,540	-	-	(61,623)	(61,623)
Net change in fund balances	\$ -	\$ -	246,540	\$ 246,540	\$ -	\$ -	(61,623)	\$ (61,623)
Fund balances (deficits) - beginning			427,344				(176,760)	
<b>Fund balances (deficits) - ending</b>			<b>\$ 673,884</b>				<b>\$ (238,383)</b>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<b>Debt Service Fund</b>				
	<b>Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with</b>	
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt service	1,771,406	1,771,406	1,784,050	(12,644)
Excess (deficiency) of revenues over (under) expenditures	<u>(1,771,406)</u>	<u>(1,771,406)</u>	<u>(1,784,050)</u>	<u>(12,644)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,771,406	1,771,406	1,530,102	(241,304)
Total other financing source (uses)	<u>1,771,406</u>	<u>1,771,406</u>	<u>1,530,102</u>	<u>(241,304)</u>
Net change in fund balances (deficits)	\$ -	\$ -	(253,948)	\$ (253,948)
Fund balances (deficits) - beginning			(149,544)	
<b>Fund balances (deficits) - ending</b>			<u>\$ (403,492)</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Capital Projects Funds									
	E May Avil Library				Transportation Gas Tax					
	Budgeted Amounts		Actual Amounts		Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts		Variance with Final Budget (Negative)
	Original	Final	Original	Final		Original	Final	Original	Final	
<b>REVENUES</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 294,500	\$ 294,500	\$ 300,961	\$ 6,461		
Interest and other earnings	-	-	-	-	264,504	383,976	-	(383,976)		
Total revenues	-	-	-	-	559,004	678,476	300,961	(377,515)		
<b>EXPENDITURES</b>										
Capital outlay	-	-	-	-	559,004	678,476	351,928	326,548		
Total expenditures	-	-	-	-	559,004	678,476	351,928	326,548		
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(50,967)	(50,967)		
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	-	
Total other financing source (uses)	-	-	-	-	-	-	-	-	-	
Net change in fund balances (deficits)	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ (50,967)	\$ (50,967)		
Fund balances (deficits) - beginning			(47,514)				335,345			
<b>Fund balances (deficits) - ending</b>			\$ (47,514)				\$ 284,378			

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Capital Projects Funds</b>								
	<b>Arch Creek Bridge</b>				<b>Other Capital Projects</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget (Negative)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
<b>REVENUES</b>									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 23	
Interest and other earnings	-	-	-	-	5,638	5,638	-	(5,638)	
Total revenues	-	-	-	-	5,638	5,638	23	(5,615)	
<b>EXPENDITURES</b>									
Capital outlay	-	-	-	-	5,638	5,638	11,227	(5,589)	
Total expenditures	-	-	-	-	5,638	5,638	11,227	(5,589)	
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(11,204)	(11,204)	
Net change in fund balances (deficits)	\$ -	\$ -	-	\$ -	\$ -	\$ -	(11,204)	\$ (11,204)	
Fund balances (deficits) - beginning			23,149				(83,051)		
<b>Fund balances (deficits) - ending</b>			<b>\$ 23,149</b>				<b>\$ (94,255)</b>		



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# BUSINESS VENTURES

Two emerging local breweries have set the stage for a Downtown North Miami entertainment hub, making the City the perfect backdrop for the North Miami BrewFest, an annual craft beer festival presented in conjunction with Florida International University's Chaplin School of Hospitality & Tourism Management.





### **III. Statistical Section (Unaudited)**

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



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## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	<b>141-146</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>147-152</b>
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	<b>153-160</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	<b>161-163</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	<b>164-165</b>
<i>Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.</i>	



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## Financial Trends



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TABLE 1

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:							*Restated		* *Restated	
Net investment in capital assets	\$ 52,647,349	\$ 53,763,596	\$ 56,538,875	\$ 6,437,906	\$ 66,674,275	\$ 67,178,164	\$ 55,314,367	\$ 61,274,246	\$ 61,365,386	\$ 62,452,076
Restricted	14,208,083	16,077,827	30,787,542	8,706,305	17,939,652	16,375,077	17,238,381	8,644,742	9,412,706	8,443,236
Unrestricted	(33,805,171)	(42,781,738)	(62,194,486)	24,390,475	(11,995,241)	(10,892,183)	(35,615,832)	(32,812,317)	(32,309,472)	(42,688,281)
Total governmental activities net position	<u>\$ 33,050,261</u>	<u>\$ 27,059,685</u>	<u>\$ 25,131,931</u>	<u>\$ 39,534,686</u>	<u>\$ 72,618,686</u>	<u>\$ 72,661,058</u>	<u>\$ 36,936,916</u>	<u>\$ 37,106,671</u>	<u>\$ 38,468,620</u>	<u>\$ 28,207,031</u>
Business-type activities:										
Net investment in capital assets	\$ 33,191,210	\$ 32,760,429	\$ 36,851,552	\$ 35,913,554	\$ 36,003,493	\$ 38,424,467	\$ 39,868,520	\$ 38,449,795	\$ 39,310,886	\$ 40,449,030
Restricted	15,046,871	16,467,964	15,843,241	16,044,755	18,099,926	18,099,926	13,060,381	-	-	-
Unrestricted	4,422,730	6,978,827	6,268,728	7,808,454	7,835,776	12,040,052	20,113,189	36,997,374	37,264,087	37,311,231
Total business-type activities net position	<u>\$ 52,660,811</u>	<u>\$ 56,207,220</u>	<u>\$ 58,963,521</u>	<u>\$ 59,766,763</u>	<u>\$ 61,939,195</u>	<u>\$ 68,564,445</u>	<u>\$ 73,042,090</u>	<u>\$ 75,447,169</u>	<u>\$ 76,574,973</u>	<u>\$ 77,760,261</u>
Net position:										
Net investment in capital assets	\$ 85,838,559	\$ 86,524,025	\$ 93,390,427	\$ 42,351,460	\$ 102,677,768	\$ 105,602,631	\$ 95,182,887	\$ 99,724,041	\$ 100,676,272	\$ 102,901,106
Restricted	29,254,954	32,545,791	46,630,783	24,751,060	36,039,578	34,475,003	30,298,762	8,644,742	9,412,706	8,443,236
Unrestricted	(29,382,441)	(35,802,911)	(55,925,758)	32,198,929	(4,159,465)	1,147,869	(15,502,643)	4,185,057	4,954,615	(5,377,050)
Total net position	<u>\$ 85,711,072</u>	<u>\$ 83,266,905</u>	<u>\$ 84,095,452</u>	<u>\$ 99,301,449</u>	<u>\$ 134,557,881</u>	<u>\$ 141,225,503</u>	<u>\$ 109,979,006</u>	<u>\$ 112,553,840</u>	<u>\$ 115,043,593</u>	<u>\$ 105,967,292</u>

\* Beginning net position was restated with the implementation of GASB 72, as of October 1, 2015, and recognition of long term lease agreement unearned revenues.

\*\* Beginning net position was restated with the implementation of GASB 75, as of October 1, 2017.

TABLE 2

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 19,496,261	\$ 16,340,034	\$ 19,241,452	\$ 12,289,475	\$ 13,670,164	\$ 17,919,295	\$ 18,721,535	\$ 19,969,995	\$ 20,424,384	\$ 26,879,421
Public safety	20,447,256	24,368,670	24,561,894	25,714,309	27,150,284	26,006,919	26,983,295	25,166,834	30,837,393	30,386,983
Physical environment	203,208	120,466	6,854,468	6,514,175	6,699,659	3,020,021	1,665,406	1,526,731	388,242	591,810
Transportation and public works	4,670,956	4,732,376	4,113,917	5,174,884	5,677,229	-	5,605,540	5,771,515	5,954,245	7,806,930
Economic environment (Housing & urban development)	7,767,405	10,377,383	5,872,341	2,968,567	4,203,130	3,513,528	1,069,839	1,119,540	1,823,347	979,480
Parks and community services (Culture & recreation)	6,696,682	6,801,881	3,294,271	6,253,611	7,352,980	7,204,954	10,905,337	10,623,998	11,722,459	13,023,252
Community planning and development	-	-	-	-	-	-	1,931,045	2,175,156	1,693,997	4,647,836
Interest and fiscal charges (6)	1,476,347	4,391,930	2,082,590	1,298,470	984,926	2,221,435	1,256,720	1,225,739	1,265,498	1,166,356
Total governmental activities expenses	<u>60,758,115</u>	<u>67,132,740</u>	<u>66,020,933</u>	<u>60,213,491</u>	<u>65,738,372</u>	<u>59,886,152</u>	<u>68,138,717</u>	<u>67,579,508</u>	<u>74,109,565</u>	<u>85,482,068</u>
Business-type activities:										
Water and sewer	20,222,256	21,257,994	22,226,942	21,741,967	22,478,172	23,951,276	26,685,028	28,538,868	30,434,388	32,023,616
Solid waste (8)	6,678,308	6,259,317	5,762,137	6,099,743	-	-	-	-	-	-
Stormwater	2,298,394	2,307,539	2,230,457	2,375,777	2,641,893	2,248,332	2,123,669	1,848,527	2,513,502	2,707,044
Total business-type activities expenses	<u>29,198,958</u>	<u>29,824,850</u>	<u>30,219,536</u>	<u>30,217,487</u>	<u>25,120,065</u>	<u>26,199,608</u>	<u>28,808,697</u>	<u>30,387,395</u>	<u>32,947,890</u>	<u>34,730,660</u>
Total expenses	<u>\$ 89,957,073</u>	<u>\$ 96,957,590</u>	<u>\$ 96,240,469</u>	<u>\$ 90,427,978</u>	<u>\$ 91,285,896</u>	<u>\$ 86,085,760</u>	<u>\$ 96,947,414</u>	<u>\$ 97,966,903</u>	<u>\$ 107,057,455</u>	<u>\$ 120,212,728</u>

