



Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2019



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF NORTH MIAMI, FLORIDA

FISCAL YEAR ENDED SEPTEMBER 30, 2019



PREPARED BY THE FINANCE DEPARTMENT

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SPECIAL ACKNOWLEDGEMENT

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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, 2019

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I. Introductory Section

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



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June 3, 2020

To the 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, 2019. 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, 2019. 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 30th preceding the beginning of the fiscal year on October 1st.

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 boasts a variety of shopping centers and specialty retail stores including gourmet, award-winning restaurants. With more than 250 such 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.

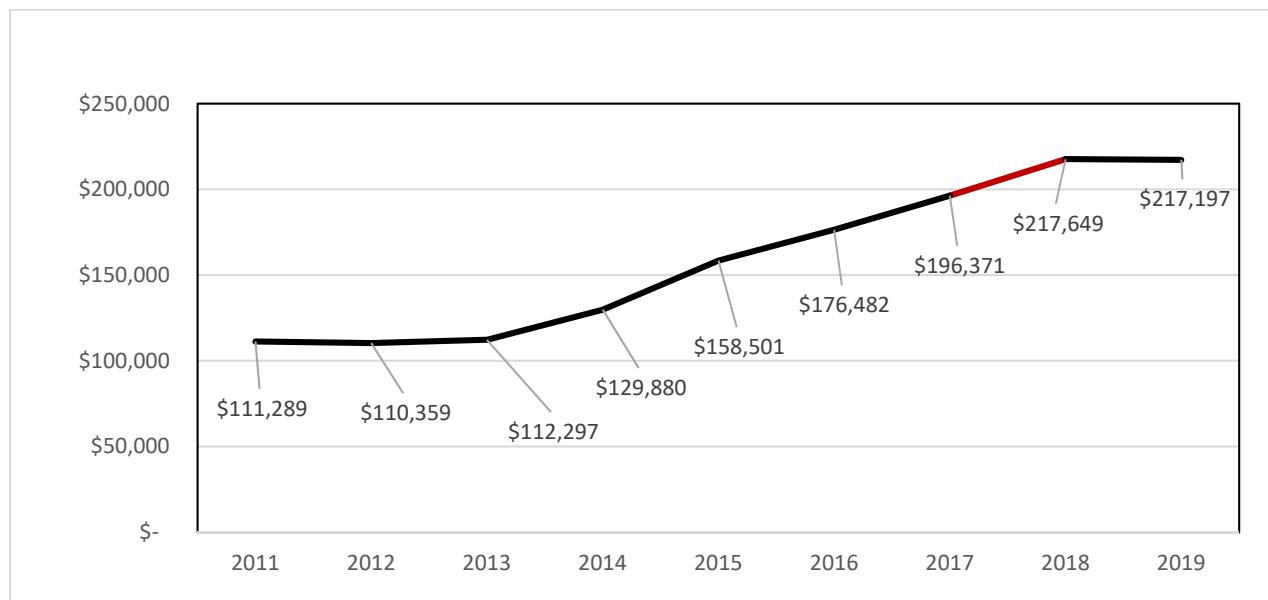
The City's housing stock includes a mix of single-family homes, from apartment buildings and condominiums, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. Two major four-year universities are located in the City: Florida International University Biscayne 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 2019, was 3.8% down to approximately .6% from 4.4% the year before, slightly above the county average of 2.3%. North Miami has managed to increase job growth 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 of

2008. The employment gains have been led by 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 signs of growth. Although sales of existing homes fluctuated, the median sales price of an existing single-family home in North Miami was \$255,000 in 2019.

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 2011-2019 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, 2019, 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

New Development and Public Private Partnerships

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

On September 24, 2019, the North Miami City Council approved a site plan application for a proposed mixed-use residential development featuring 175 senior apartments and 31,053 sq. ft. of retail, office and event space.

The redevelopment of the Rucks Park Site was awarded to Magellan Housing, LLC, a development firm that is partnering with the city for the redevelopment of a City owned 6.32-acre parcel, located at 13780 N.E. 5th Avenue and three adjacent parcels owned by the North Miami Community Redevelopment Agency (NMCRA). The diminishing supply of affordable housing opportunities for moderate and middle-income households continue to be a significant impediment. To address the lack of affordable/workforce housing units in our own community, this administration is committed to exploring partnerships and initiatives with the private sector. Magellan proposed to develop a high quality green certified mixed-use development

SoLē Mia Project



Sole Mia - Residential Rental Tower

SMITH AERIAL PHOTOS
02-26-19

An aerial view of the Shoreline at Sole Mia

The second phase of SoLē Mia is moving along at a moderate pace. This 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, have been completed and are currently leasing to tenants. The Shoreline features 397 units with 98% occupancy and has full amenities. These amenities include a business center, fitness center, pool deck, clubroom, playroom, smart package locker system and a dog spa.

Within the Shoreline is a 7 acres Crystal Lagoon. Staffed with 10-15 full time and part time employees, the lagoon has three private beaches and water sports such as kayaking, sailing, paddleboard, pedal boats, a playground, picnic areas and a clubhouse.



An aerial view of the *Crystal Lagoon*

Sole Mia - East Lagoon

SMITH
PHOTOS 03-12-19

In addition, a 160, 000 square-foot Costco store opened in February of 2019 and is one of the top producing Costco's in the country. Finally, Warren Henry Automotive Group has finished construction on its new headquarter. The 800,000 square foot North Miami headquarters, which is home to Jaguar, Land Rover, Infiniti and Koenigsegg, includes the nation's largest electric vehicle charging facility. Warren Henry hired 350-400 employees and an additional 50 new technicians specifically for the headquarters.

SoLē Mia is advancing into its next phase of development, with a medical facility by UHealth, University of Miami, opening in 2022. The proposed 325,000 sq. ft. LEED Certified outpatient medical facility will offer North Miami and the surrounding areas specialties dealing with cancer treatments from the Sylvester Comprehensive Cancer Center, designated as a Cancer Center of Excellence by the State of Florida; Bascom Palmer Eye Institute, ranked the number one eye care institute in the country; Ambulatory Care; Cardiology; Neurology; Otolaryngology; Urology; and Orthopedics as well as a host of other specialties. Creating this new facility brings the clinical excellence and innovation of UHealth physicians further into the community increasing access for residents in North Miami-Dade. The North Miami UHealth center will be carefully designed to

provide a comfortable and comforting environment not only for patients and their families, but also for doctors, nurses, and staff.

In addition to bringing job opportunities to North Miami, this state-of-the-art facility will increase and enhance access to quality healthcare in the City and surrounding areas. This is a milestone representing the start of the next phase of the SoLē Mia development project and its positive impact on the North Miami economy and overall experience.



Artist rendering of UHealth, University of Miami medical facility

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, a medical facility 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.



Artist's rendering

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 continues to actively work 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.

Target Industry Analysis

On August 1, 2019 TIP Strategies, a consulting firm, was retained by the City to conduct a Target Industry Analysis. The analysis will allow the City to identify its competitive advantage in key industries within its commercial and industrial districts.

The United States Department of Commerce's Economic Development Administration (EDA) awarded the City of North Miami a matching grant in the amount of \$40,000 to conduct the Target Industry Cross-Section Analysis. The total cost of the project is \$80,000.

The City of North Miami has initiated a planning effort to conduct a target industry analysis to help the City identify the top industries for new business creation, expansion, relocation, and foreign direct investment. The analysis will allow the City to better market itself to certain companies and create land use and zoning regulations that help foster the growth of target industries. This project is critical for advancing the mission of the City to improve the economic well-being and quality of life for the City and its residents.

The TIP Strategies consulting team will employ a three-pronged approach- qualitative, quantitative, and strategic- to identify the best prospects for growth based on North Miami's unique assets and strengths. The qualitative analysis will help to identify industries where the City may have a better advantage to potentially find industries that can create new businesses compared to other South Florida communities.

Finally, potential target industries are evaluated based on strategic factors, including 1) an assessment of initiatives already in progress on the local and state level; 2) an understanding of state, national, and global trends; and 3) an overall evaluation of certain target markets.

As part of the planning process, input from local business and community leaders is essential for understanding the barriers, assets, and opportunities related to business retention and attraction in North Miami. Engaging with the North Miami community is vital to the success of this analysis, therefore, a steering committee was formed and consist of a representative from each of the following organizations:

- ❖ The North Miami Community Redevelopment Agency
- ❖ North Miami Downtown Action Plan Advisory Committee
- ❖ Greater North Miami Chamber of Commerce
- ❖ The Miami Dade Beacon Council
- ❖ Florida International University - Biscayne Bay Campus
- ❖ Johnson & Wales University
- ❖ City of North Miami Community, Planning & Development

The planning effort will evaluate and prioritize opportunities to attract high wage jobs and business investment into the City's industrial and commercial zoning districts. TIP will provide specific recommendations to the City on topics ranging from marketing channels, redevelopment of key sites, top markets for foreign direct investment, and tactics for supporting the growth of existing businesses.

SMALL BUSINESS TRAINING PROGRAM

The City of North Miami partnered with the Miami Bayside Foundation's (MBF's) Small Business Training Program to advance economic development and education for minority owned businesses in North Miami. MBF's Small Business Training Program was held twice a week for five weeks at the Sunkist Grove Community Center at 12500 NW 13th Ave, in North Miami. The program graduated 28 participants, including 8 business in North Miami. The program is being administered for a second year at the City of North Miami.

AWARDS AND ACKNOWLEDGEMENTS

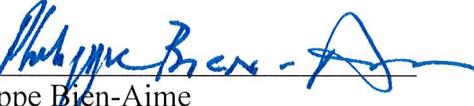
The successful preparation of this report would not have been possible without the tireless and dedicated efforts of the entire staff of the Finance Department and the valuable contributions of the Management and Budget Office.

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, 2018. 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 2019.

Respectfully submitted,


Philippe Bien-Aime
Mayor


Miguel A. Augustin, CPA
Finance Director

Elected Officials



Mayor
Philippe Bien-Aime



Councilman
Scott Galvin
District 1



Councilwoman
Carol Keys, Esq.
District 2



Councilwoman
Mary Estimé-Irvin
District 3



Councilman
Alix Desulme
District 4



City Clerk
Vanessa Joseph, Esq.

Executive Staff



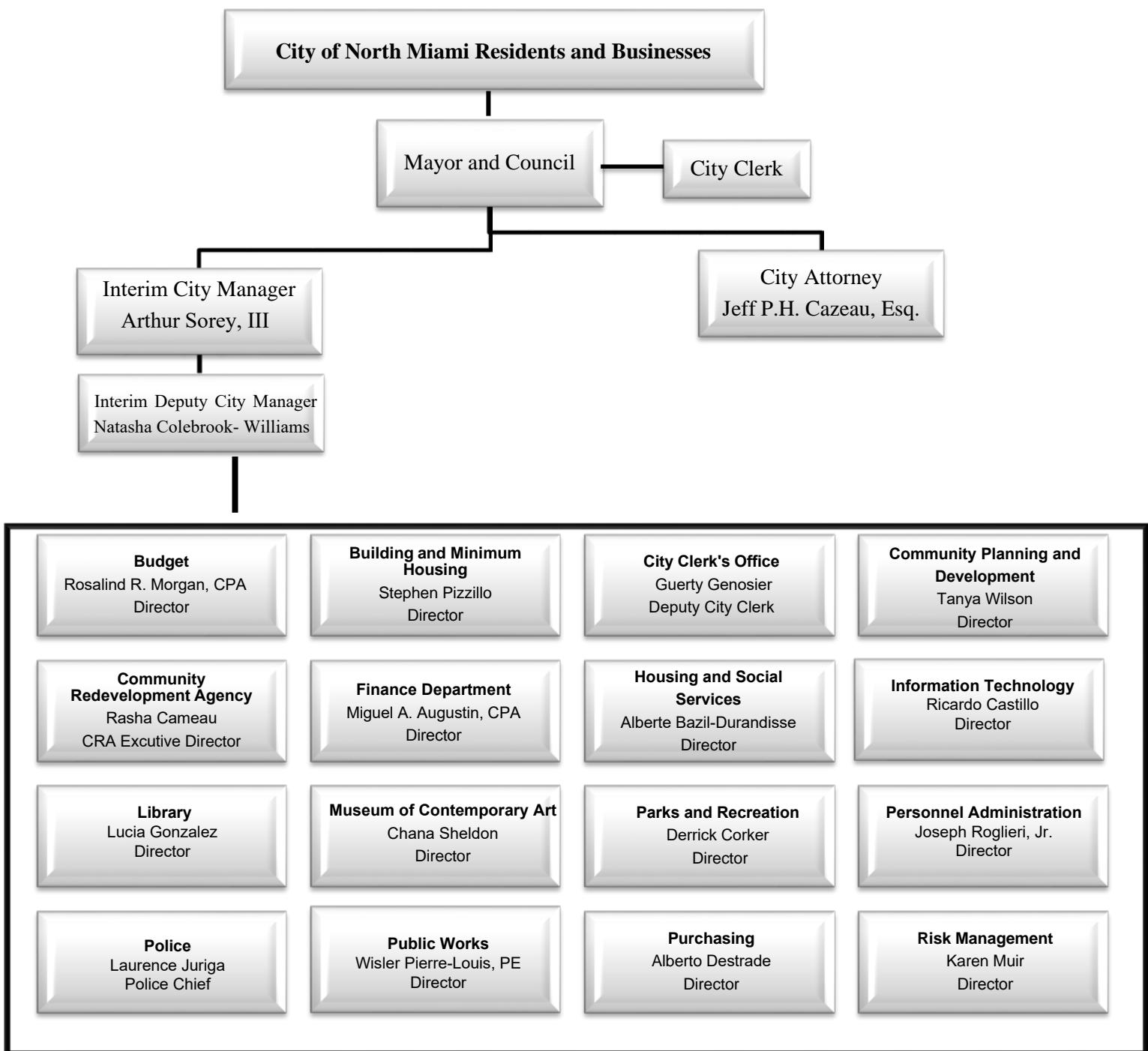
Interim City Manager
Arthur H. Sorey, III