TABLE 2

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 8,464,748	\$ 8,699,308	\$ 14,512,033	\$ 7,986,221	\$ 12,762,768	\$ 11,304,253	\$ 7,034,086	\$ 13,660,794	\$ 12,401,125	\$ 13,391,131
Public safety	2,259,765	3,288,052	2,711,202	5,237,148	3,123,181	4,723,934	6,646,252	4,512,782	5,487,160	5,485,203
Physical environment	-	-	974,420	32,754	2,728,755	2,573,756	1,915,022	3,020,822	3,887,943	2,233,747
Transportation and public works	224,614	232,402	2,376,456	116,265	147,453	132,658	835,931	88,368	47,346	40,025
Economic environment (Housing & urban development)	1,209,693	843,134	20,871	61,110	573,625	467,411	1,394,763	-	-	-
Parks and community services (Culture & recreation)	456,614	419,356	413,112	469,914	359,463	118,730	2,785,645	2,993,270	3,278,530	3,592,542
Community planning and development	-	-	-	-	-	-	134,132	777,851	584,838	550,107
Operating grants and contributions	14,290,842	18,272,691	12,474,244	28,322,616	8,382,304	7,006,123	3,603,994	5,353,062	5,956,341	6,692,586
Capital grants and contributions	319,737	694,652	2,532,120	4,592,697	99,709	794,857	6,677,318	544,232	670,841	317,960
Total governmental activities program revenues	<u>27,226,013</u>	<u>32,449,595</u>	<u>36,014,458</u>	<u>46,818,725</u>	<u>28,177,258</u>	<u>27,121,722</u>	<u>31,027,143</u>	<u>30,951,181</u>	<u>32,314,124</u>	<u>32,303,301</u>
Business-type activities:										
Charges for services:										
Water and sewer	25,596,486	23,658,141	23,244,429	22,487,389	28,528,757	30,523,694	34,849,639	32,195,213	31,600,606	33,629,399
Solid waste	6,762,983	6,765,421	6,635,169	4,757,902	-	-	-	-	-	-
Stormwater	2,419,981	2,424,453	2,408,384	2,321,676	2,479,164	2,525,987	2,287,685	2,598,048	2,610,940	2,552,977
Operating grants and contributions	315	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,985,395	581,940	526,581	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>36,765,160</u>	<u>33,429,955</u>	<u>32,814,563</u>	<u>29,566,967</u>	<u>31,007,921</u>	<u>33,049,681</u>	<u>37,137,324</u>	<u>34,793,261</u>	<u>34,211,546</u>	<u>36,182,376</u>
Total program revenues	<u>\$ 63,991,173</u>	<u>\$ 65,879,550</u>	<u>\$ 68,829,021</u>	<u>\$ 76,385,692</u>	<u>\$ 59,185,179</u>	<u>\$ 60,171,403</u>	<u>\$ 68,164,467</u>	<u>\$ 65,744,442</u>	<u>\$ 66,525,670</u>	<u>\$ 68,485,677</u>
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (33,532,102)	\$ (33,571,338)	\$ (30,006,475)	\$ (13,394,766)	\$ (37,561,114)	\$ (32,764,430)	\$ (37,111,574)	\$ (36,628,327)	\$ (41,795,441)	\$ (53,178,767)
Business-type activities	7,566,202	3,210,419	2,595,027	(650,520)	5,887,856	6,850,073	8,328,627	4,405,866	1,263,656	1,451,716
Total (expense) revenue	<u>\$ (25,965,900)</u>	<u>\$ (30,360,919)</u>	<u>\$ (27,411,448)</u>	<u>\$ (14,045,286)</u>	<u>\$ (31,673,258)</u>	<u>\$ (25,914,357)</u>	<u>\$ (28,782,947)</u>	<u>\$ (32,222,461)</u>	<u>\$ (40,531,785)</u>	<u>\$ (51,727,051)</u>

(Continued)

TABLE 2

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

	<u>2009</u>	<u>2010<sup>(6)</sup></u>	<u>2011</u>	<u>2012</u>	<u>2013<sup>(7 &amp; 8)</sup></u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 21,247,507	\$ 19,360,306	\$ 19,361,195	\$ 16,827,107	\$ 17,773,329	\$ 16,156,844	\$ 17,138,805	\$ 18,708,191	\$ 19,194,672	\$ 20,975,744
Utility service tax	2,445,124	2,644,278	2,696,457	2,780,568	2,986,873	3,328,202	4,210,073	4,311,844	4,343,095	4,034,989
Communication service tax	2,416,966	2,102,527	1,933,235	1,777,062	1,556,784	1,407,118	1,415,105	1,308,539	1,212,133	1,203,462
Franchise taxes	3,705,277	3,340,179	3,361,008	3,327,030	3,459,702	3,662,902	3,539,715	3,742,335	4,356,029	3,992,099
Unrestricted investment earnings	175,294	113,131	126,461	101,103	155,253	75,073	86,549	259,140	98,716	235,600
Miscellaneous	903,758	936,875	561,783	3,081,160	40,996,820	14,204,424	12,290,361	23,539,227	13,710,937	14,599,586
Transfers	339,827	195,273	38,582	(203,602)	3,716,203	210,292	187,739	205,115	241,808	228,835
Total governmental activities	<u>31,233,753</u>	<u>28,692,569</u>	<u>28,078,721</u>	<u>27,690,428</u>	<u>70,644,964</u>	<u>39,044,855</u>	<u>38,868,347</u>	<u>52,074,391</u>	<u>43,157,390</u>	<u>45,270,315</u>
Business-type activities:										
Unrestricted investment earnings	62,726	50,134	-	92,675	-	-	-	-	-	-
Miscellaneous	135,117	86,443	199,856	1,054,813	-	10,457	55,368	299,700	105,956	321,223
Transfers	(339,827)	(195,273)	(38,582)	203,602	(3,716,203)	(210,292)	(187,739)	(205,115)	(241,808)	(228,835)
Total business-type activities	<u>(141,984)</u>	<u>(58,696)</u>	<u>161,274</u>	<u>1,351,090</u>	<u>(3,716,203)</u>	<u>(199,835)</u>	<u>(132,371)</u>	<u>94,585</u>	<u>(135,852)</u>	<u>92,388</u>
Total	<u>31,091,769</u>	<u>28,633,873</u>	<u>28,239,995</u>	<u>29,041,518</u>	<u>66,928,761</u>	<u>38,845,020</u>	<u>38,735,976</u>	<u>52,168,976</u>	<u>43,021,538</u>	<u>45,362,703</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	(2,298,349)	(5,990,576)	(1,927,754)	14,295,662	33,083,850	6,280,425	1,756,773	15,446,064	1,361,949	(7,908,452)
Business-type activities	7,424,218	3,546,409	2,756,301	700,570	2,171,653	6,650,238	8,196,256	4,500,451	1,127,804	1,544,104
Total	<u>\$ 5,125,869</u>	<u>\$ (2,444,167)</u>	<u>\$ 828,547</u>	<u>\$ 14,996,232</u>	<u>\$ 35,255,503</u>	<u>\$ 12,930,663</u>	<u>\$ 9,953,029</u>	<u>\$ 19,946,515</u>	<u>\$ 2,489,753</u>	<u>\$ (6,364,348)</u>