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, 2018

Christopher P. Morrell

Executive Director /CEO



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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, 2019, 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%	9%
• Major Fund	100%	100%
• Aggregate Remaining Fund Information	92%	69%

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, 2019, 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 16 to the accompanying financial statements, the City reported a General Fund deficit of \$14,697,136 as of September 30, 2019. 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 May 29, 2020, 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 US LLP

Miami, Florida
May 29, 2020



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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, 2019

The Management's Discussion and Analysis ("MD&A") provides a narrative overview and analysis of the financial activities of the City of North Miami, Florida (the "City") for the fiscal year ended September 30, 2019. 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 as a result, may vary somewhat from certain numbers shown in the body of this report.

Financial Highlights

At September 30, 2019, the government-wide assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows by \$99.6 million compared with \$105.9 million in the previous year.

The City's total net position decreased significantly by (\$6.3 million) in the current year, (6%) similar to prior year decrease of (\$6.3 million). The significant decrease in the current year was due primarily to the following:

- Increases in payroll-related costs of \$5 million.
- Increase of \$1.7 million for community planning and development projects of which housing rehabilitation was \$1.0 million.
- Increase of \$0.713 million for CRA-related projects.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balance deficit of (\$2.8 million), a decrease of \$6.7 million in comparison to the prior year's decrease of \$9.7 million. The current year's decrease was due primarily to overall increased expenditures in the General Fund of \$6.1 million and increased expenditures of \$2 million in the Community Redevelopment Agency Fund ("CRA").

Included in the combined ending governmental funds deficits is \$3.2 million of restricted fund balance, which is only available for use in the CRA, a component unit of the City. Also included is approximately \$1.3 million, which is only available for use for the Museum of Contemporary Art, Inc. ("MOCA"), \$9.6 million is restricted for landfill closure and \$7.5 million in the General Fund restricted for capital projects.

At the end of the fiscal year, the City's General Fund reported a total fund deficit of (\$14.7) million of which (\$22.3) million was an unassigned fund deficit. There was a decrease in current year fund balance of \$6.5 million from operations, primarily due to an overall increase of \$5.7 million for salaries (ranging from 5% to 7% for merit and COLA) and \$3.6 million for expenditures for public safety.

City of North Miami, Florida

Management's Discussion and Analysis – Unaudited

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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 measurement 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, liabilities and deferred inflows of resources and the difference between them, reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

City of North Miami, Florida

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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 123-128 of this report.

The City adopts annual budgets for its major governmental funds: General Fund, CRA, C.D.B.G. Entitlement and the Landfill Closure Fund. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for each of the major funds identified above. The budgetary comparison schedules can be found on pages 109-112

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

City of North Miami, Florida

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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 33-35 of this report. The individual fund data for the internal service funds is provided in the form of combining statements on pages 129-131.

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 132-133 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 38-108 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 comparison schedules. The required supplementary information can be found on pages 115-121 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 2019 fiscal year, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$99.6 million of which approximately 22% was for governmental activities and 78% was for business-type activities.

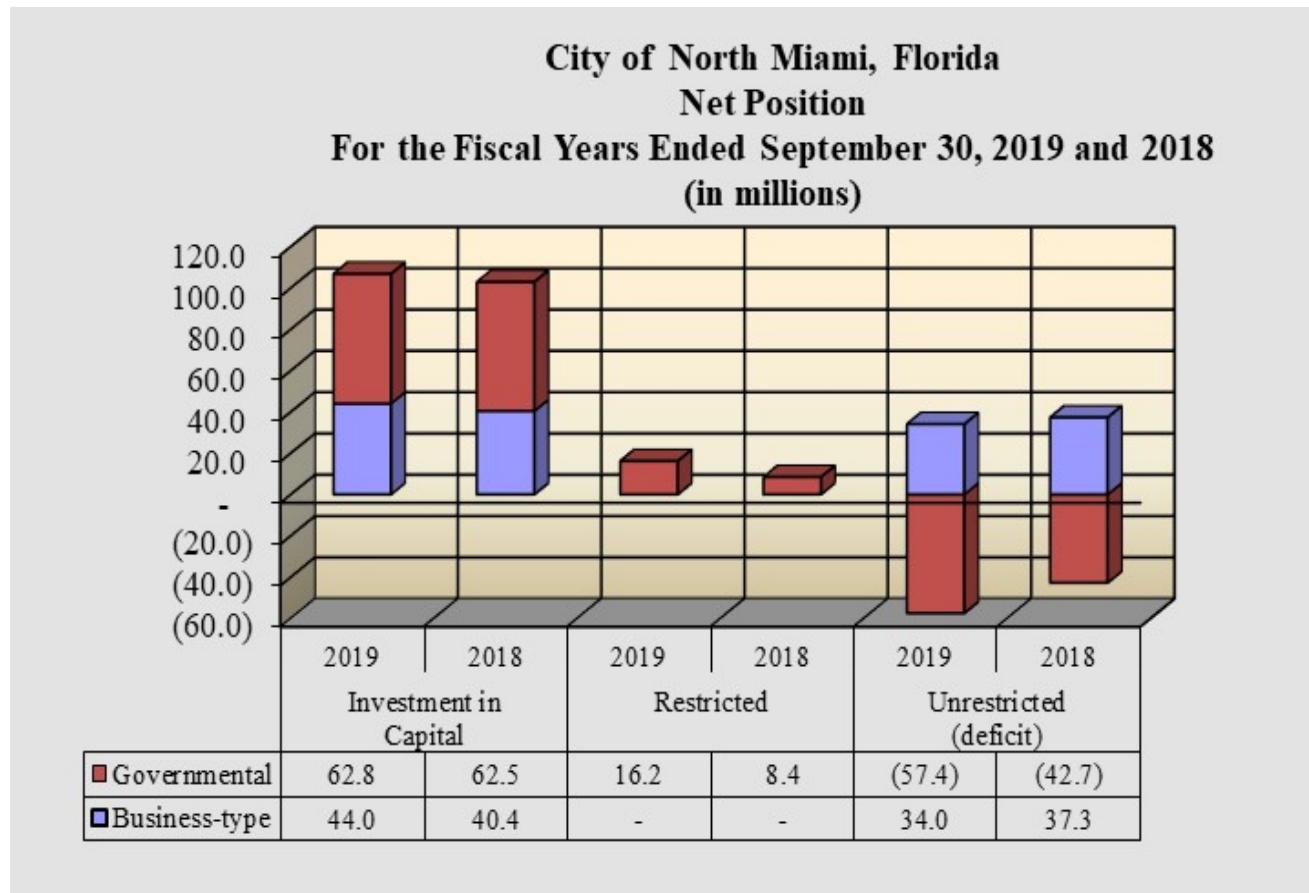
City of North Miami, Florida

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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 unrestricted net position show a deficit of approximately (\$57.3 million) compared to prior year unrestricted deficit of (\$42.6 million). The unrestricted deficit was due primarily to operations whereby expenditures have exceeded revenues on a cumulative basis.

Although the business-type activities reflect \$34 million in unrestricted net position, these resources cannot be used to make up the deficit in governmental activities. The City generally can use only the unrestricted net position to finance the continuing operations of water and sewer, and storm-water operations.



City of North Miami, Florida

Management's Discussion and Analysis – Unaudited

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Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 42,489,352	\$ 53,563,466	\$ 51,642,443	\$ 51,748,600	\$ 94,131,795	\$ 105,312,066
Capital assets	64,104,063	62,860,944	50,130,958	45,266,756	114,235,021	108,127,700
Total assets	<u>106,593,415</u>	<u>116,424,410</u>	<u>101,773,401</u>	<u>97,015,356</u>	<u>208,366,816</u>	<u>213,439,766</u>
Deferred outflows of resources	28,663,441	23,526,026	3,781,414	3,177,848	32,444,855	26,703,874
Other liabilities	17,871,628	18,637,260	11,838,713	8,329,186	29,710,341	26,966,446
Noncurrent liabilities:						
Due within one year	4,439,929	3,695,948	1,008,733	785,815	5,448,662	4,481,763
Due in more than one year	76,604,050	78,443,020	12,761,362	11,890,917	89,365,412	90,333,937
Total liabilities	<u>98,915,607</u>	<u>100,776,228</u>	<u>25,608,808</u>	<u>21,005,918</u>	<u>124,524,415</u>	<u>121,782,146</u>
Deferred inflows of resources	14,705,837	10,967,177	1,904,326	1,427,025	16,610,163	12,394,202
Net position						
Net investment in capital assets	62,843,573	62,452,076	43,997,155	40,449,030	106,840,728	102,901,106
Restricted	16,169,438	8,443,236	-	-	16,169,438	8,443,236
Unrestricted (deficit)	(57,377,599)	(42,688,281)	34,044,526	37,311,231	(23,333,073)	(5,377,050)
Total net position	<u>\$ 21,635,412</u>	<u>\$ 28,207,031</u>	<u>\$ 78,041,681</u>	<u>\$ 77,760,261</u>	<u>\$ 99,677,093</u>	<u>\$ 105,967,292</u>

The City's net investment in capital assets, totaling \$106.8 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 net investment in capital assets increased over the prior year by \$3.9 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

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September 30, 2019

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	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for services	\$ 25,052,146	\$ 25,292,755	\$ 34,028,507	\$ 36,182,376	\$ 59,080,653	\$ 61,475,131
Operating grants/contributions	6,630,571	6,692,586	-	-	6,630,571	6,692,586
Capital grants/contributions	301,146	317,960	-	-	301,146	317,960
General Revenues:						
Property taxes	22,739,789	20,975,744	-	-	22,739,789	20,975,744
Utility and gas taxes	4,453,176	4,034,989	-	-	4,453,176	4,034,989
Communication services tax	1,073,231	1,203,462	-	-	1,073,231	1,203,462
Franchise fees	4,084,241	3,992,099	-	-	4,084,241	3,992,099
Intergovernmental	11,119,915	11,115,933	-	-	11,119,915	11,115,933
Landfill closure (cost) adjustments	922,292	576,286	-	-	922,292	576,286
Investment earnings	259,593	235,600	-	-	259,593	235,600
Miscellaneous revenues	5,719,732	2,907,367	1,053,572	321,223	6,773,304	3,228,590
Total revenues	<u>82,355,832</u>	<u>77,344,781</u>	<u>35,082,079</u>	<u>36,503,599</u>	<u>117,437,911</u>	<u>113,848,380</u>
Expenses:						
General government	26,096,961	26,879,421	-	-	26,096,961	26,879,421
Public safety	34,062,387	30,386,983	-	-	34,062,387	30,386,983
Physical environment	338,808	591,810	-	-	338,808	591,810
Transportation and public works	7,947,470	7,806,930	-	-	7,947,470	7,806,930
Housing and urban development	1,191,239	979,480	-	-	1,191,239	979,480
Culture and recreation	13,030,611	13,023,252	-	-	13,030,611	13,023,252
Community planning and development	4,833,446	4,647,836	-	-	4,833,446	4,647,836
Debt service - interest	1,667,794	1,166,356	-	-	1,667,794	1,166,356
Water and sewer	-	-	32,068,870	32,023,616	32,068,870	32,023,616
Stormwater	-	-	2,490,524	2,707,044	2,490,524	2,707,044
Total expenses	<u>89,168,716</u>	<u>85,482,068</u>	<u>34,559,394</u>	<u>34,730,660</u>	<u>123,728,110</u>	<u>120,212,728</u>
Change in net position before transfers	(6,812,884)	(8,137,287)	522,685	1,772,939	(6,290,199)	(6,364,348)
Transfers	<u>241,265</u>	<u>228,835</u>	<u>(241,265)</u>	<u>(228,835)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(6,571,619)</u>	<u>(7,908,452)</u>	<u>281,420</u>	<u>1,544,104</u>	<u>(6,290,199)</u>	<u>(6,364,348)</u>
Net position - beginning	28,207,031	38,468,620	77,760,261	76,574,973	105,967,292	115,043,593
Restatement - GASB 75 *	-	(2,353,137)	-	(358,816)	-	(2,711,953)
Net position - beginning, as restated	28,207,031	* 36,115,483	77,760,261	* 76,216,157	105,967,292	* 112,331,640
Net position - ending	<u>\$ 21,635,412</u>	<u>\$ 28,207,031</u>	<u>\$ 78,041,681</u>	<u>\$ 77,760,261</u>	<u>\$ 99,677,093</u>	<u>\$ 105,967,292</u>