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

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

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

TABLE 3

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

	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>(1)</sup>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:							* Restated			
Reserved	\$ 93,606	\$ 19,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,703,006	(893,483)	-	-	-	-	-	-	-	-
Non-spendable	-	-	57,442	22,585	1,607,840	313,403	141,595	49,197	79,227	87,743
Restricted	-	-	-	5,000,000	-	-	-	-	-	1,190,000
Committed	-	-	-	-	6,500,000	6,500,000	-	-	-	-
Assigned	-	-	-	-	5,602,529	5,604,450	4,544,241	-	-	-
Unassigned	-	-	328,906	11,517,432	6,539,393	4,371,591	9,114,161	(396,516)	(4,921,302)	(9,460,185)
Total general fund	<u>\$ 2,796,612</u>	<u>\$ (873,957)</u>	<u>\$ 386,348</u>	<u>\$ 16,540,017</u>	<u>\$ 20,249,762</u>	<u>\$ 16,789,444</u>	<u>\$ 13,799,997</u>	<u>\$ (347,319)</u>	<u>\$ (4,842,075)</u>	<u>\$ (8,182,442)</u>
All other governmental funds:										
Reserved	\$ 28,540,423	\$ 29,555,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,985,657	4,838,835	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	4,826,209	6,055,920	-	-	-	-	-	-	-	-
Non-spendable:										
Assets held for sale	-	-	3,241,856	3,245,256	652,368	731,320	652,368	-	-	-
Inventories & prepaids	-	-	6,247	-	4,064	3,399	-	-	30,524	60,906
Notes receivable	-	-	-	-	1,509,095	-	261,194	-	-	-
Restricted	-	-	28,496,680	19,248,154	18,450,787	16,603,444	16,928,309	18,734,688	19,018,489	16,865,784
Assigned	-	-	5,409,014	-	-	1,736,361	2,800,546	535,690	374,794	260,605
Unassigned	-	-	272,748	5,524,256	-	(259,248)	(965,261)	(544,321)	(960,234)	(5,094,005)
Total all other governmental funds	<u>\$ 38,352,289</u>	<u>\$ 40,450,419</u>	<u>\$ 37,426,545</u>	<u>\$ 28,017,666</u>	<u>\$ 20,616,314</u>	<u>\$ 18,815,276</u>	<u>\$ 19,677,156</u>	<u>\$ 18,726,057</u>	<u>\$ 18,463,573</u>	<u>\$ 12,093,290</u>

<sup>(1)</sup> New presentation due to the implementation of GASB Statement No. 54 - Fund Balance Reporting

\* Beginning fund balance was restated with the implementation of GASB 72, as of October 1, 2015

TABLE 4

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES</b>										
Taxes	\$ 30,588,167	\$ 28,198,401	\$ 26,335,560	\$ 24,696,132	\$ 26,992,235	\$ 24,051,638	\$ 25,497,860	\$ 27,004,717	\$ 28,003,594	\$ 29,388,710
Charges for services	7,076,831	7,645,653	7,498,886	7,535,891	5,857,578	8,418,568	8,025,835	8,982,469	9,682,205	10,428,442
Return on investment - utility <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	2,479,828
Fines and forfeitures	904,206	2,047,267	2,847,550	4,739,880	3,251,870	2,621,393	2,829,842	1,249,133	1,061,091	899,657
Intergovernmental	14,234,824	17,104,596	18,272,037	17,241,278	8,952,044	13,604,235	15,063,947	13,970,999	15,785,674	15,146,231
Licenses and permits	1,890,631	1,503,747	1,954,261	1,871,538	1,927,293	2,046,697	2,428,695	2,015,318	3,790,191	3,749,809
Other (including interest)	2,782,098	3,514,990	1,602,961	16,533,084	8,575,254	4,998,962	4,357,063	8,144,393	6,869,743	5,861,113
Total revenues	<u>57,476,757</u>	<u>60,014,654</u>	<u>58,511,255</u>	<u>72,617,803</u>	<u>55,556,274</u>	<u>55,741,493</u>	<u>58,203,242</u>	<u>61,367,029</u>	<u>65,192,498</u>	<u>67,953,790</u>
<b>EXPENDITURES</b>										
General government	17,523,441	10,527,627	9,426,236	10,252,078	13,065,334	13,601,116	10,244,783	13,235,866	14,433,923	19,903,764
Public safety	19,909,031	24,877,638	24,561,894	23,835,245	24,656,128	24,589,073	26,374,717	26,211,652	28,977,056	28,433,232
Physical environment	530,920	248,696	6,854,468	6,462,587	4,633,395	2,994,813	4,977,118	3,816,477	4,087,042	4,493,213
Transportation	4,002,405	4,291,243	2,896,296	4,438,321	4,638,210	5,335,652	4,548,595	4,911,156	4,883,548	4,632,752
Economic environment (Housing & Economic Development)	5,179,463	6,246,208	3,064,767	1,047,167	-	-	1,026,725	1,267,140	1,555,253	895,341
Parks and community services (Culture & recreation)	5,801,827	6,490,987	2,583,085	5,385,596	5,970,868	6,337,376	7,610,932	10,298,060	10,849,824	12,021,487
Community planning & development	-	-	-	-	4,029,061	3,435,625	4,412,735	2,139,498	1,584,272	3,034,419
Grants/aids <sup>(2)</sup>	3,199,622	3,940,838	3,300,994	994,098	-	-	-	-	-	-
Debt service:										
Principal retirement	575,000	400,000	440,000	860,000	752,390	585,000	625,000	779,197	877,292	1,022,527
Interest and fiscal charges <sup>(3)</sup>	1,382,461	5,105,452	1,642,590	1,614,562	930,203	1,494,225	1,150,357	1,123,491	789,728	761,523
Capital outlay	5,451,378	3,559,202	5,364,400	10,728,157	3,541,649	2,993,386	3,773,231	1,912,530	2,841,065	2,750,721
Total expenditures	<u>63,555,548</u>	<u>65,687,891</u>	<u>60,134,730</u>	<u>65,617,811</u>	<u>62,217,238</u>	<u>61,366,266</u>	<u>64,744,193</u>	<u>65,695,067</u>	<u>70,879,003</u>	<u>77,948,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,078,791)</u>	<u>(5,673,237)</u>	<u>(1,623,475)</u>	<u>6,999,992</u>	<u>(6,660,964)</u>	<u>(5,624,773)</u>	<u>(6,540,951)</u>	<u>(4,328,038)</u>	<u>(5,686,505)</u>	<u>(9,995,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from sale of capital assets	-	-	-	-	178,707	83,218	-	4,400,914	-	-
Capital leases and installment purchase	1,120,000	-	-	-	-	-	-	-	629,483	-
Proceeds from debt <sup>(7)</sup>	-	17,685,000	-	-	-	-	-	-	-	-
Transfers in	12,434,115	9,807,213	2,306,803	1,751,363	2,956,476	1,850,954	2,765,531	2,068,702	1,971,534	2,720,102
Contributions	-	-	-	-	2,628,702	1,523,031	3,101,299	-	-	-
Transfers out	(12,009,132)	(9,557,748)	(3,474,746)	(1,620,216)	(1,714,136)	(1,584,667)	(2,524,588)	(1,829,936)	(1,671,752)	(2,435,564)
Total other financing sources (uses)	1,544,983	17,934,465	(1,167,943)	131,147	4,049,749	1,872,536	3,342,242	4,639,680	929,265	284,538
Net change in fund balances (deficits)	<u>\$ (4,533,808)</u>	<u>\$ 12,261,228</u>	<u>\$ (2,791,418)</u>	<u>\$ 7,131,139</u>	<u>\$ (2,611,215)</u>	<u>\$ (3,752,237)</u>	<u>\$ (3,198,709)</u>	<u>\$ 311,642</u>	<u>\$ (4,757,240)</u>	<u>\$ (9,710,651)</u>
Debt service (excluding issuance costs)										
as a percentage of noncapital expenditures	3.4%	8.9%	3.8%	4.5%	2.9%	3.6%	2.9%	3.0%	2.5%	2.4%

(1) As of 2018 return on investment excluded from charges for services and shown as a separate line item

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

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



## Revenue Capacity



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**TABLE 5**

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Sales and Use Tax</u>	<u>Utility Service Tax</u>	<u>Communication Services Tax</u>	<u>Total</u>
2009	\$ 21,247,507	\$ 3,705,277	\$ 773,293	\$ 2,445,124	\$ 2,416,966	\$ 30,588,167
2010	19,360,306	3,340,179	751,111	2,644,278	2,102,527	28,198,401
2011	17,569,249	3,361,008	775,608	2,696,457	1,933,235	26,335,557
2012	15,433,779	3,327,030	746,246	2,780,568	1,777,062	24,064,685
2013	14,500,958	3,459,702	759,659	2,986,873	1,556,784	23,263,976
2014	15,246,402	3,662,902	774,414	3,328,202	1,407,118	24,419,038
2015	17,138,805	3,539,715	805,838	3,404,235	1,415,105	26,303,698
2016	18,708,191	3,474,031	797,888	3,513,956	1,308,539	27,802,605
2017	19,194,671	4,080,636	826,941	3,516,154	1,212,133	28,830,535
2018	20,975,744	3,992,099	784,910	3,217,405	1,203,462	30,173,620
Change						
2009-2018	1.28%	-7.74%	-1.50%	-31.58%	50.21%	1.36%

**TABLE 6**

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

Fiscal Year	Real		(1)			Net Assessed		(2)	
	<u>Property</u>	<u>Personal</u>	Centrally Assessed <u>Property</u>	Taxable Gross <u>Total</u>	Real Estate <u>Adjustments</u>	Property <u>Value</u>	Total Direct <u>Tax Rate</u>		
2009	\$ 3,161,711,919	\$ 94,781,163	\$ 1,371,067	\$ 3,257,864,149	\$ 150,168,473	\$ 3,107,695,676	6.919		
2010	2,726,119,911	95,800,541	1,754,347	2,823,674,799	19,929,734	2,803,745,065	7.339		
2011	2,138,856,648	96,351,619	1,236,447	2,236,444,714	65,073,418	2,171,371,296	8.196		
2012	1,984,176,233	93,286,553	1,314,055	2,078,776,841	2,245,132	2,076,531,709	8.196		
2013	1,961,574,942	100,021,455	1,409,896	2,063,006,293	2,293,529	2,060,712,764	7.934		
2014	2,090,641,105	109,820,351	1,548,020	2,202,009,476	10,700,032	2,191,309,444	7.934		
2015	2,288,960,375	102,767,681	1,448,606	2,393,176,662	5,791,134	2,387,385,528	7.934		
2016	2,499,306,636	102,681,112	1,447,386	2,603,435,134	5,191,742	2,598,243,392	7.500		
2017	2,731,911,700	104,433,405	1,472,086	2,839,843,057	8,101,379	2,831,741,678	7.500		
2018	2,973,808,217	126,110,194	1,777,641	3,101,696,052	46,675,273	3,055,020,779	7.500		

Source: Miami-Dade County Property Appraiser

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

(2) From Table 9.

**TABLE 7**

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

Fiscal Year	City of North Miami			Miami-Dade County			School District	So. Fl. Water Mgt.	Total Millage
	Operating Millage (1)	Service Millage	Total	Operating Millage	Service Millage	Total			
2009	6.919	0.000	6.919	7.486	0.285	7.771	7.797	0.6585	23.146
2010	7.339	0.000	7.339	7.565	0.285	7.850	7.995	0.6585	23.843
2011	8.196	0.000	8.196	8.523	0.445	8.968	8.249	0.6585	26.071
2012	8.196	0.000	8.196	7.768	0.285	8.053	8.005	0.4708	24.724
2013	7.934	0.000	7.934	4.704	0.422	5.126	7.644	0.0345	20.738
2014	7.934	0.000	7.934	4.667	0.450	5.117	7.775	0.1577	20.983
2015	7.934	0.000	7.934	4.667	0.450	5.117	7.413	0.1459	20.609
2016	7.500	0.000	7.500	4.667	0.400	5.067	7.138	0.1359	19.841
2017	7.500	0.000	7.500	4.667	0.400	5.067	6.774	0.1275	19.468
2018	7.500	0.000	7.500	4.667	0.464	5.131	6.504	0.1209	19.256

Source: Miami-Dade County Property Appraiser.

(1) Includes general operations and library.

**CITY OF NORTH MIAMI, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS (Unaudited)**  
**CURRENT YEAR AND TEN YEARS AGO**

**TABLE 8**

<u>Taxpayer</u>	2018			2009		
	Taxable Assessed <u>Value</u>		Percentage of total City <u>Value</u>	Taxable Assessed <u>Value</u>		Percentage of total City <u>Value</u>
	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>	<u>Rank</u>
BRE Portofino MF Property Owner	\$ 88,049,564	1	25.98%	\$ -	-	-
Countyline Auto Center, Inc.	62,046,600	2	18.31%	-	-	-
Florida Power and Light	47,298,913	3	13.96%	-	-	-
1490 North 123rd, LLC.	31,697,839	4	9.35%	-	-	-
City of North Miami	23,854,239	5	7.04%	-	-	-
Publix Supermarkets, Inc.	19,593,686	6	5.78%	-	-	-
Causeway Square, LLC	19,000,000	7	5.61%	-	-	-
YMP Center Court, LLC.	17,881,000	8	5.28%	-	-	-
COFE CIX North Miami, LLC.	14,849,078	9	4.38%	-	-	-
RK Causeway Plaza, LLC.	14,589,462	10	4.31%	-	-	-
Stellar Biscayne	-	-	-	69,300,000	1	21.29%
BLIA Developers, Ltd.	-	-	-	59,118,600	2	18.17%
City of North Miami	-	-	-	39,808,044	3	12.23%
Florida Power and Light	-	-	-	37,802,379	4	11.62%
Greenwich Park Apartments	-	-	-	34,500,000	5	10.60%
127th Street Shopping Center, Inc.	-	-	-	18,860,260	6	5.80%
Ciprox USA	-	-	-	18,373,987	7	5.65%
Countyline Auto Center, Inc.	-	-	-	16,462,795	8	5.06%
NRD Investments, LLC.	-	-	-	15,779,155	9	4.85%
North Miami Business Park, LLC.	-	-	-	15,431,982	10	4.74%
<b>Totals</b>	<b>\$ 338,860,381</b>		<b>100.00%</b>	<b>\$ 325,437,202</b>		<b>100%</b>

Source: Miami-Dade County Property Appraiser

**TABLE 9**

**CITY OF NORTH MIAMI, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS <sup>(1)</sup> (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal <u>Year</u>	Total Tax <u>Levy</u> <sup>(2)</sup>	(3) Current Tax <u>Collected</u>	Percent of Current Taxes <u>Collected</u>	(3) Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Ratio Tax Collections to Total <u>Tax Levy</u>
2009	\$ 22,991,073	\$ 19,192,158	83.48%	\$ 2,055,349	\$ 21,247,507	92.42%
2010	21,169,937	17,066,199	80.62%	2,294,107	19,360,306	91.45%
2011	19,652,115	15,860,401	80.71%	1,708,848	17,569,249	89.40%
2012	17,491,452	15,365,264	87.84%	1,461,842	16,827,106	96.20%
2013	15,562,351	13,865,000	89.09%	1,105,019	14,970,019	96.19%
2014	16,586,310	15,652,829	94.37%	285,570	15,938,399	96.09%
2015	18,159,696	16,838,805	92.73%	300,000	17,138,805	94.38%
2016	18,744,800	18,485,170	98.61%	223,021	18,708,191	99.80%
2017	20,489,338	18,489,766	90.24%	704,905	19,194,671	93.68%
2018	22,303,562	19,983,848	89.60%	991,896	20,975,744	94.05%

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

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

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

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

TABLE 10

**CITY OF NORTH MIAMI, FLORIDA**  
**Enterprise Funds and Utility Rates (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Water			Sewer			Sewer Treatment Charge	Capital Improvement Fees				Sanitation	Recycling	Stormwater (4)			
	(1)	(2)	(2)	As a percentage of Water rates				(5)		(6)							
	Base Rate per 5,000 Gallons	Rate per 1,000 gallons Over Minimum	Residential Commercial	Residential	Commercial	2014		1,000 Gallons	Residential	Commercial	Residential	Commercial					
2009	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67	(8)	0.98	10.47	543.84	3.55	5.64		
2010	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67	7.67	0.98	10.47	543.84	3.55	5.64		
2011	10.93	1.08	1.93	31%	36%	36%	3.36	7.67	7.67	7.67	0.98	10.47	548.52	3.58	5.69		
2012 <sup>(9)</sup>	11.40	1.73	1.57	-	-	-	-	-	-	-	-	-	441.18	3.72	5.92		
2013	11.63	1.76	1.60	N/A	N/A	N/A	3.69	N/A	N/A	N/A	N/A	N/A	254.40	N/A	6.05		
2014	15.73	1.81	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	N/A	254.40	N/A	6.19		
2015	12.51	1.81	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	N/A	254.40	N/A	6.19		
2016	12.51	1.89	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	N/A	254.40	N/A	6.19		
2017	12.51	1.89	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	N/A	254.40	N/A	6.19		
2018	12.51	1.89	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	N/A	254.40	N/A	6.19		