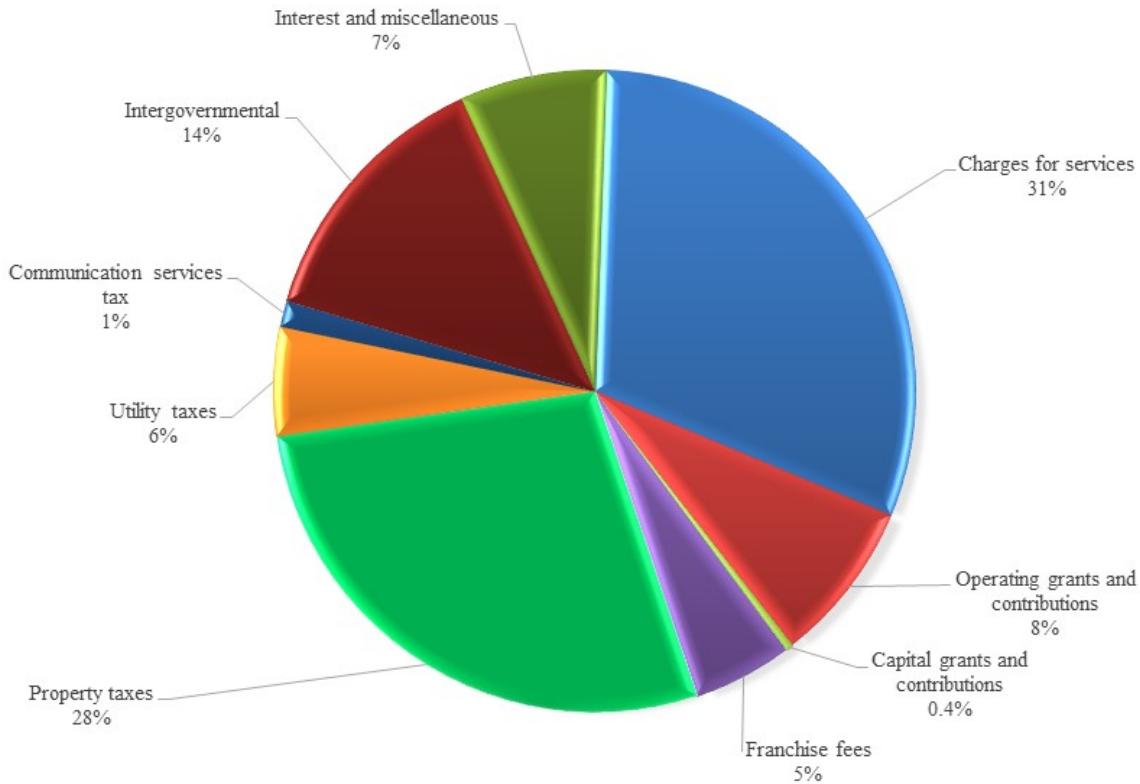
* Beginning net position was restated with the implementation of GASB 75, as of October 1, 2018.

City of North Miami, Florida

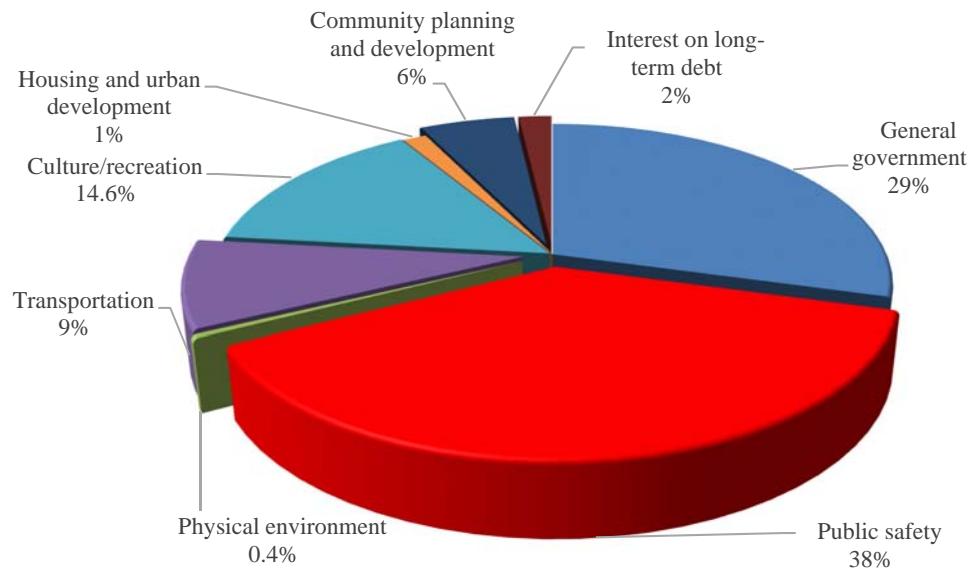
Management's Discussion and Analysis – Unaudited

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Revenues by Source - Governmental Activities



Expenses by Program - Governmental Activities



City of North Miami, Florida

Management's Discussion and Analysis – Unaudited

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Governmental Activities

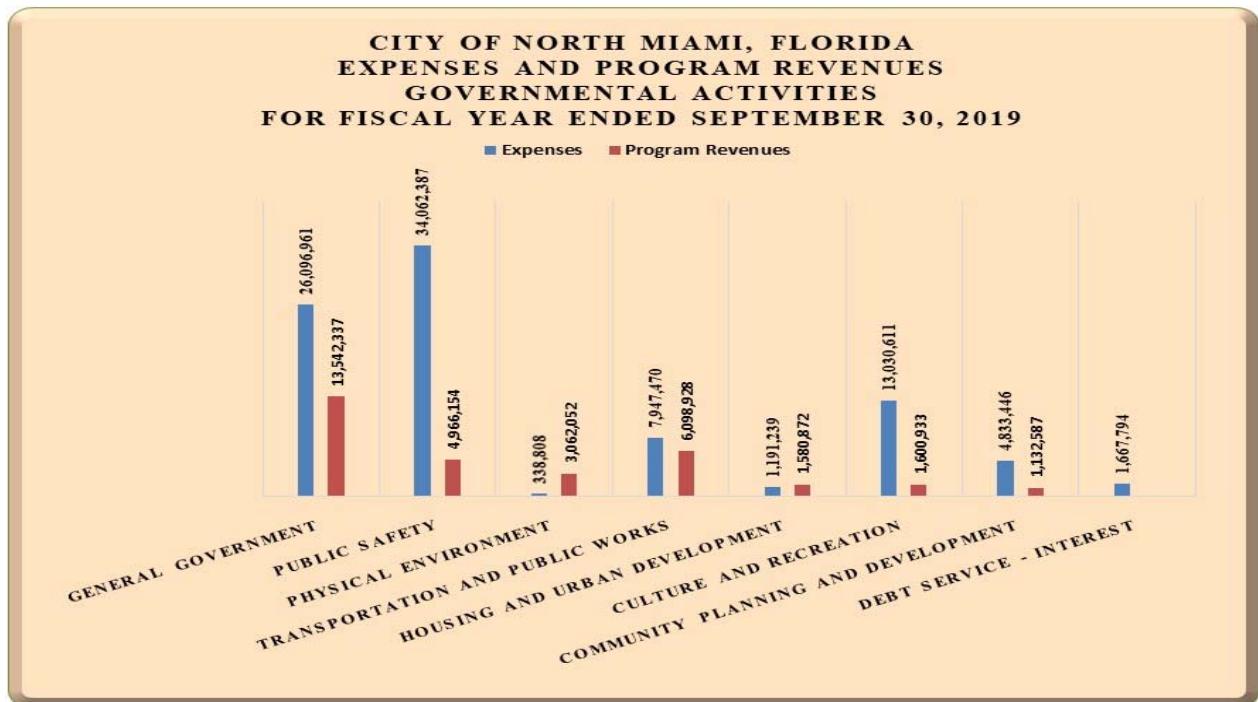
Governmental activities for fiscal year 2019 decreased the City's net position by \$6.6 million. This resulted primarily from an overall net increase in total general government expenses of \$3.6 million which resulted from an overall net increase in salaries of \$5.7 million. General government, public safety, culture and recreation, and community planning and development services comprised approximately 88% of the City's total governmental activities expenses. The significant increase of \$3.6 million for public safety expenses was due primarily to increase in salaries and salary related payments for retirement of several top level police staff.

In 2019, property taxes revenue increased from \$20.9 million in the prior year to \$22.7 million in the current year. The increase was due primarily to:

- collections of delinquent property taxes of approximately \$1.2 million and
- adjustments by Miami-Dade County to the amounts related to the CRA TIF revenues which resulted in approximately \$0.4 million refunded to the City.

The net increase in miscellaneous revenues of \$2.8 million, was due primarily to:

- receipt of allocated distribution of premium tax revenues of \$0.7 million;
- workers compensation claims settlement of \$1.5 million, and
- insurance recovery payments of \$0.3 million.



City of North Miami, Florida

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In 2019, program revenues comprised of charges for services, operating and capital grants, and contributions, represented approximately 39% of the governmental activities total revenues (excluding change in landfill closure cost and transfers). Property taxes, accounting for approximately 28% 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.

Business-type Activities

	Water and Sewer		Stormwater		Total Business-type Activities	
	2019	2018	2019	2018	2019	2018
OPERATING REVENUES						
Charges for water	\$ 14,799,684	\$ 16,278,132	\$ -	\$ -	\$ 14,799,684	\$ 16,278,132
Sanitary sewer fees	16,188,485	16,200,530	-	-	16,188,485	16,200,530
Stormwater charges	-	-	2,624,268	2,552,977	2,624,268	2,552,977
Other revenues	400,828	1,150,737	15,242	-	416,070	1,150,737
Total operating revenues	<u>31,388,997</u>	<u>33,629,399</u>	<u>2,639,510</u>	<u>2,552,977</u>	<u>34,028,507</u>	<u>36,182,376</u>
OPERATING EXPENSES						
Personnel services	4,687,938	4,063,044	473,982	548,615	5,161,920	4,611,659
Wholesale water cost and sewage disposal	15,484,792	16,656,029	-	-	15,484,792	16,656,029
Materials, supplies, services and other operating expenses	9,585,640	9,252,829	1,583,851	1,713,827	11,169,491	10,966,656
Depreciation	2,287,385	2,026,548	369,373	370,124	2,656,758	2,396,672
Total operating expenses	<u>32,045,755</u>	<u>31,998,450</u>	<u>2,427,206</u>	<u>2,632,566</u>	<u>34,472,961</u>	<u>34,631,016</u>
Operating income (loss)	(656,758)	1,630,949	212,304	(79,589)	(444,454)	1,551,360
NON-OPERATING REVENUES (EXPENSES) AND TRANSFERS						
Interest income	181,813	186,505	-	-	181,813	186,505
Other non-operating revenues	625,994	-	245,765	134,718	871,759	134,718
Interest expense	(23,115)	(25,166)	(63,318)	(74,478)	(86,433)	(99,644)
Transfers out	(215,257)	(202,263)	(26,008)	(26,572)	(241,265)	(228,835)
Change in net position	<u>(87,323)</u>	<u>1,590,025</u>	<u>368,743</u>	<u>(45,921)</u>	<u>281,420</u>	<u>1,544,104</u>
Net position- beginning	69,817,627	68,541,517	7,942,634	8,033,456	77,760,261	76,574,973
Restatement - GASB 75	-	(313,915)	-	(44,901)	-	(358,816)
Net position - beginning, as restated	<u>69,817,627</u> *	<u>68,227,602</u>	<u>7,942,634</u> *	<u>7,988,555</u>	<u>77,760,261</u> *	<u>76,216,157</u>
Net position - ending	<u>\$ 69,730,304</u>	<u>\$ 69,817,627</u>	<u>\$ 8,311,377</u>	<u>\$ 7,942,634</u>	<u>\$ 78,041,681</u>	<u>\$ 77,760,261</u>

* Beginning net position was restated with the implementation of GASB 75, as of October 1, 2017.