Source: City Utility Billing Department

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

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

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

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

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

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

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

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



## Debt Capacity



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TABLE 11

**CITY OF NORTH MIAMI, FLORIDA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-type Activities							(Restated) Percentage of Personal Income (1)	
	Pension Obligation <u>Bonds (2)</u>	Notes <u>Payable</u>	Capital <u>Leases</u>		Sewer Revenue <u>Bonds</u>	Capital <u>Leases</u>	Loan <u>Payable (3)</u>	SRF Loan <u>Payable</u>	Notes <u>Payable</u>	Total Primary Government	Population (1)	Per Capita	
2009	\$ 13,510,000	\$ -	\$ 1,656,210		\$ 622,688	\$ 3,134,686	\$ 4,165,000	\$ -	\$ 4,000,000	\$ 27,088,584	58,469	463	2.49%
2010	-	17,655,000	1,263,014		446,572	2,424,079	3,930,000	-	3,600,000	29,318,665	58,786	499	2.83%
2011	-	17,605,000	880,480		240,595	1,685,304	3,685,000	-	-	24,096,379	58,786	410	2.37%
2012	-	17,150,000	864,702		50,450	790,674	3,430,000	-	-	22,285,826	60,143	371	2.07%
2013	-	16,605,000	657,312		-	371,189	3,160,000	95,751	-	20,889,252	60,312	346	1.90%
2014	-	16,020,000	92,215		-	233,089	2,616,357	214,840	-	19,176,501	61,578	311	1.72%
2015	-	14,530,987	278,317		-	100,765	2,292,681	2,043,548	-	19,246,298	58,786	327	1.78%
2016	-	13,963,084	1,098,926		-	-	2,388,060	2,996,913	-	20,446,983	57,146	358	1.90%
2017	-	13,340,604	801,566		-	2,393	2,017,550	2,864,933	-	19,027,046	62,042	307	1.60%
2018	-	12,663,213	355,330		-	1,593	1,637,040	3,042,232	-	17,699,408	62,225	284	1.45%

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

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

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

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

**TABLE 12**

**CITY OF NORTH MIAMI, FLORIDA**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND**  
**NET GENERAL OBLIGATION BONDED DEBT PER CAPITA (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	(1) <u>Population*</u>	(2) <u>Assessed Value*</u>	(3)			Less Debt Fund*	Net Bonded Debt*	Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
			Gross Bonded Debt*	Service Fund*	Net Bonded Debt*				
2009	58	\$ 3,107,696	\$ 1,165	\$ -	\$ 1,165			4%	\$ 20
2010	59	2,803,745	795	-	795			3%	13
2011	59	2,171,371	405	-	405			2%	7
2012	60	2,076,532	-	-	-			0%	-
2013	60	2,060,713	-	-	-			0%	-
2014	61	2,191,309	-	-	-			0%	-
2015	59	2,387,386	-	-	-			0%	-
2016	59	2,598,243	-	-	-			0%	-
2017	59	2,831,742	-	-	-			0%	-
2018	62	3,055,021	-	-	-			0%	-

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

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

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

TABLE 13

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS (1) (Unaudited)**  
**(IN THOUSANDS)**  
**SEPTEMBER 30, 2018**

<u>Jurisdiction</u>	Taxable Property <u>Value</u>	Net General Obligation Bonded Debt <u>Outstanding</u>	Percentage Applicable To North Miami	Amount Applicable To North Miami
Direct:				
City of North Miami (1)	\$ 2,973,808	\$ 13,018,543	-	\$ -
Overlapping:				
Miami-Dade County (2)	347,323,823	1,837,515	0.86% (4)	15,733
Miami-Dade County Schools (3)	322,193,015	954,152	0.92% (4)	8,807
Total overlapping debt		<u>2,791,667</u>		<u>24,540</u>
Total direct and overlapping debt		<u>\$ 15,810,210</u>		<u>\$ 24,540</u>

(1)

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

(2)

Source: Miami-Dade County Property Appraiser - Taxable Property Estimated Value as of July 1, 2018, amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2018

(3)

Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects June 28, 2018 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2018.

(4)

Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property situated in the City of North Miami. The percentage applicable to North Miami is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the County's and School Board's total 2018 preliminary taxable value.

**CITY OF NORTH MIAMI, FLORIDA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT<sup>(1)</sup>**  
**TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSAND DOLLARS)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2009	\$ 575	\$ 1,382	\$ 1,957	\$ 63,100	3.0%
2010	400	5,156	5,556	63,299	9.0%
2011	440	1,643	2,083	60,105	3.0%
2012	860	985	1,845	60,177	3.0%
2013	545	916	1,461	58,676	2.0%
2014	585	1,494	2,079	58,146	4.0%
2015	625	1,150	1,775	58,146	3.0%
2016	779	844	1,623	65,553	2.0%
2017	877	789	1,666	70,601	2.0%
2018	1,022	761	1,783	78,776	2.0%

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

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

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

TABLE 15

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUE BOND COVERAGE**  
**WATER & SEWER AND STORMWATER ENTERPRISE FUNDS (Unaudited)**  
**(IN THOUSANDS)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Operating		Available for Debt Service	Net Revenue		Debt Service Requirements	Total	Coverage
	Revenue (1)	Expenses (2)		Principal	Interest (3)			
2009	(5) \$ 25,657	\$ 18,404	\$ 7,253	\$ 169	\$ 177	\$ 346	20.96	
2010	24,036	19,574	4,462	576	168	744	6.00	
2011	23,244	22,052	1,192	377	145	522	2.28	
2012	22,680	19,735	2,945	190	160	350	8.41	
2013	28,485	21,604	6,881	300	152	452	15.22	
2014	30,497	23,422	7,075	300	152	452	15.65	
2015	37,192	26,775	10,417	315	137	452	23.05	
2016	(7) 35,290	27,943	7,347	330	103	433	16.97	
2017	34,297	30,386	3,911	603	197	800	4.89	
2018	36,696	32,170	4,525	523	99	622	7.27	

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

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

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

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

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

TABLE 16

**CITY OF NORTH MIAMI, FLORIDA**  
**FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS (Unaudited)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<u>Sources of Funds</u>	(6) 2019								<u>2013</u>	<u>2012</u>
	<u>(Budgeted)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>				
<b>General government funds (1):</b>										
Franchise fees	\$ 4,323,846	\$ 4,132,730	\$ 3,938,066	\$ 3,474,031	\$ 3,353,975	\$ 3,662,901	\$ 3,459,702	\$ 3,327,030		
Utility taxes	3,517,469	3,681,003	3,672,003	3,513,956	3,404,235	3,328,201	2,986,873	2,780,568		
Communication services tax	1,165,811	1,297,205	1,620,000	1,308,539	1,415,105	2,166,777	2,316,443	2,523,308		
Licenses and permits	4,901,352	4,029,604	3,715,830	2,015,318	2,428,695	2,046,697	1,927,293	1,871,538		
Intergovernmental revenues (2)	7,702,962	7,549,406	6,942,319	7,645,393	7,839,966	7,338,083	6,110,680	5,791,752		
Charges for services (3)	4,937,245	5,498,383	4,583,081	9,843,445	7,857,362	8,417,235	9,873,406	7,535,891		
Fines and forfeitures	1,054,633	786,836	735,830	1,249,133	2,829,842	2,621,393	3,251,870	4,739,880		
Other (5)	6,598,372	9,572,444	3,650,801	6,612,323	3,897,607	4,953,586	7,491,938	15,617,532		
<b>Total general government non-ad valorem funds</b>	<b>34,201,690</b>	<b>36,547,611</b>	<b>28,857,930</b>	<b>35,662,138</b>	<b>33,026,787</b>	<b>34,534,873</b>	<b>37,418,205</b>	<b>44,187,499</b>		
<b>Enterprise funds (4):</b>										
Water and sewer utility	49,372,814	51,109,343	51,453,090	32,195,213	34,849,639	30,497,436	28,073,814	22,487,390		
Solid waste services	-	-	-	-	-	-	-	-	4,757,902	
Stormwater utility	4,389,308	4,356,721	2,795,257	2,598,048	2,287,684	2,525,986	2,461,783	2,321,676		
<b>Total enterprise funds non-ad valorem funds</b>	<b>53,762,122</b>	<b>55,466,064</b>	<b>54,248,347</b>	<b>34,793,261</b>	<b>37,137,323</b>	<b>33,023,422</b>	<b>30,535,597</b>	<b>29,566,968</b>		
<b>Total non-ad valorem funds</b>	<b>\$ 87,963,812</b>	<b>\$ 92,013,675</b>	<b>\$ 83,106,277</b>	<b>\$ 70,455,399</b>	<b>\$ 70,164,110</b>	<b>\$ 67,558,295</b>	<b>\$ 67,953,802</b>	<b>\$ 73,754,467</b>		

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

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

(3) Includes interfund services provided and used.

(4) Only operating revenues are shown.

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

(6) As originally budgeted.