Net position of the City's business-type activities increased from \$77.7 million in the prior fiscal year to \$78 million in the current fiscal year.

City of North Miami, Florida

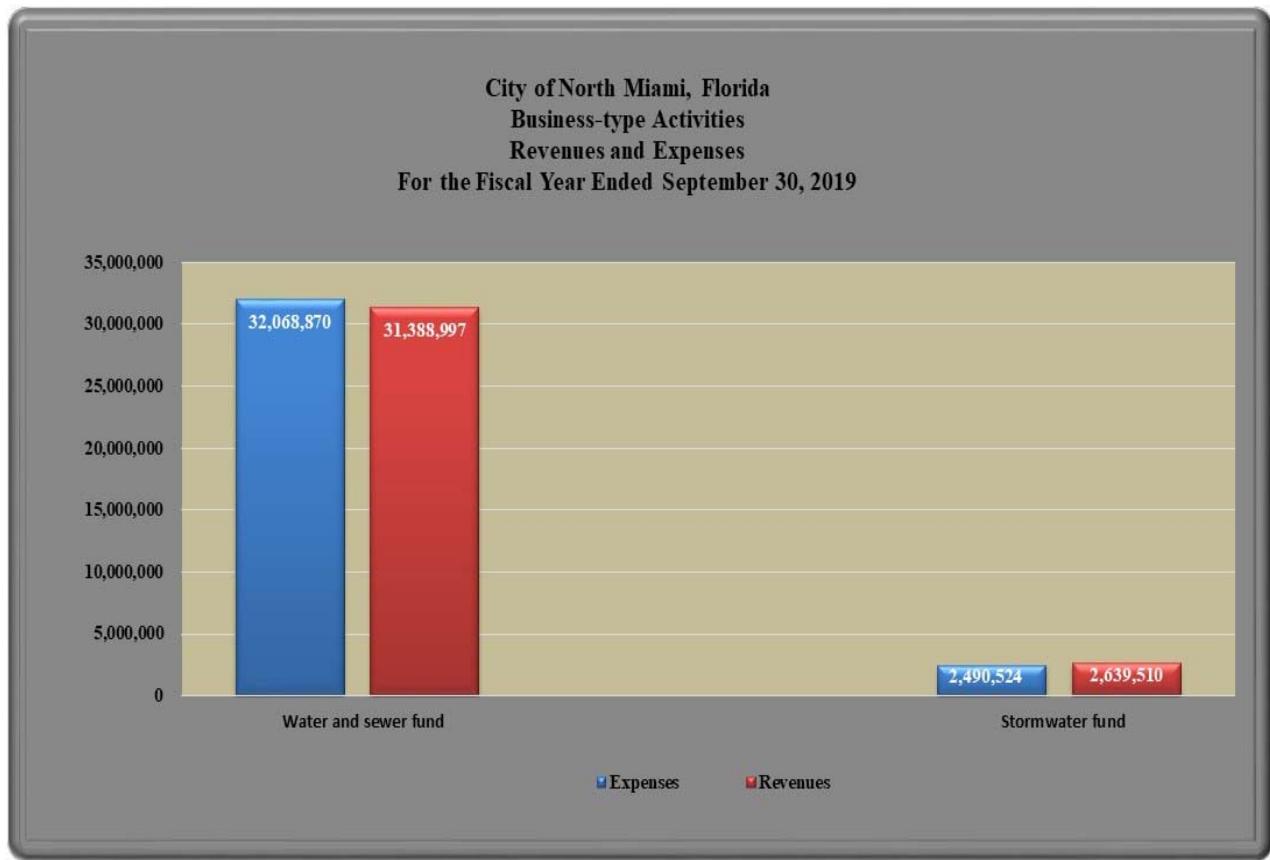
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The net position for the water and sewer fund decreased slightly from \$69.8 million in the prior year to \$69.7 million for the current fiscal year. There was also operating loss of (\$0.6 million) in the current fiscal year compared to \$1.6 million operating income in the previous fiscal year. The decrease of \$2.2 million in operating income over the previous year was primarily due to the following factors:

- In prior years management had determined that approximately \$1.8 million of water and sewer utility billing credits granted to customers in fiscal years 2014 through 2016 were not properly accounted for in the water and sewer fund, which resulted in an adjustment that increased revenues for the fiscal year ended September 30, 2018. For the current fiscal year there was \$0.2 million of customer credits which reduced revenues.

Non-operating revenues of \$0.6 million in 2019 related to receipt grant funds from the State Revolving Loan Fund (\$0.4 million) and the Water and Sewer Water Enhancement GOB Grant (\$0.1 million).



The net position for the storm-water utility fund increased slightly from \$7.9 million in the prior year to \$8.3 million for the current fiscal year. Operating income for 2019 was \$0.2 million compared to operating loss of (\$0.07 million) in the previous year. The increase of \$0.3 million in operating income over the previous year was due primarily to overall net effect of a decrease in expenses: specifically, materials, supplies, services and other operating expenses, and increase in other revenues.

City of North Miami, Florida

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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, 2019, the City's governmental funds reported combined ending fund deficit of (\$2.8 million), which was a total decrease of \$6.7 million in the current year compared to a \$9.7 million decrease in the prior year. \$24.5 million of the ending fund balances constitutes non-spendable and restricted fund balances. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances of \$24.3 million included \$9.6 million for landfill closure cost, \$0.7 million restricted for housing and other capital projects, \$7 million restricted for the Cagni Park project and \$4.2 million for CRA projects. In addition to balances noted above, governmental funds also showed negative unassigned fund deficit of \$28.2 million resulting from operations, whereby expenditures have exceeded revenues on a cumulative basis over time.

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, 2019, the general fund had negative unassigned fund balances of \$22.3 million, an increase in the deficit of \$6.5 million over 2018; due primarily to increased expenditures for salaries, capital projects and public safety related costs.

The General Fund expenditures increased by \$6.1 million or approximately 10% over prior year. Revenues (including other financing sources) increased by \$3.2 million or approximately 5.5% over the prior year.

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

General Fund Expenditures	2019 Amount	Percent of Total	2018 Amount	Percent of Total	Change	
					Increase (Decrease) From Prior Year	
General government	\$ 14,184,594	21.1%	\$ 15,044,776	24.7%	\$ (860,182)	-5.7%
Public safety	35,213,152	52.4%	28,034,017	45.9%	7,179,135	25.6%
Physical environment and transportation	4,011,308	6.0%	6,722,650	11.0%	(2,711,342)	-40.3%
Culture and recreation	9,018,161	13.4%	8,879,215	14.6%	138,946	1.6%
Community planning and development	3,221,302	4.8%	1,832,756	3.0%	1,388,546	75.8%
Debt service	445,649	0.7%	-	0.0%	445,649	100.0%
Capital outlay	1,045,841	1.6%	503,454	0.8%	542,387	107.7%
Total expenditures	<u>\$ 67,140,007</u>	<u>100%</u>	<u>\$ 61,016,868</u>	<u>100%</u>	<u>\$ 6,123,139</u>	<u>10.04%</u>

The primary factor contributing to the increase in General Fund expenditures was the overall increase in salaries (ranging from 5% to 7% for merit and COLA) of \$5.0 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:

General Fund Revenues	2019 Amount	Percent of Total	2018 Amount	Percent of Total	Change	
					Increase (Decrease) From Prior Year	
Taxes:						
Ad valorem taxes	\$ 18,765,259	30.2%	\$ 17,712,040	30.1%	\$ 1,053,219	5.9%
Utility and communication taxes	4,690,088	7.5%	4,420,867	7.5%	269,221	6.1%
Franchise fees	4,084,241	6.6%	3,992,099	6.8%	92,142	2.3%
Total taxes	<u>27,539,588</u>	<u>44.4%</u>	<u>26,125,006</u>	<u>46.2%</u>	<u>1,414,582</u>	<u>5.4%</u>
Charges for services	12,112,312	19.5%	10,077,538	17.1%	2,034,774	20.2%
Return on investment - utility	2,717,132	4.4%	2,479,828	4.2%	237,304	9.6%
Fines and forfeitures	682,350	1.1%	899,657	1.5%	(217,307)	-24.2%
Intergovernmental	8,939,250	14.4%	8,754,852	14.9%	184,398	2.1%
Licenses and permits	3,084,316	5.0%	3,749,809	6.4%	(665,493)	-17.7%
Interest and other earnings	3,348,699	5.4%	2,899,201	4.9%	449,498	15.5%
Rents and royalties	2,348,538	3.8%	2,746,174	4.7%	(397,636)	-14.5%
Transfers in	1,409,032	2.3%	1,190,000	0.1%	219,032	18%
Total revenues	<u>\$ 62,181,217</u>	<u>100%</u>	<u>\$ 58,922,065</u>	<u>100%</u>	<u>\$ 3,259,152</u>	<u>5.5%</u>

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

1. Property tax revenues increased by \$1.0 million or 5.9% due to prevailing economic factors, as the City maintained the same operating millage rate of 7.500 mills.
2. Utility and communication taxes increased by \$0.3 million primarily due to slight increases from the state from July to September, 2019.

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3. Charges for services net increase of \$2.0 million or 20.2%, primarily due to:
 - a. \$0.1 million increase for interfund services based on budgeted allocations.
 - b. \$0.6 million of prior year unavailable revenues collected in 2019.
 - c. \$0.2 million received for outstanding police overtime reimbursement from Miami Dade School Board.
 - d. \$0.2 million increase due to increase zoning compliance activities.
 - e. \$0.8 million of sanitation fees revenue billed and collected more timely and therefore not required to be deferred at year end.
4. Return on investment – utility increased by \$0.2 million primarily due to increase in budgeted allocation.
5. Fines and forfeitures decreased by \$0.2 million. In the prior year there were more special magistrate sessions.
6. Intergovernmental increased by \$0.1 million or 2%, primarily due to additional amounts received for state revenue sharing.
7. Licenses and permits decreased by \$0.6 million or 17.7% primarily due to less permits issued for plumbing, mechanical, electrical and building.
8. Interest and other earnings increased by \$0.4 million or 15.5%, primarily due to the net effect of receipt of \$0.7 million premium tax revenue distribution from the State and an adjustment for allowance for uncollectible receivables recorded for utility bills in the general fund.
9. Rent and royalties decreased by \$0.4 million or 14%. In the prior year, there was collection of outstanding rental fees from the Biscayne Landing - Royal Oaks apartment complexes.
10. The increase of \$0.2 million in transfers is the net of:
 - a. Decreased of \$0.6 million from the CRA in the current year for rehabilitation program for the City and
 - b. Increased transfer of \$0.8 million from the FEMA Disaster Fund to reimburse the General Fund for expenditures incurred in the prior year.

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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, received from the Miami-Dade County in 2004, and placed in an escrow account. At the end of 2019, the long-term cost was estimated to be \$9 million. The remediation cost for the current year was \$0.3 million. This fund had a restricted fund balance of \$9.6 million at September 30, 2019. 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 \$4 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 \$2 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 \$0.5 million to the City, to be used for the residential rehabilitation program for the City.

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. For the fiscal year, the fund awarded a total of \$0.7 million toward direct housing and rehabilitation projects.

Other Governmental Funds (Nonmajor)

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

- Special revenues restricted fund balance at year-end was \$2.6 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 \$0.1 million;
 4. Developer Impact Fees Fund reported \$0.7 million; and
 5. MOCA reported \$0.5 million.
 6. Half-cent Transportation Surtax Fund reported \$0.4 million

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- The Home Investment Partnership Program (HIP) and the NSP combined funds awarded a total of \$0.3 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 \$2.6 million to fund approximately \$3 million of total expenditures shown in MOCA'S financial statements.

Internal Service Funds

In 2019, the General Risk Management Fund reflected net position of \$1.7 million - a decrease from the prior year's \$3.4 million. The operating loss of \$1.6 million was due primarily to an increase of \$1.5 million in claims cost.

The Fleet Management Fund reflected net position of \$5.1 million compared to prior year's total of \$4.8 million.

Fiduciary Funds

Net investment income from interest and dividends for both City pension plans combined was reported at \$2.1 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 \$5.3 million (prior year net appreciation was \$20.4 million). Employer contribution for 2019, for both plans was \$10.2 million. During 2019, benefit payouts approximated \$13.1 million for both plans combined.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2019, the City's capital assets for the governmental and business-type activities amounted to \$114.2 million (net of accumulated depreciation), compared with \$108.1 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 \$6.1 million or 5.65%.

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	CAPITAL ASSETS - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	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	62,900	949,082	1,051,108	898,886	1,114,008	1,847,968
Total capital assets, not being depreciated	<u>12,529,917</u>	<u>13,416,099</u>	<u>1,704,188</u>	<u>1,551,966</u>	<u>14,234,105</u>	<u>14,968,065</u>
Capital assets, being depreciated, net:						
Land Improvements	19,370,860	18,937,139	1,285,292	1,285,292	20,656,152	20,222,431
Buildings and improvements	22,191,989	21,280,293	2,485,692	2,474,134	24,677,681	23,754,427
Infrastructure	60,586,264	59,112,226	87,598,285	80,670,336	148,184,549	139,782,562
Machinery and equipment	22,261,826	20,780,262	6,664,611	6,830,358	28,926,437	27,610,620
Library books	2,340,955	2,288,302	-	-	2,340,955	2,288,302
Total capital assets, being depreciated	<u>126,751,894</u>	<u>122,398,222</u>	<u>98,033,880</u>	<u>91,260,120</u>	<u>224,785,774</u>	<u>213,658,342</u>
Accumulated depreciation:						
Land Improvements	(14,106,061)	(13,791,334)	(135,105)	(131,404)	(14,241,166)	(13,922,738)
Buildings and improvements	(11,226,090)	(10,321,107)	(964,938)	(893,749)	(12,191,028)	(11,214,856)
Infrastructure	(30,253,482)	(29,178,352)	(43,447,721)	(41,394,864)	(73,701,203)	(70,573,216)
Machinery and equipment	(17,398,650)	(17,517,647)	(5,059,346)	(5,125,313)	(22,457,996)	(22,642,960)
Library books	(2,193,465)	(2,144,937)	-	-	(2,193,465)	(2,144,937)
Total accumulated depreciation	<u>(75,177,748)</u>	<u>(72,953,377)</u>	<u>(49,607,110)</u>	<u>(47,545,330)</u>	<u>(124,784,858)</u>	<u>(120,498,707)</u>
Total capital assets, being depreciated, net	<u>51,574,146</u>	<u>49,444,845</u>	<u>48,426,770</u>	<u>43,714,790</u>	<u>100,000,916</u>	<u>93,159,635</u>
Total Capital Assets, net	<u>\$ 64,104,063</u>	<u>\$ 62,860,944</u>	<u>\$ 50,130,958</u>	<u>\$ 45,266,756</u>	<u>\$ 114,235,021</u>	<u>\$ 108,127,700</u>

Total net increase in capital assets for governmental activities (excluding depreciation) was \$3.4 million, due primarily to the following significant changes:

1. \$0.8 million decrease in construction in progress related to costs incurred for the MOCA renovation feasibility study that was done in 2011 and written off in 2019.
2. \$0.4 million increase for land improvements due primarily to improvements to Rucks Park.
3. \$0.9 million increase for building improvements, primarily for North Miami City Hall.
4. \$1.4 million increase for infrastructure, primarily for paving of sidewalks and drainage improvement throughout the City.
5. \$1.4 million net increase for machinery and equipment, which included the computer hardware for City Hall, police computer hardware, and police vehicle equipment upgrades.

Total net increase in capital assets for business-type activities (excluding depreciation) was \$6.9 million, due primarily to the following:

1. Increase of \$6.9 million for infrastructure, primarily for continuation of the lift station rehabilitation project, water main line improvements and the water plant filter project.

Additional information on the City's capital assets are disclosed in **NOTE 6** starting on page 68 of this report.

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Long-term Debt

At September 30, 2019, the City had total outstanding debt of approximately \$19.2 million (bonds, notes, leases etc.) compared to approximately \$17.9 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	
	2019	2018	2019	2018	2019	2018
Note payable	\$ 12,405,000	\$ 13,235,000	\$ -	\$ -	\$ 12,405,000	\$ 13,235,000
Unamortized bond discount	(484,441)	(571,787)	-	-	(484,441)	(571,787)
Capital lease obligation	1,180,522	355,330	-	-	1,180,522	355,330
Purchase installment liability	187,200	280,800	-	-	187,200	280,800
FMLC Series 2016 Refunding (stormwater)	-	-	1,185,000	1,555,000	1,185,000	1,555,000
Unamortized bond premiums and discount	-	-	61,530	82,040	61,530	82,040
State revolving fund loan	-	-	4,634,579	3,042,232	4,634,579	3,042,232
Capital lease obligations	-	-	793	1,593	793	1,593
Total	\$ 13,288,281	\$ 13,299,343	\$ 5,881,902	\$ 4,680,865	\$ 19,170,183	\$ 17,980,208

During the fiscal year 2019, the City had the following debt activity:

Governmental Activities – The total debt increased by \$0.8 million provided by capital leases while repayments decreased total debt by \$0.8 million for debt repayments. The net effect was therefore minimal.

Business-type Activities – The total debt increased by a net of \$1.2 million from the prior year, primarily due to proceeds of \$1.8 million from State Revolving Fund loans while repayments decreased total debt by \$0.6 million for principal payments and amortizations.

Additional information on the City's long-term debt and capital leases can be found in **NOTE 7** on page 70.

Overall Budget

The fiscal year 2019 adopted budget of \$155.2 million represents a decrease of 6.8% compared to the fiscal year 2018 Budget.

The difference between the original and final amended general fund budget for 2019 was approximately \$4.3 million, which represents an increase in overall appropriations from \$67.9 million to \$72.3 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 \$72.3 million or 47.6% of the total budget. The budgetary highlights are based on the following schedule:

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GENERAL FUND BUDGETARY HIGHLIGHTS

UNAUDITED FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 18,579,290	\$ 18,579,290	\$ 18,765,259	\$ 185,969
Utility and communication taxes	4,683,280	4,683,280	4,690,088	6,808
Charges for services	11,582,352	11,732,352	12,112,312	379,960
Return on investment - utility	2,717,133	2,717,133	2,717,132	(1)
Franchise fees	4,323,846	4,323,846	4,084,241	(239,605)
Fines and forfeitures	1,054,633	1,054,633	682,350	(372,283)
Intergovernmental	8,629,530	8,629,530	8,939,250	309,720
Licenses and permits	4,901,352	4,901,352	3,084,316	(1,817,036)
Interest	536,111	536,111	438,691	(97,420)
Other earnings	2,050,922	2,138,946	2,910,008	771,062
Rents and royalties	2,120,797	2,120,797	2,348,538	227,741
Total revenues	<u>61,179,246</u>	<u>61,417,270</u>	<u>60,772,185</u>	<u>(645,085)</u>
EXPENDITURES				
General Government:				
Mayor and city council	1,156,351	1,224,437	1,599,331	(374,894)
City manager	2,894,351	2,933,119	3,062,537	(129,418)
City clerk	618,006	618,006	585,403	32,603
Financial Services	3,507,739	3,543,339	3,340,840	202,499
Legal	1,246,133	1,471,133	1,453,811	17,322
Human resources	840,042	840,348	841,115	(767)
Information technology	1,930,948	1,939,462	1,766,628	172,834
Management and budget	338,135	324,192	298,465	25,727
Procurement and purchasing	584,469	585,969	590,617	(4,648)
Non-departmental	4,378,169	4,666,115	645,847	4,020,268
Total general government	<u>17,494,343</u>	<u>18,146,120</u>	<u>14,184,594</u>	<u>3,961,526</u>
Public Safety:				
Police	29,382,320	28,745,026	28,538,716	206,310
Building and zoning	1,637,179	1,595,262	1,557,923	37,339
Code enforcement	<u>5,346,288</u>	<u>5,357,105</u>	<u>5,116,513</u>	<u>240,592</u>
Total public safety	<u>36,365,787</u>	<u>35,697,393</u>	<u>35,213,152</u>	<u>484,241</u>
Physical Environment				
Public works	1,406,548	1,373,665	1,297,567	76,098
Transportation	<u>2,932,708</u>	<u>2,877,103</u>	<u>2,713,741</u>	<u>163,362</u>
Total physical environment	<u>4,339,256</u>	<u>4,250,768</u>	<u>4,011,308</u>	<u>239,460</u>
Economic Environment:				
Community planning and development	<u>1,557,742</u>	<u>5,006,995</u>	<u>3,221,302</u>	<u>1,785,693</u>
Total economic environment	<u>1,557,742</u>	<u>5,006,995</u>	<u>3,221,302</u>	<u>1,785,693</u>
Culture and Recreation:				
Parks and recreation	5,349,440	5,308,331	6,039,770	(731,439)
Library	1,012,063	1,006,713	1,033,817	(27,104)
MOCA	1,410,702	1,967,316	1,944,574	22,742
Total culture and recreation	<u>7,772,205</u>	<u>8,282,360</u>	<u>9,018,161</u>	<u>(735,801)</u>
Debt service	61,420	61,420	445,649	(384,229)
Capital outlay	<u>348,843</u>	<u>880,464</u>	<u>1,045,841</u>	<u>(165,377)</u>
Total expenditures	<u>67,939,596</u>	<u>72,325,520</u>	<u>67,140,007</u>	<u>5,185,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,760,350)</u>	<u>(10,908,250)</u>	<u>(6,367,822)</u>	<u>4,540,428</u>
OTHER FINANCING SOURCES (USES)				
Advances from Water and Sewer Fund	8,348,942	11,855,819	-	(11,855,819)
Proceeds from sale of capital assets	-	-	6,145	6,145
Transfers in	-	549,440	1,409,032	859,592
Transfers out	<u>(1,588,592)</u>	<u>(1,497,009)</u>	<u>(1,562,049)</u>	<u>(65,040)</u>
Total other financing sources (uses)	<u>6,760,350</u>	<u>10,908,250</u>	<u>(146,872)</u>	<u>(11,055,122)</u>
Net change in fund balance (deficit)	\$ -	\$ -	\$ (6,514,694)	\$ (6,514,694)
Fund balance (deficit), beginning			<u>(8,182,442)</u>	
Fund balance (deficit), ending			<u>\$ (14,697,136)</u>	

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Actual total revenues were \$0.645 million less than the final budgeted revenues, due primarily to the following factors:

- a. Ad valorem tax was \$0.185 million more than budgeted primarily because the discount on taxes was less than budgeted.
- b. Charges for services were \$0.380 million more than budgeted because zoning compliance fees and police overtime reimbursement were received which were not budgeted.
- c. Franchise fees were \$0.239 million less than budgeted because there were reduced collections for Florida Power and Light and waste collection franchise fees.
- d. Fines and forfeitures collections were \$0.372 million less than the budget due to decrease in special magistrate sessions.
- e. Intergovernmental revenues were \$0.310 million more than budgeted due to additional amounts received for state revenue sharing and sales tax, occupational license revenues from Miami Dade County and FEMA (Federal Emergency Management Agency) reimbursements.
- f. Licenses and permits negative variance of \$1.8 million was due primarily to budgeted amounts based on prior year for electrical, mechanical and building permits, which did not materialize. Additionally, major construction projects that were to begin in fiscal 2019 were deferred.
- g. Interest earnings were \$0.097 million less than budgeted due to over-budgeted amount for interest on long-term loan receivable.
- h. Other earnings were \$0.771 million more than budgeted due to a premium tax revenue distribution received relating to the PBA agreement for the police pension.
- i. Rents and royalties were \$0.228 million more than budgeted because additional revenue was collected from the Biscayne Landing lease which were not budgeted for.

The net positive variance of \$4.5 million for expenditures was due primarily to the following factors:

- a. Mayor and council department exceeded its budget by \$0.374 million due to additional spending for discretionary expenses and special events.
- b. City manager department exceeded its budget by \$0.129 million due to hiring of additional staff and operating costs related to the 2020 Census.
- c. Financial services department realized \$0.202 million budget savings due to unfilled budgeted personnel vacancies.

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- d. Information technology department expenditures were less than budgeted by \$0.172 million because purchase of budgeted computers and communications equipment were deferred.
- e. Non-departmental shows a positive variance of \$4 million due primarily to expenditure reduction plan implemented to address the general fund deficit. As such, several expenditures were deferred.
- f. Public safety expenditures were less than budgeted by \$0.484 million due primarily to budgeted personnel positions which were not filled.
- g. Physical environment expenditures were less than budgeted by \$0.239 million due primarily to budgeted personnel positions which were not filled.
- h. Community planning and development had \$1.785 million less in expenditures due to housing rehabilitation grants that were not awarded by the end of the fiscal year. The funds were carried over to 2020 fiscal year.
- i. Parks and recreation budget was exceeded by \$0.735 million because wages for temporary and contract employees and recreation and playground equipment were under budgeted.
- j. Debt service had a negative variance of \$0.384 million because expenditures were budgeted in the debt service fund instead of the general fund.
- k. Capital outlay had a negative variance of \$0.165 million due to additional costs for City Hall repairs that were not budgeted for.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2020 budget allocates resources to support the level of service residents and businesses have come to expect. The goal is to provide basic levels of service in the most equitable and efficient manner and focus on areas of the city where the services are most needed, particularly as it relates to affordable housing. The fiscal year 2020 budget supports essential city services without increases in service fees such as water and sewer and stormwater utility. It also includes funding to increase the inventory of affordable housing. It also keeps the millage rate constant at 7.5.