TABLE 17

**CITY OF NORTH MIAMI, FLORIDA**  
**DEBT SERVICE REQUIREMENTS AND COVERAGE (Unaudited)**  
**OUTSTANDING AND PROPOSED**  
**PAYABLE FROM NON-AD VALOREM FUNDS**

Fiscal Year	Outstanding Debt Service (1)	City of North Miami			Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage			
		2010 Taxable Promissory Note (Pension)								
		Principal	Interest	Total						
2019	\$ 1,789,538	\$ 830,000	\$ 959,538	\$ 1,789,538	\$ 3,579,076	\$ 87,963,812	24.58			
2020	1,784,363	885,000	899,363	1,784,363	3,568,726	87,963,812	24.65			
2021	1,785,200	950,000	835,200	1,785,200	3,570,400	87,963,812	24.64			
2022	1,786,325	1,020,000	766,324	1,786,324	3,572,649	87,963,812	24.62			
2023	1,787,375	1,095,000	692,376	1,787,376	3,574,751	87,963,812	24.61			
2024	1,787,988	1,175,000	612,987	1,787,987	3,575,975	87,963,812	24.60			
2025	1,787,800	1,260,000	527,800	1,787,800	3,575,600	87,963,812	24.60			
2026	1,786,450	1,350,000	436,450	1,786,450	3,572,900	87,963,812	24.62			
2027	1,788,575	1,450,000	338,575	1,788,575	3,577,150	87,963,812	24.59			
2028	1,788,450	1,555,000	233,450	1,788,450	3,576,900	87,963,812	24.59			
2029	1,785,712	1,665,000	120,713	1,785,713	3,571,425	87,963,812	24.63			
	<u>\$ 19,657,776</u>	<u>\$ 13,235,000</u>	<u>\$ 6,422,776</u>	<u>\$ 19,657,776</u>	<u>\$ 39,315,552</u>	<u>\$ 967,601,932</u>				

(1) This assumes that total debt service for this debt is paid from Non-Ad Valorem Funds (see Table 18).  
 (2) This reflects the budgeted funds available for the fiscal year ending September 30, 2018 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).  
 (3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were in February 2010 refunded through the issuance of City of North Miami Taxable Promissory Note, Series 2010.

**CITY OF NORTH MIAMI, FLORIDA**  
**DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS**  
(Uaudited)

<u>Year</u>	(1) 2010 Taxable Promissory Note (Pension)
2019	\$ 1,789,538
2020	1,784,363
2021	1,785,200
2022	1,786,325
2023	1,787,375
2024	1,787,988
2025	1,787,800
2026	1,786,450
2027	1,788,575
2028	1,788,450
2029	1,785,712
<b>Total</b>	<b><u>\$ 19,657,776</u></b>

(1) On February 1, 2010, the City issued City of North Miami Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of current refunding of the City's outstanding Taxable Special Obligation Refunding Bonds (Pension), Series 2002, and to pay a termination fee due with respect to a related interest rate swap. Debt service on this note is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

Source: City of North Miami, Florida Finance Department



## **Demographic/Economic**



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**TABLE 19**

**CITY OF NORTH MIAMI, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	(1) <u>Population</u>	Personal Income (in thousands)		Per Capita Personal Income	(3) <u>Median Age</u>	(4) <u>School Enrollment</u>	(5) <u>Unemployment Rate Percentage</u>
2009	58,469	\$	1,085,886	\$ 18,572	32	345,150	12.1
2010	58,786		1,034,928	17,605	32	345,458	13.6
2011	58,786		1,014,882	17,264	32	347,133	12.4
2012	60,585		1,084,956	17,908	34	349,945	11.1
2013	60,312		1,106,655	18,266	32	356,944	11.1
2014	61,420		1,109,675	18,067	34	323,301	7.3
2015	58,786		1,131,869	18,428	34	349,822	9.8
2016	57,146		1,154,506	18,799	34	349,817	4.9
2017	62,042		1,177,596	19,170	34	356,086	4.8
2018	62,225		1,201,148	19,554	34	354,263	4.2

(1) U.S. Census Bureau

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

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

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

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

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

**TABLE 20**

<u>Employer</u>	2018			2009		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total City	<u>Employees</u>	<u>Rank</u>	Percentage of Total City
			<u>Employment</u>			<u>Employment</u>
Miami-Dade Public Schools	1,035	1	3.20	-	-	-
City of North Miami (Including Police Dept.)	565	2	1.76	522	2	1.74
Florida International University	400	3	1.25	500	3	1.67
WPBT Channel 2 Studios	350	4	1.09	-	-	-
Villa Marie Nursing Home	325	5	1.01	470	4	1.57
Trojan Labor (Including Contractors)	300	6	0.93	-	-	-
Johnson & Wales University	215	7	0.67	250	6	0.83
Techno Coatings	210	8	0.65	-	-	-
World Emblem Inc.	200	9	0.62	200	7	0.67
Comtel, Inc.	150	10	0.47	140	8	0.47
50 State Security	-	-	-	1,000	1	3.33
Publix Super Markets	-	-	-	350	5	1.17
Farrey's Wholesale Hardware	-	-	-	120	9	0.40
A.E.S.P, Inc.	-	-	-	85	10	-
<b>Total</b>	<b>3,750</b>		<b>11.65</b>	<b>3,637</b>		<b>11.85</b>
Estimated Labor Force	32,109			30,000		

Source: Economic Development Division  
 Miami-Dade Co. GIS  
 2017-2018

**TABLE 21**

**CITY OF NORTH MIAMI, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (Unaudited)**  
**LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities:</b>										
General government	103	94	82	66	66	51	58	58	80	86
Public safety (1)	199	195	182	178	170	176	159	159	149	151
Transportation	35	39	32	32	38	8	42	42	55	51
Personnel services	7	6	4	4	4	5	6	6	6	6
Culture and recreation	66	64	51	63	63	73	54	54	56	54
Physical environment	-	-	-	-	-	-	-	-	-	-
Economic environment	8	8	11	10	9	9	10	10	10	8
<b>Business-type activities:</b>										
Water & sewer utility	59	59	50	49	50	38	42	42	49	51
Solid waste (3)	33	32	30	-	-	-	-	-	-	-
Stormwater	12	8	8	8	9	9	9	9	7	15
<b>Total</b>	<b><u>522</u></b>	<b><u>505</u></b>	<b><u>450</u></b>	<b><u>410</u></b>	<b><u>409</u></b>	<b><u>369</u></b>	<b><u>380</u></b>	<b><u>380</u></b>	<b><u>412</u></b>	<b><u>422</u></b>

Source: City Personnel Department

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

(3) Solid Waste Services outsourced as of 2012



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## Operating Information



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TABLE 22

**CITY OF NORTH MIAMI, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION (Unaudited)**  
**LAST TEN FISCAL YEARS**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public safety:</b>										
Police: (1)										
Physical arrests	2,135	2,357	2,116	2,705	3226	3,961	3,218	1,563	1,448	1,442
Traffic citations	11,133	15,882	15,108	15,136	33729	28,247	23,728	16,332	11,718	13,023
Parking citations	1,515	1,903	1,404	1,017	1644	2,102	2,229	2,644	2,018	2,566
Number of calls for service	41,701	48,774	44,042	45,566	49961	47,218	50,177	46,664	46,610	53,529
Fire: (2)										
Number of calls answered	8,875	8,915	9,071	9,292	9097	9731	9838	10,163	9,070	11,842
<b>Culture and recreation: (3)</b>										
Athletic field permits issued (rentals):										
Soccer	282	206	234	191	256	360	310	325	295	125
Football	N/A	51	49	53	58	102	78	64	45	-
Baseball	N/A	-	16	16	3	29	27	45	57	51
Basketball	N/A	15	4	7	2	67	25	48	148	178
Other(Rugby, Kickball, Field Hockey)	N/A	118	161	89	22	46	35	56	28	15
Membership (yearly):										
Tennis	14	25	27	22	12	15	8	4	4	1
Swim	7	1	N/A	5	N/A	1	2	0	0	-
Adult center	47	65	105	73	57	175	119	132	90	166
Afterschool	N/A	N/A	N/A	45	44	81	31	21	26	58
Camp program participants	1,058	748	736	807	846	929	1152	1737	1119	1,226
Youth athletic participants (all sports)	439	360	472	565	524	615	448	655	583	841
Adult participants (all sports)	N/A	-	239	160	88	150	0	125	748	150
<b>Water: (4)</b>										
Daily average treatment in gallons (plant)	7,634,500	7,656,000	8,239,019	7,618,397	7,882,500	7,894,603	7,558,849	6,876,175	5,403,781	3,188,301
Average daily consumption in gallons	8,743,811	10,328,000	9,443,668	11,475,438	12,491,240	12,347,589	13,300,054	11,499,644	12,517,534	12,689,616
<b>Solid waste:</b>										
Refuse and trash collected (tons) (5)	25,211	24,275	20,833	3578	-	-	-	-	15,658.00	11,101
<b>Stormwater:</b>										
Equivalent and commercial										
residential units (ERU's)	35,951	35,919	31,916	32,681	34,653	34,934.00	35,495	35,394	35,237	35,188

(1) Source: North Miami Police Department

(2) Source: Miami-Dade County Fire Department

(3) Source: North Miami Parks and Recreation Department

(4) Source: North Miami Public Works Department

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

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

(5) Solid waste services outsourced.