The fiscal year 2020 budget relies solely on revenues to be generated during fiscal year 2020.

Economic Impact on the Immediate Budget

For the sixth consecutive year, the city realized an increase in assessed taxable value as reported by the Miami-Dade County Property Appraiser. Fiscal year 2019-2020 assessed taxable value is \$3.386 billion and represents an 11 percent increase from the previous year of \$3.051 billion. This increase will generate an additional \$2.5 million in property tax revenue and at the same millage from the previous year. The majority of the growth occurred within the North Miami Community Redevelopment area, a clear indication that our redevelopment dollars are hard at work.

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The City's goal is to eliminate the General Fund deficit through a combination of increased ad valorem revenue and expenditure reductions. Our revenues for fiscal 2020 may be affected by the COVID-19 crisis. We are reviewing them on a continuous basis to determine the how the impact of these losses will affect the city's ability to reduce the deficit. We believe that once the national crisis is over, revenues will begin to normalize.

The City is also continuously reviewing expenditures to determine those that can be reduced to a reasonable level. In March 2020 the City received \$10.7 million from the sale of 20 acres of land, which will, in part, reduce the General Fund deficit. The goal remains to eliminate the deficit and place the City in a sound financial condition within the next five years. As with the fiscal 2020 budget, going forward, the City will only rely on revenues generated within each fiscal year.

Future Economy and Budget Years

From fiscal year 2016 to fiscal year 2020, property tax revenue is expected to increase 49 percent. Although property values continue to increase, North Miami has one of the highest disparities in the county between home prices and wages similar to neighboring City of Miami.

While there are certainly challenges in improving wage growth in the community, the commercial sector is thriving. The Community Redevelopment Agency's assistance and subsidies have led to new and innovative businesses being established in the downtown region and major corridors.

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 next phase of development will include a University of Miami outpatient medical facility and other specialized services offered by the Sylvester Comprehensive Cancer Center, Bascom Palmer Eye Institute, ambulatory care and cardiology, neurology, urology medical services. In addition to creating employment opportunities for North Miami residents, this state-of-the-art development will improve the access to quality health care to the residents in North Miami and surrounding areas.
2. ***Capitalize on the CRA*** – The North Miami Community Redevelopment Agency (CRA) will be a major funding mechanism the City will use to advance the local economy. CRA revenue from tax increment financing (TIF) continues to grow as the property values increase within the area. Fiscal year 2020 TIF revenues increased by 34 percent from the previous year (from \$3.9 million to \$5.3 million). As the TIF contributions grow, the City's utilization of the CRA to provide innovative and capital-intensive services will as well.
3. ***Workforce Development Initiatives*** – The Community Planning and Development Department continues scholarship programs, professional development courses, and strategic partnerships to raise the skill level of the North Miami workforce and improve wages in the community.

City of North Miami, Florida

Management's Discussion and Analysis – Unaudited

September 30, 2019

4. ***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.

Request for Information

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

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

or

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



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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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,031,671	\$ 13,136,214	\$ 28,167,885
Investments	3,026,956	7,001,445	10,028,401
Receivables	3,074,179	16,192,683	19,266,862
Due from other governments	3,994,914	379,989	4,374,903
Internal balances	(14,334,387)	14,334,387	-
Inventories and supplies	51,315	590,739	642,054
Prepays, deposits and other assets	285,728	-	285,728
Unamortized debt issuance - prepaid insurance	-	6,986	6,986
Notes receivable	12,252,800	-	12,252,800
Assets held for resale	2,488,138	-	2,488,138
Restricted cash	16,618,038	-	16,618,038
Capital assets not being depreciated	12,529,917	1,704,188	14,234,105
Capital assets being depreciated, net	51,574,146	48,426,770	100,000,916
Total assets	106,593,415	101,773,401	208,366,816
DEFERRED OUTFLOW OF RESOURCES			
Loss on debt refunding	-	11,804	11,804
OPEB related items	433,100	66,718	499,818
Pension related items	28,230,341	3,702,892	31,933,233
Total deferred outflow of resources	28,663,441	3,781,414	32,444,855
LIABILITIES			
Vouchers payable and accrued liabilities	2,532,478	8,532,368	11,064,846
Construction contracts payable	79,968	270,691	350,659
Accrued payroll and benefits	1,077,540	111,095	1,188,635
Unearned revenues	13,680,903	-	13,680,903
Deposits	275,898	2,924,559	3,200,457
Interest payable	224,841	-	224,841
Noncurrent liabilities:			
Due within one year	4,439,929	1,008,733	5,448,662
Due in more than one year	76,604,050	12,761,362	89,365,412
Total liabilities	98,915,607	25,608,808	124,524,415
DEFERRED INFLOW OF RESOURCES			
OPEB related items	2,640,782	367,799	3,008,581
Pension related items	12,065,055	1,536,527	13,601,582
Total deferred inflows of resources	14,705,837	1,904,326	16,610,163
NET POSITION			
Net investments in capital assets	62,843,573	43,997,155	106,840,728
Restricted for:			
Capital projects	12,185,530	-	12,185,530
Housing and development	1,224,025	-	1,224,025
Landfill closure	1,504,068	-	1,504,068
Public safety	305,232	-	305,232
Transportation	409,693	-	409,693
Other purposes	540,890	-	540,890
Unrestricted (deficit)	(57,377,599)	34,044,526	(23,333,073)
Total net position	21,635,412	78,041,681	99,677,093

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 26,096,961	\$ 13,028,227	\$ 514,110	\$ -	\$ (12,554,624)	\$ -	\$ (12,554,624)
Public safety	34,062,387	4,756,368	209,786	-	(29,096,233)	-	(29,096,233)
Physical environment	338,808	3,062,052	-	-	2,723,244	-	2,723,244
Transportation and public works	7,947,470	2,959,562	3,139,366	-	(1,848,542)	-	(1,848,542)
Housing and urban development	1,191,239	-	1,580,872	-	389,633	-	389,633
Culture and recreation	13,030,611	977,624	623,309	-	(11,429,678)	-	(11,429,678)
Community planning and development	4,833,446	268,313	563,128	301,146	(3,700,859)	-	(3,700,859)
Interest and fiscal charges	1,667,794	-	-	-	(1,667,794)	-	(1,667,794)
Total governmental activities	89,168,716	25,052,146	6,630,571	301,146	(57,184,853)	-	(57,184,853)
Business-type activities:							
Water and sewer	32,068,870	31,388,997	-	-	-	(679,873)	(679,873)
Stormwater	2,490,524	2,639,510	-	-	-	148,986	148,986
Total business-type activities	34,559,394	34,028,507	-	-	-	(530,887)	(530,887)
Total primary government	\$ 123,728,110	\$ 59,080,653	\$ 6,630,571	\$ 301,146	\$ (57,184,853)	\$ (530,887)	\$ (57,715,740)
General revenues							
Taxes:							
Property taxes levied for general purposes			\$ 22,739,789		\$ -		\$ 22,739,789
Utility taxes			3,616,857		-		3,616,857
Local option gas tax			836,319		-		836,319
Communication services tax			1,073,231		-		1,073,231
Franchise fees based on gross receipts			4,084,241		-		4,084,241
Intergovernmental not restricted to specific programs			11,119,915		-		11,119,915
Landfill closure			922,292		-		922,292
Gain on sale of capital assets			-		22,725		22,725
Unrestricted investment earnings			259,593		-		259,593
Miscellaneous revenues			5,719,732		1,030,847		6,750,579
Total general revenues			50,371,969		1,053,572		51,425,541
Transfers			241,265		(241,265)		-
Total general revenues and transfers			50,613,234		812,307		51,425,541
Change in net position			(6,571,619)		281,420		(6,290,199)
Net position, beginning			28,207,031		77,760,261		105,967,292
Net position, ending	\$ 21,635,412	\$ 78,041,681	\$ 99,677,093				

See notes to basic financial statements.



Fund Financial Statements



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CITY OF NORTH MIAMI, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	CRA	C.D.B.G. Entitlement	Landfill Closure	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ 3,818,654	\$ -	\$ -	\$ 2,757,836	\$ 6,576,490
Pooled investments	669,571	-	-	-	1,015,255	1,684,826
Accounts receivables, net of allowance	3,024,101	-	-	-	49,841	3,073,942
Due from other governments and entities	1,681,934	-	465,199	-	1,838,947	3,986,080
Due from other funds	5,127,195	-	-	-	-	5,127,195
Prepays, deposits and other current assets	127,422	1,295	-	-	85,029	213,746
Restricted cash	7,000,000	-	-	9,618,038	-	16,618,038
Notes receivable	12,252,800	-	-	-	-	12,252,800
Total Assets	29,883,023	3,819,949	465,199	9,618,038	5,746,908	49,533,117
LIABILITIES						
Vouchers payable	1,429,079	488,578	185,374	-	275,655	2,378,686
Construction contracts payable	10,226	58,956	-	-	8,763	77,945
Accrued payroll and benefits	1,008,683	-	6,802	-	26,507	1,041,992
Advances from other funds	14,334,387	-	-	-	-	14,334,387
Due to other funds	-	-	175,173	-	4,952,022	5,127,195
Unearned revenues	13,138,368	-	-	-	542,535	13,680,903
Other liabilities and deposits	274,750	-	-	-	1,148	275,898
Total Liabilities	30,195,493	547,534	367,349	-	5,806,630	36,917,006
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - from other sources	2,131,866	-	97,850	-	971,013	3,200,729
Unavailable revenue from notes receivable	12,252,800	-	-	-	-	12,252,800
Total deferred inflows of resources	14,384,666	-	97,850	-	971,013	15,453,529
FUND BALANCES (DEFICITS)						
Non-spendable	127,422	-	-	-	85,029	212,451
Restricted	7,549,440	4,220,048	-	9,618,038	2,895,882	24,283,408
Assigned	-	-	-	-	785,729	785,729
Unassigned (deficit)	(22,373,998)	(947,633)	-	-	(4,797,375)	(28,119,006)
Total Fund Balances (Deficits)	(14,697,136)	3,272,415	-	9,618,038	(1,030,735)	(2,837,418)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 29,883,023	\$ 3,819,949	\$ 465,199	\$ 9,618,038	\$ 5,746,908	\$ 49,533,117

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, 2019

Fund balance (deficit) - total governmental funds	\$ (2,837,418)
Amounts reported for governmental activities in the statement of net position (page 25) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	60,961,235
Inventory land held for resale are not financial resources and therefore, are not reported in the governmental funds.	2,488,138
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	
Other unavailable revenues	3,200,729
Unavailable revenues relating to loans receivable	<u>12,252,800</u>
	15,453,529
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Unamortized bond discount	484,441
Bonds and loans payable	(12,405,000)
Capital leases payable	(55,034)
Compensated absences liability	(7,477,414)
Landfill closure liability	(8,113,970)
Purchase installment liability	(187,200)
Claims payable	(435,864)
Net pension liability	(35,669,052)
Total other post-employment benefit (OPEB) liability	<u>(10,640,195)</u>
	(74,499,288)
Accrued interest payable	(224,841)
Net deferred outflows (inflows) for pensions and OPEB which are not recognized under the modified accrual basis of accounting	13,366,060
Assets and liabilities of internal service funds are included in governmental activities statement of net position.	<u>6,927,997</u>
Net position of governmental activities	<u>\$ 21,635,412</u>

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General	CRA	C.D.B.G. Entitlement	Landfill Closure	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Ad valorem taxes	\$ 18,765,259	\$ 3,974,530	\$ -	\$ -	\$ -	\$ 22,739,789
Utility and communication taxes	4,690,088	-	-	-	-	4,690,088
Charges for services:						
Sanitation fees	3,062,052	-	-	-	-	3,062,052
Interfund charges	5,348,080	-	-	-	-	5,348,080
Other	3,702,180	-	-	-	148,631	3,850,811
Return on investment - utility	2,717,132	-	-	-	-	2,717,132
Franchise fees	4,084,241	-	-	-	-	4,084,241
Fines and forfeitures	682,350	-	-	-	-	682,350
Intergovernmental	8,939,250	-	960,894	-	7,637,828	17,537,972
Licenses and permits	3,084,316	-	-	-	-	3,084,316
Interest and other earnings	3,348,699	54,110	-	31,946	733,805	4,168,560
Rents and royalties	2,348,538	-	-	-	-	2,348,538
Total revenues	<u>60,772,185</u>	<u>4,028,640</u>	<u>960,894</u>	<u>31,946</u>	<u>8,520,264</u>	<u>74,313,929</u>
EXPENDITURES						
Current:						
General government	14,184,594	1,339,920	-	-	266,976	15,791,490
Public safety	35,213,152	-	-	-	186,518	35,399,670
Physical environment	4,011,308	-	-	307,481	1,805,551	6,124,340
Housing and economic development	-	-	743,071	-	613,577	1,356,648
Culture and recreation	9,018,161	-	-	-	3,188,990	12,207,151
Community planning and development	3,221,302	3,086,913	-	-	-	6,308,215
Debt service:						
Principal retirement	445,649	-	-	-	839,149	1,284,798
Interest and fiscal charges	-	-	-	-	579,026	579,026
Capital outlay	<u>1,045,841</u>	<u>-</u>	<u>37,327</u>	<u>-</u>	<u>1,226,362</u>	<u>2,309,530</u>
Total expenditures	<u>67,140,007</u>	<u>4,426,833</u>	<u>780,398</u>	<u>307,481</u>	<u>8,706,149</u>	<u>81,360,868</u>
Excess (deficiency) of revenues over (under) expenditures	(6,367,822)	(398,193)	180,496	(275,535)	(185,885)	(7,046,939)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	6,145	-	-	-	-	6,145
Transfers in	1,409,032	-	65,040	-	1,789,538	3,263,610
Transfers out	(1,562,049)	(549,440)	-	-	(859,592)	(2,971,081)
Total other financing sources (uses)	<u>(146,872)</u>	<u>(549,440)</u>	<u>65,040</u>	<u>-</u>	<u>929,946</u>	<u>298,674</u>
Net change in fund balances (deficits)	(6,514,694)	(947,633)	245,536	(275,535)	744,061	(6,748,265)
Fund balances (deficits), beginning	(8,182,442)	4,220,048	(245,536)	9,893,573	(1,774,796)	3,910,847
Fund balances (deficits), ending	\$ (14,697,136)	\$ 3,272,415	\$ -	\$ 9,618,038	\$ (1,030,735)	\$ (2,837,418)

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, 2019

Net change in fund balances (deficit) - total governmental funds	\$ (6,748,265)
---	-----------------------

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	3,810,051
Net effect of various transactions involving capital assets	(729,730)
Less current year depreciation	<u>(3,012,931)</u>
	67,390

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

125,469

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 and other revenues	(719,490)
Revenues from notes receivable	<u>(1,477,400)</u>
	(2,196,890)

Governmental funds do not report deferred outflows (inflows) related to pensions and OPEB. However, in the statement of activities, changes in these balances are recognized as adjustments to revenues and expenses.

1,367,337

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	(87,346)
Principal paid on bonds, loans and capital leases	893,925
Installment purchase	<u>93,600</u>
	900,179

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Compensated absences	(212,054)
Landfill and closure cost	922,292
Total OPEB liability	1,918,802
Net pension expense	(1,408,294)
Accrued interest on long term debt	<u>15,044</u>
	1,235,790

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.

(1,322,629)

Change in net position of governmental activities

\$ (6,571,619)

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater	Enterprise Funds	Internal Service Funds
	Total			
ASSETS				
Current assets:				
Pooled cash and cash equivalents	\$ 12,410,721	\$ 725,493	\$ 13,136,214	\$ 8,455,181
Pooled investments	7,001,445	-	7,001,445	1,342,130
Accounts receivables, net of allowance	14,816,378	1,376,305	16,192,683	237
Grants receivables from other governments	154,989	225,000	379,989	8,834
Inventories and supplies	590,739	-	590,739	51,314
Prepays and deposits	-	-	-	71,982
Unamortized debt issuance - prepaid insurance	-	6,986	6,986	-
Total current assets	34,974,272	2,333,784	37,308,056	9,929,678
Non-current assets:				
Advances to other funds	14,334,387	-	14,334,387	-
Capital assets, net	41,999,202	8,131,756	50,130,958	3,142,828
Total non-current assets	56,333,589	8,131,756	64,465,345	3,142,828
Total assets	91,307,861	10,465,540	101,773,401	13,072,506
DEFERRED OUTFLOW OF RESOURCES				
Deferred loss on debt refunding	-	11,804	11,804	-
OPEB related items	58,432	8,286	66,718	3,155
Pension related items	3,264,897	437,995	3,702,892	1,037,403
Total deferred outflow of resources	3,323,329	458,085	3,781,414	1,040,558
LIABILITIES				
Current liabilities:				
Vouchers payable	8,529,622	2,746	8,532,368	153,792
Constructions contracts payable	270,691	-	270,691	2,023
Accrued payroll and benefits	92,717	18,378	111,095	35,548
Deposits and performance bonds	2,924,559	-	2,924,559	-
Compensated absences	259,825	30,953	290,778	92,159
Bonds, notes, leases payable	385,793	332,162	717,955	591,154
Total current liabilities	12,463,207	384,239	12,847,446	874,676
Non-current liabilities:				
Bonds, notes and lease payable	4,249,579	914,368	5,163,947	534,334
Compensated absences	793,928	20,463	814,391	397,633
Claims payable	-	-	-	3,244,809
Net pension liability	4,238,374	778,350	5,016,724	1,368,802
Total OPEB liability	1,514,954	251,346	1,766,300	315,799
Total non-current liabilities	10,796,835	1,964,527	12,761,362	5,861,377
Total liabilities	23,260,042	2,348,766	25,608,808	6,736,053
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	318,526	49,273	367,799	63,968
Pension related items	1,322,318	214,209	1,536,527	385,046
Total deferred inflows of resources	1,640,844	263,482	1,904,326	449,014
NET POSITION				
Net investment in capital assets	37,093,139	6,904,016	43,997,155	2,015,317
Unrestricted	32,637,165	1,407,361	34,044,526	4,912,680
Total net position	\$ 69,730,304	\$ 8,311,377	\$ 78,041,681	\$ 6,927,997

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Total			
	Water and Sewer	Stormwater	Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for water	\$ 14,799,684	\$ -	\$ 14,799,684	\$ -
Sanitary sewer fees	16,188,485	-	16,188,485	-
Stormwater charges	-	2,624,268	2,624,268	-
Premiums and charges for services provided to other funds	-	-	-	3,074,113
Other revenues	400,828	15,242	416,070	1,806,287
Total operating revenues	31,388,997	2,639,510	34,028,507	4,880,400
OPERATING EXPENSES				
Personnel services	4,687,938	473,982	5,161,920	1,305,055
Wholesale water cost and sewage disposal	15,484,792	-	15,484,792	-
Materials, supplies, services and other operating expenses	9,585,640	1,583,851	11,169,491	2,122,203
Claims cost	-	-	-	2,197,332
Depreciation	2,287,385	369,373	2,656,758	507,561
Total operating expenses	32,045,755	2,427,206	34,472,961	6,132,151
Operating income (loss)	(656,758)	212,304	(444,454)	(1,251,751)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	181,813	-	181,813	33,230
Gain from sale of capital assets	22,725	-	22,725	18,300
Other non-operating revenues	603,269	245,765	849,034	-
Interest expense	(23,115)	(63,318)	(86,433)	(71,144)
Total non-operating revenues (expenses)	784,692	182,447	967,139	(19,614)
Income (loss) before transfers	127,934	394,751	522,685	(1,271,365)
TRANSFERS				
Transfers out	(215,257)	(26,008)	(241,265)	(51,264)
Change in net position	(87,323)	368,743	281,420	(1,322,629)
Net position - beginning	69,817,627	7,942,634	77,760,261	8,250,626
Net position - ending	\$ 69,730,304	\$ 8,311,377	\$ 78,041,681	\$ 6,927,997

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 34,576,744	\$ 2,624,268	\$ 37,201,012	\$ -
Cash receipts from other funds for premiums and charges for services	-	-	-	3,074,113
Other cash receipts	400,828	15,242	416,070	1,806,287
Payments to employees	(4,687,938)	(473,982)	(5,161,920)	(1,305,055)
Payments for wholesale water & sewer	(15,484,792)	-	(15,484,792)	-
Payments to suppliers	(5,268,628)	(2,477,679)	(7,746,307)	(1,942,473)
Payments for claims	-	-	-	(2,197,332)
Payments for interfund services	(4,317,012)	(3,078)	(4,320,090)	-
Net cash provided by (used in) operating activities	<u>5,219,202</u>	<u>(315,229)</u>	<u>4,903,973</u>	<u>(564,460)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants and other revenues	603,269	245,765	849,034	-
Advances to other funds	(14,334,387)	-	(14,334,387)	-
Transfers out	(215,257)	(26,008)	(241,265)	(51,264)
Net cash provided by (used in) noncapital financing activities	<u>(13,946,375)</u>	<u>219,757</u>	<u>(13,726,618)</u>	<u>(51,264)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from loan	1,735,387	-	1,735,387	1,635,586
Principal paid on bonds, notes and capital leases	(143,840)	(370,000)	(513,840)	(746,467)
Interest paid on bonds, notes and capital leases	(23,115)	(63,318)	(86,433)	(71,144)
Proceeds from sale of capital assets	22,725	-	22,725	18,300
Acquisition and construction of capital assets	(6,832,890)	(688,072)	(7,520,962)	(1,818,067)
Net cash used in capital and related financing activities	<u>(5,241,733)</u>	<u>(1,121,390)</u>	<u>(6,363,123)</u>	<u>(981,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(129,610)	-	(129,610)	(33,230)
Interest earnings	181,813	-	181,813	33,375
Net cash provided by investing activities	<u>52,203</u>	<u>-</u>	<u>52,203</u>	<u>145</u>
Net decreased in pooled cash and cash equivalents	(13,916,703)	(1,216,862)	(15,133,565)	(1,597,371)
Pooled cash and cash equivalents, beginning	<u>26,327,424</u>	<u>1,942,355</u>	<u>28,269,779</u>	<u>10,052,552</u>
Pooled cash and cash equivalents, ending	<u>\$ 12,410,721</u>	<u>\$ 725,493</u>	<u>\$ 13,136,214</u>	<u>\$ 8,455,181</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (656,758)	\$ 212,304	\$ (444,454)	\$ (1,251,751)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	2,287,385	369,373	2,656,758	507,561
Changes in assets and liabilities, deferred inflows and outflows of resources:				
(Increase) decrease in accounts receivable	76,258	(308,754)	(232,496)	10,080
(Increase) decrease in grants receivable from other governments	(124,982)	(225,000)	(349,982)	8,472
(Increase) decrease in inventories and supplies	16,738	-	16,738	(392)
(Increase) decrease in prepaids and deposits	-	2,329	2,329	(14,425)
(Increase) decrease in deferred outflows of resources	(586,603)	(16,963)	(603,566)	(136,661)
Increase (decrease) in vouchers payable	3,453,034	(226,466)	3,226,568	15,643
Increase (decrease) in constructions contracts payable	108,777	-	108,777	-
Increase (decrease) in accrued payroll and benefits	8,466	(4,301)	4,165	4,517
Increase (decrease) in deposits and performance bonds	149,509	-	149,509	-
Increase (decrease) in compensated absences	120,054	(132,115)	(12,061)	77,843
Increase (decrease) in claims payable	-	-	-	128,291
Increase (decrease) in other post-employment benefits obligation	7,570	1,201	8,771	(57,079)
Increase (decrease) in net pension liability	165,838	6,068	171,906	38,198
Increase (decrease) in deferred inflows of resources	193,916	7,095	201,011	105,243
Net cash provided by (used in) operating activities	<u>\$ 5,219,202</u>	<u>\$ (315,229)</u>	<u>\$ 4,903,973</u>	<u>\$ (564,460)</u>
Non-cash investing, capital and financing activities:				
Amortization of deferred amounts	-	(20,510)	(20,510)	-
Proceeds from capital lease financing	-	-	-	1,635,587
Total non-cash investing, capital and financing activities:	<u>\$ -</u>	<u>\$ (20,510)</u>	<u>\$ (20,510)</u>	<u>\$ 1,635,587</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	Pension Trust Funds
ASSETS	
Cash and short-term investments	\$ 167,580
Investments:	
Short term investments	2,196,074
U.S. treasuries	8,232,382
U.S. agency obligations	3,990,220
Corporate bonds	14,757,786
Equity mutual funds	15,693,290
Common stock and mutual funds	61,783,590
Real estate funds	37,078,583
Bond index fund	20,667,293
Index funds (collective investment trust funds)	50,168,399
Total investments	<u>214,567,617</u>
Receivables:	
Plan members' contributions	6,442
CNM Share Plan	38,025
Receivable from broker on investments sold	85,237
Accrued interest	155,856
Accrued dividends	38,097
Total receivables	<u>323,657</u>
Total assets	<u>215,058,854</u>
LIABILITIES	
Accounts payable	73,261
Payable to broker for investments purchased	81,453
Benefits payable	554,881
Total liabilities	<u>709,595</u>
NET POSITION	
Net position restricted for pension benefits	<u>\$ 214,349,259</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 10,261,700
Plan members	1,732,831
County	194,266
Other	186,680
Total contributions	12,375,477
Investment income:	
Net appreciation in fair value of investments	5,398,689
Interest	904,045
Dividends	1,181,653
Gross investment income	7,484,387
Less investment expenses	(785,077)
Net investment income	6,699,310
Total additions	19,074,787
DEDUCTIONS	
Benefits paid directly to Plan members:	
Normal retirement	11,112,862
Disability retirement	281,899
Death benefit	35,420
Lump sum retirement	1,620,116
Refunds of contributions	97,951
Total benefits paid	13,148,248
Administrative expenses	598,242
Total deductions	13,746,490
Increase in net position	5,328,297
Net position restricted for pension benefits - beginning	209,020,962
Net position restricted for pension benefits - ending	\$ 214,349,259

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, 2019

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 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 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 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, when applicable, 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, 2019.