N/A - Not available

TABLE 23

**CITY OF NORTH MIAMI, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION (Unaudited)**  
**LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety:										
Police:										
Stations (including off-site locations)	1	1	1	1	1	1	2	2	2	2
Patrol units	68	64	64	64	64	64	64	64	68	68
Transportation:										
Streets (miles)	136	136	136	136	136	136	136	136	113	113
Street lights (FPL and City owned) (1)	4,397	4,397	4,397	4,397	4,397	4,397	4,447	4,447	2,623	2,623
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks	16	16	16	16	16	16	16	17	16	17
Park acreage	549	549	549	549	549	549	549	549	549	549
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	6	6	6	7	7	7	7	7	7	7
Water:										
Water mains (miles)	307	308	308	308	311	311	311	311	311	311
Maximum daily capacity in gallons	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9300000
Fire hydrants	921	942	942	944	927	927	927	927	935	941
Sewage system:										
Miles of storm sewers	28	28	28	28	38	38	38	38	38	39
Miles of sanitary sewers	153	154	154	154	175	175	175	175	175	175
Solid waste:										
Collection trucks	21	20	20	2	2	2	-	-	-	-

Sources: Various city departments.

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

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

“I've found a mentor that I can come back to for help.”

Kimberly Muller

2018 Youth Opportunity Board Intern

## IMPACTING OUR YOUTH

The City of North Miami's Youth Opportunity Board Internship Program (YOB) dates back to the 1980s, and has paved the way for several City employees and elected officials to begin their local public service careers.



## IV. Compliance Section

# **City of North Miami, Florida**

Single Audit Report in Accordance  
With Uniform Guidance  
Fiscal Year Ended September 30, 2018

## **Contents**

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**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 26, 2019. Our report includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Our report also includes a reference to other auditors who audited the financial statements of the following component units and funds:

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

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Museum of Contemporary Art fund was not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Museum of Contemporary Art fund.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item IC 2018-01 that we consider to be a material weakness.

#### **Compliance and Other Matters**

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

#### **City's Response to Finding**

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

#### **Purpose of this Report**

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

*RSM US LLP*

Miami, Florida  
April 26, 2019

**Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

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

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

We have audited the City of North Miami, Florida's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended September 30, 2018. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Major Federal Programs**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items CF 2018-01, CF 2018-02 and CF 2018-03. Our opinion on the major federal program is not modified with respect to these matters.

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

## **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 Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as items IC 2018-02, IC 2018-03 and IC 2018-04 that we consider to be a significant deficiencies.

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

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

**Report on the Schedules of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 26, 2019, which contained unmodified opinions on those financial statements, and included a reference to other auditors. Our report also includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, which indicates that the net position of the governmental activities, business-type activities, water and sewer fund, stormwater utility fund and the aggregate remaining fund information as of October 1, 2017 has been restated. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedules of expenditures of federal awards and expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Miami, Florida

June 5, 2019, except for the Schedules of Expenditures of Federal Awards  
and Expenditures of State Financial Assistance for which the date is April 26, 2019

**City of North Miami, Florida**

**Schedule of Expenditures of Federal Awards**

**Year Ended September 30, 2018**

<b>Federal Agency / Pass-through Entity / Program Title</b>	<b>CFDA Number</b>	<b>Grant / Contract Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
Pass-through the Florida Department of Health				
Summer Food Service Program - Child Nutrition Cluster	10.559	04-1024	1176	\$ 33,903
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant Entitlement	14.218	B-16-MC-12-0039		\$ 39,099
Community Development Block Grant Entitlement	14.218	B-17-MC-12-0039		397,337
<b>Total CDBG – Entitlement Cluster</b>				<u>436,436</u>
Home Investment Partnerships Program	14.239	M-13-MC-12-0231		11,748
Home Investment Partnerships Program	14.239	M-14-MC-12-0231		47,563
Home Investment Partnerships Program	14.239	M-15-MC-12-0231		1,595
Home Investment Partnerships Program	14.239	M-16-MC-12-0231		2,850
Home Investment Partnerships Program	14.239	M-16-MC-12-0231		20,844
<b>Total Home Investment Partnerships Program</b>				<u>84,600</u>
Neighborhood Stabilization Program 3	14.264	B-11-MN-12-0019		89,953
Neighborhood Stabilization Program 1	14.264	B-08-MN-12-0019		68,095
Total Neighborhood Stabilization Program				<u>158,048</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>\$ 679,084</u>
<b>U.S. Department of Justice</b>				
Pass-through the State of Florida Office of the Attorney General				
Victim's Intervention Program Grant – FY 2012 and 2013	16.575	V2017-00303	unknown	\$ 71,022
Bulletproof Vest Partnership Grant Program – 2003	16.607	None		5,966
Cops Hiring Program	16.710	2015-UM-WX-0170		70,103
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None		8,954
<b>Total U.S. Department of Justice</b>				<u>\$ 156,045</u>
<b>U.S. Department of Labor</b>				
Pass-through Florida Department of Economic Opportunity				
Workforce Investment Act National Emergency Grants	17.277	WS-NE-DWG-PY' 17-03-00	unknown	\$ 391,134
<b>U.S. Department of Transportation</b>				
Pass-through Florida Department of Transportation				
Florida Bicycle Safety and Enforcement Campaign -				
Highway Planning and Construction Cluster	20.205	G0E08	unknown	\$ 25,092
<b>U.S. Department of Treasury</b>				
Law Enforcement Agency Equitable Sharing Fund	21.000	None		\$ 136,355
<b>U.S Environmental Protection Agency</b>				
Pass-through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Fund -				
Drinking Water State Revolving Fund Cluster	66.468	FS984522-120 (DW-131830)	unknown	\$ 319,087
<b>Total expenditures of federal awards</b>				<u>\$ 1,740,700</u>

See notes to schedule of expenditures of federal awards.

**City of North Miami, Florida**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended September 30, 2018**

<b>State Grantor / Pass-through Entity / Program Title</b>	<b>CSFA Number</b>	<b>Grant / Contract Number</b>	<b>State Expenditures</b>
<b>Florida Department of State, Division of Library and Information Services</b> State Aid to Libraries	45.030	17-ST-34	\$ 25,757
<b>Florida Housing Finance Corporation</b> State Housing Initiative Partnership (SHIP) Program	40.901	None	<u>155,985</u>
<b>Total expenditures of state financial assistance</b>			<u><u>\$ 181,742</u></u>

See notes to schedule of expenditures of state financial assistance.

## **City of North Miami, Florida**

### **Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**

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#### **Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state award activity of the City of North Miami, Florida (the City) under programs of the State of Florida and the federal government for the year ended September 30, 2018. The information in the Schedules are presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position, or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

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

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting for grants accounted for in the governmental fund types and on the accrual basis of accounting for grants accounted for in the proprietary fund types of the City. Such expenditures are reported following the cost principles contained in the Uniform Guidance and the Rules of the Department of Financial Services of the State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Indirect Cost Recovery**

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 4. Subrecipient Awards**

Of the federal awards and state financial assistance presented in the Schedules, the City did not provide any amounts to subrecipients.

**City of North Miami, Florida****Schedule of Findings and Questioned Costs****I – Summary of Independent Auditor's Results*****Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes

No

Significant deficiency(ies) identified?

Yes

None Reported

Noncompliance material to financial statements noted?

Yes

No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?

Yes

No

Significant deficiency(ies) identified?

Yes

None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

Yes

No

Identification of major federal programs:

**CFDA Numbers**

14.218

**Name of Federal Program or Cluster**

Community Development Block Grant - Entitlement Grants Cluster

17.277

Workforce Investment Act National Emergency Grants

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

No

(Continued)

## **City of North Miami, Florida**

### **Schedule of Findings and Questioned Costs (Continued)**

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#### **Section II – Financial Statements Findings**

##### **A. Compliance**

No matters to report.

##### **B. Internal Control**

#### **IC 2018-01 – Budgetary Controls, Policies and Practices**

**Criteria:** The annual budget serves as the foundation for the City's financial planning and control systems. The annual budget should reflect a reasonable estimate of revenues, available fund balance and appropriations for expenditures. Once expenditures, revenues and available fund balance are incorporated into the budget, the total appropriated amounts become a legal limit for current year expenditures.

**Condition:** We noted the following deficiencies related to the City's budgetary controls, policies and practices:

- The budgetary control balances in the general ledger system did not agree to the adopted budget balances. The adopted budgetary balances serve as the foundation for the City's financial planning and control systems on an ongoing basis.
- The adopted fiscal year 2018 budget, prepared on a budgetary basis, presented budgeted original and final general fund "reserves" of \$8,423,556 and \$10,595,588, respectively. However, the general fund reported a fund balance deficit of \$4,842,075, for the fiscal year ended September 30, 2017. On a GAAP basis, no fund balance reserves were available to be budgeted for the fiscal year then ended.
- The adopted fiscal year 2019 budget, prepared on a budgetary basis, presents original general fund "reserves" of \$8,348,942. However, the general fund reported a fund balance deficit of \$8,182,442, for the fiscal year ended September 30, 2018. On a GAAP basis, no fund balance reserves were available to be budgeted for the fiscal year then ended.

**Cause:** Established budgetary controls, policies and practices in place are not properly designed to allow for the proper preparation, presentation and monitoring of the adopted budget on an ongoing basis.

**Effect:** Total appropriated amounts for expenditures exceeded the estimated revenue and available fund balance in each fiscal year. This has resulted in a fund balance deficit of \$8,182,442 in the General Fund for the fiscal year ended September 30, 2018. Additionally, if established budgetary controls, policies and practices in place do not allow for the proper preparation, presentation and monitoring of the adopted budget on an ongoing basis, management and those charged with governance may not be able to rely on the budget and related budget versus actual schedules, to assess and plan for the operations of the City on an ongoing basis.

**Recommendation:** We recommend that management implement budgetary controls, policies and practices that allow for the proper preparation, presentation and monitoring of the City's budget on an ongoing basis. Furthermore, the annual budget should reflect a reasonable estimate for revenues and available fund balance to fund appropriated expenditures on an ongoing basis.

## **City of North Miami, Florida**

### **Schedule of Findings and Questioned Costs (Continued)**

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**Current Year's Views of Responsible Officials and Planned Corrective Actions:** Management concurs with the auditor's finding that some of the methods used to prepare the budget in the past, particularly the determination of the budget "reserves" amount, can be refined to provide better clarity for financial reporting purposes. The budget "reserves" amount, in part, represents the funds carried over from past appropriations to cover encumbrances rolled over in the current year. It also is meant to represent the funding of current year operations by use of prior years' revenues or funds. Because GAAP presentation does not permit prior years' revenues to be re-reported as revenues in the current year, the Budget to Actual Schedules are obliged to present a budget deficit if the budgeted (and approved) revenues specific to the current year are not enough to cover the budgeted (and approved) expenditures for the same period.

Having said this, however, the City does recognize the fund deficit in the General Fund cannot be allowed to persist and continue unchecked, and that measures need to be taken to cure it. In the course of fiscal year 2019, the City hired a new, highly qualified and skilled Budget Director who appreciates the need to correct the current fund deficit situation. As a result, the City implemented a 3% overall expenditure cut goal for fiscal year 2018/19 effective from the end of May 2019 through the fiscal year end in September 2019. Additionally, the City is revising the budget preparation methodology for fiscal year 2019/20 to incorporate best practices and strategically reduce spending, to further rectify the General Fund budget deficit. Once the General Fund Deficit is eliminated, the City's use of the term "reserves" for budget purposes will be more aligned with the GAAP presentation of reserves for accounting purposes.

**City of North Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**

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**Section III – Federal Awards Findings and Questioned Costs**

**A. Compliance**

**• CF 2018-01 Reporting**

U.S. Department of Labor  
Workforce Investment Act National Emergency Grants  
CFDA No. 17.277

See Section III – Federal Awards Findings and Questioned Costs  
IC 2018-02 Reporting

**• CF 2018-02 Eligibility**

U.S. Department of Labor  
Workforce Investment Act National Emergency Grants  
CFDA No. 17.277

See Section III – Federal Awards Findings and Questioned Costs  
IC 2018-03 Eligibility

**• CF 2018-03 Allowable Costs/Cost Principles**

U.S. Department of Labor  
Workforce Investment Act National Emergency Grants  
CFDA No. 17.277

See Section III – Federal Awards Findings and Questioned Costs  
IC 2018-04 Allowable Costs/Cost Principles

**City of North Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**

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B. Internal Control over Compliance

**IC 2018-02 Reporting**

U.S. Department of Labor  
Workforce Investment Act National Emergency Grants  
CFDA No. 17.277

**Criteria:** Grantees are required to file the following reports with the grantor, as applicable:

- *Self-Assessment Tool* - due no later than 30 calendar days after execution of the grant contract.
- *Annual ETA Salary Cap Analysis Certification* - due by March 1, 2018.
- *Supervisory Quality Assurance Case Reviews* - required to be filed on a weekly basis.

**Condition:** We noted that City did not file the *Self-Assessment Tool* and *Annual ETA Salary Cap Analysis Certification* reports with the grantor on a timely basis. Additionally, the *Supervisory Quality Assurance Case Reviews* reports were not filed in fiscal year 2018, as required by program guidelines.

**Context:** See "Condition" above.

**Questioned Costs:** Not applicable.

**Cause:** Management did not establish proper internal control policies and procedures to allow for the proper filing of reports with the grantor, as required by program guidelines.

**Effect:** Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

**Recommendation:** We recommend that management implement internal control policies and procedures necessary to allow for ongoing compliance with the reporting requirements of the grant program.

**Views of Responsible Official and Planned Corrective Actions:** The *Self-Assessment Tool* required extensive document retrieval, organization, and submission. In total there were 67 documents numbering more than 10,000 pages that were required to be submitted as part of the self-assessment tool. Given that this 30-day window was also when the program was beginning and employees were being managed, we worked with CareerSource to submit the *Self-Assessment Tool* as soon as possible while ensuring it was accurate and complete.

The annual *ETA Salary Cap Analysis Certification* form was submitted after CareerSource staff contacted the City regarding their close out report. As soon as it was brought to staff's attention, the *ETA Salary Cap Analysis Certification* form was submitted. Going forward, Management will establish proper internal control policies and procedures to allow for compliance with the reporting requirements of the grant program on an ongoing basis.

## **City of North Miami, Florida**

### **Schedule of Findings and Questioned Costs (Continued)**

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#### **IC 2018-03 Eligibility**

U.S. Department of Labor  
Workforce Investment Act National Emergency Grants  
CFDA No. 17.277

**Criteria:** The grant agreement establishes specific eligibility criteria and provides a *verification checklist* to be used by the grantee to determine participant eligibility on an ongoing basis.

**Condition:** We noted one participant's *Career Source South Florida Registration Form* was not on file.

**Context:** An exception was noted for one of five participants selected for testing.

**Questioned Costs:** \$5,690.

**Cause:** Management did not establish proper internal control policies and procedures to allow for proper determination and documentation of participant eligibility, as required by program guidelines.

**Effect:** Individuals participating in the grant program may not have met the eligibility criteria established by the grantor to participate in the program.

**Recommendation:** We recommend that management establish proper internal control policies and procedures to allow for proper determination and documentation of participant eligibility on an ongoing basis. Such internal control policies and procedures should include the utilization of the participant *verification checklist* provided by the grantor to be used for determining participant eligibility.

**Views of Responsible Official and Planned Corrective Actions:** Management will implement a specialized review process using the verification checklist, which was provided by the South Florida Workforce Investment Board (SFWIB). This checklist will be used for similar grants in the future.

**City of North Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**

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**IC 2018-04 Allowable Costs/Cost Principles**

U.S. Department of Labor  
Workforce Investment Act National Emergency Grants  
CFDA No. 17.277

**Criteria:** Grantees must maintain complete and accurate accounts and other records to support costs incurred and charged to the grant program.

**Condition:** We noted the following deficiencies related to participant timesheets maintained by the City:

- Participant timesheets were not dated and signed for four pay periods selected for testing.
- Participant timesheets for two pay periods selected for testing were dated and signed by the participant's supervisor prior to the last day of the pay period.

**Context:** Exceptions were noted in six of twenty-four pay periods selected for testing.

**Questioned Costs:** \$2,160.

**Cause:** Management did not establish proper internal control policies and procedures to allow for the proper completion and supervisory approval of participant timesheets that support payroll costs incurred and charged to the grant program.

**Effect:** Failure to maintain complete and accurate accounts and other records to support program expenditures may result in a disallowance of program expenditures and/or loss of future grant funding.

**Recommendation:** We recommend that management establish proper internal control policies and procedures to allow for the maintenance of complete and accurate accounts and other records to support costs incurred and charged to the grant program.

**Views of Responsible Official and Planned Corrective Actions:** Management will enforce existing internal controls, which requires supervisors to ensure that participants sign and date their timesheets prior to submission.

**City of North Miami, Florida**

**Summary Schedule of Prior Year's Audit Findings**

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<b>Finding No.</b>	<b>Finding Title</b>	<b>Current Year Status</b>
<b>Financial Statements Findings</b>		
<u>Internal Control Over Financial Reporting</u> IC 2017-01	Month-End Account Reconciliation	Corrected
<b>Federal Awards Findings and Questioned Costs</b>		
<u>Compliance Findings</u> CF 2016-01	Reporting – CFDA No. 14.218	Corrected
<u>Internal Control Over Compliance Findings</u> IC 2016-04	Reporting – CFDA No. 14.218	Corrected



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# Comprehensive Annual Financial Report

**FISCAL YEAR ENDING SEPTEMBER 30, 2018**

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