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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 ("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 at year end, 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 on behalf of the Authority was defeased 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. ("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, 2019

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 intergovernmental 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, 2019

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, 2019

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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1. Cash, 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 2019.

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, 2019

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, 2019

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. Such costs are recognized during the period benefited by the prepayment (consumption method).

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, 2019

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 and 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, 2019

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:

<u>Governmental Activities</u>	Deferred Outflows	Deferred Inflows	Unearned Revenues
Grant funds received in advance	\$ -	\$ -	\$ 797,749
Rent received in advance	-	-	12,708,337
Miscellaneous advance receipts	-	-	174,817
OPEB	433,100	2,640,782	-
Pensions	28,230,341	12,065,055	-
Total governmental activities	<u>28,663,441</u>	<u>14,705,837</u>	<u>13,680,903</u>
 <u>Business-type Activities</u>			
Loss on debt refunding	11,804	-	-
OPEB	66,718	367,799	
Pensions	3,702,892	1,536,527	
Total business-type activities	<u>\$ 3,781,414</u>	<u>\$ 1,904,326</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.

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

is financing the post-employment benefits on a pay-as-you-go basis as no assets are held in trust for payment of the OPEB liability. 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, net asset value or amortized cost 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.

13. Net Position and 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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net investment in capital assets - This category 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 category 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 –This category of net position (deficit) consist of all net position that does not meet the definition of either of the other two categories above.

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 – This category 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 – This category 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 \$9,618,038; housing and other community development \$4,894,633 and public safety projects \$305,232; developer impact fees \$690,391; cultural and recreational purposes \$748,908; City transportation programs \$409,693.

Committed Fund Balances – This category includes 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 to the end of the fiscal year. 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Fund Balances – This category includes 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:

\$762,580 funding for MOCA activities and \$23,149 to fund on-going project for the Arch Creek Bridge project.

Unassigned Fund Balances (Deficits) – This category include amounts that have not been restricted, committed or assigned. An unassigned fund balance 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 (\$22,373,998), the nonmajor governmental funds reported a total negative unassigned fund balance of (\$4,797,375).

E. Impact of Recently Issued Accounting Pronouncements

Issued and Adopted Accounting Pronouncements

For the year ended September 30, 2019, the City adopted the following statements of financial accounting standards issued by the GASB:

Accounting Standards 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 adoption resulted in no financial impact for the City.

GASB Statement No. 88, *Certain Disclosures Relating to Debt*, was effected 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 should include when disclosing information related to debt. The adoption of this statement resulted in additional footnote disclosures for the City.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 90, *Majority Equity Interest*, was issued in August 2018 and was effected 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 had no financial impact for the City.

Pronouncements Issued But Not Yet Adopted

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, 2021.

GASB Statement No. 87, *Leases*, was issued in June 2017 and is effective for reporting periods beginning after June 15, 2021. 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 provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019 and is effective for reporting periods beginning after December 15, 2021. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The City will adopt the provisions of the Statement for fiscal year ended September 30, 2023.

GASB Statement No. 92, *Omnibus 2020*, was issued in January 2020, and it has multiple effective dates. The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The City will adopt the provisions of this Statement for fiscal year ended September 30, 2021.

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, 2019

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

As of September 30, 2019, the City's deposit and investment balances, including balances for the City's blended component unit, were as follows:

<u>Investment Type</u>	<u>Balance</u>
Pooled Cash and Investments:	
SBA (State Investment Pool):	
Florida PRIME	\$ 6,675,675
Cash	<u>26,388,546</u>
Total pooled cash and investments	<u>33,064,221</u>
Non-Pooled Cash and Investments:	
North Miami CRA	3,818,654
MOCA	1,276,521
Cash in escrow	7,000,000
Cash and certificates of deposit	<u>9,654,928</u>
	<u>21,750,103</u>
Total Cash and Investments	<u>\$ 54,814,324</u>

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

<u>Investments by fair value level</u>	<u>Fair Value Measurements Using</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Certificates of Deposit:		
Iberia Bank	\$ 1,500,000	\$ 1,500,000
SunTrust bank	<u>837,471</u>	<u>837,471</u>
Total Investments by Fair Value	<u>\$ 2,337,471</u>	<u>\$ 2,337,471</u>

Investments in the State Board Administration (SBA) Florida PRIME totaling \$6,675,675 are recorded at amortized cost.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, 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 \$2,337,471 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 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, 2019

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, 2019, 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	\$ 8,232,382	\$ -	\$ 239,626	\$ 7,992,756	\$ -
U.S. Agency Obligations	3,990,220	-	3,371,656	168,167	450,397
Corporate bonds	14,757,786	1,007,836	11,529,539	2,220,411	-
Bond index funds	20,667,293	-	-	20,667,293	-
Total	<u>\$ 47,647,681</u>	<u>\$ 1,007,836</u>	<u>\$ 15,140,821</u>	<u>\$ 31,048,627</u>	<u>\$ 450,397</u>

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, 2019

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, 2019, the following table shows the distribution of the CTS Retirement System's investments by maturity:

	Investments - CTS Retirement System				
	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	\$ 4,394,659	\$ -	\$ -	\$ 4,394,659	\$ -
U.S. Agency Obligations	2,556,870	-	2,207,822	95,024	254,024
Corporate bonds	8,066,013	564,388	6,316,228	1,185,397	-
Bond index funds	16,669,751	-	-	16,669,751	-
Total	<u>\$ 31,687,293</u>	<u>\$ 564,388</u>	<u>\$ 8,524,050</u>	<u>\$ 22,344,831</u>	<u>\$ 254,024</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.

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 4.83%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB to Moody's Baa. The Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A:" under Moody's ratings. The Plan's mutual bond fund investments were rated an average of "A" under both Standard & Poor's and Moody's.

The following table discloses credit ratings, by investment type for the CTS Plan at September 30, 2019:

CREDIT RATINGS BY INVESTMENT TYPE - CTS RETIREMENT SYSTEM						
Moody Credit Rating	Corporate Bonds	U.S. Agencies	U.S. Treasuries	Bond Index Fund	Grand Total	% of Portfolio
AGY	-	\$ 349,048	-	-	\$ 349,048	1%
A1	1,611,111	-	-	-	1,611,111	5%
A2	3,756,163	-	-	-	3,756,163	12%
A3	1,671,263	-	-	-	1,671,263	5%
Aa1	465,329	-	-	-	465,329	1%
Aaa	-	2,207,822	4,394,659	-	6,602,481	21%
Not rated	562,147	-	-	16,669,751	17,231,898	54%
Total	<u>\$ 8,066,013</u>	<u>\$ 2,556,870</u>	<u>\$ 4,394,659</u>	<u>\$16,669,751</u>	<u>\$ 31,687,293</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, 2019, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of any company. GASB 40 requires disclosure when 5% or more in any investment is held with 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy 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.

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:

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 fund equities. 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. Treasury bonds and notes, U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.

The Plan has investments in alternative assets consisting of real estate funds and an equity securities index fund which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Real estate partnerships provide quarterly valuations to the pension trust fund management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership's valuation policies. The Plan also invests in collective investment trusts which determines fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded securities. The funds have daily openings and contributions and withdrawals can be made on a daily basis.

CTS Retirement System investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2019:

CTS Retirement System			
	9/30/2019	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt securities:			
U.S. Treasury	\$ 4,394,659	\$ -	\$ 4,394,659
U.S. Agencies	2,556,870	-	2,556,870
Corporate bonds	8,066,013	-	8,066,013
Total Debt Securities	<u>15,017,542</u>	<u>-</u>	<u>15,017,542</u>
Equity securities:			
Common stock	32,234,158	32,234,158	-
Equity mutual fund	15,693,290	15,693,290	-
Total Equity Securities	<u>47,927,448</u>	<u>47,927,448</u>	<u>-</u>
Total Investments by Fair Value	<u>\$ 62,944,990</u>	<u>\$ 47,927,448</u>	<u>\$ 15,017,542</u>
Investments Measured at Net Asset Value (NAV)*			
Real estate funds	\$ 21,543,006		
Collective investment trust funds:			
Bond fund	16,669,751		
Equity securities index fund	31,128,111		
Total investments measured at NAV	<u>69,340,868</u>		
Money market funds (exempt)	1,768,951		
Total Investments	<u>\$ 134,054,809</u>		

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

CTS Retirement System				
Investments Measured at NAV	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period (Day)</u>
Real estate funds ¹	\$ 21,543,006			
Collective investment trust funds:		\$ -	Daily	10 - 90
Bond fund ²	16,669,751	-	-	-
Equity securities index fund ²	31,128,111	-	Daily	1
Total investments measured at NAV	<u>\$ 69,340,868</u>	<u>\$ -</u>		

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

2 *Collective investment trust funds* – Consists of three index fund 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. These fund are 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

Investment Maturity

Neither state law nor the NMPP Plan investment policy limits maturity term on fixed income holdings. As of September 30, 2019, the following table shows the distribution of the NMPP Plan's investments, by maturity:

Investments - 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	\$ 3,837,723	\$ -	\$ 239,626	\$ 3,598,097	\$ -
U.S. Agency Obligations	1,433,350	-	1,163,834	73,143	196,373
Corporate bonds	6,691,773	443,448	5,213,311	1,035,014	-
Bond index funds	3,997,542	-	-	3,997,542	-
Total	<u>\$ 15,960,388</u>	<u>\$ 443,448</u>	<u>\$ 6,616,771</u>	<u>\$ 8,703,796</u>	<u>\$ 196,373</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.

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 0.58%. The money- weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

Credit Risk

State law and the Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB to Moody's Baa.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings. The Plan's mutual bond fund investments were rated an average of "A" under both Standard & Poor's and Moody's.

The following table discloses credit ratings by investment type for the NMPP Plan at September 30, 2019:

CREDIT RATINGS BY INVESTMENT TYPE - NMPP PLAN						
Rating	Corporate Bonds	U.S. Agencies	U.S. Treasuries	Bond Index Fund	Grand Total	% of Portfolio
AGY	\$ -	\$ 269,516	\$ -	\$ -	\$ 269,516	2%
A1	1,291,897	-	-	-	1,291,897	8%
A2	3,455,160	-	-	-	3,455,160	22%
A3	1,437,284	-	-	-	1,437,284	9%
Aa1	110,918	-	-	-	110,918	1%
Aaa	-	1,163,834	3,837,723	-	5,001,557	30%
Not rated	396,514	-	-	3,997,542	4,394,056	28%
Grand Total	<u>\$ 6,691,773</u>	<u>\$ 1,433,350</u>	<u>\$ 3,837,723</u>	<u>\$ 3,997,542</u>	<u>\$ 15,960,388</u>	<u>100%</u>

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, 2019, 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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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.

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

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 fund equities.

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. Treasury bonds and notes, U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.

The Plan has investments in alternative assets consisting of real estate funds and collective investment trust funds which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

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

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Plan investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2019:

	9/30/2019	NMPP Plan		
		Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments by Fair Value Level				
Debt securities:				
U.S. Treasury	\$ 3,837,723	\$ -	\$ 3,837,723	
U.S. Agencies	1,433,350	-	1,433,350	
Corporate bonds	6,691,773	-	6,691,773	
Total Debt Securities	11,962,846	-	11,962,846	
Equity securities:				
Common stock	19,440,489	19,440,489	-	
Mutual fund	10,108,943	10,108,943	-	
Total Equity Securities	29,549,432	29,549,432	-	
Total Investments by Fair Value	41,512,278	\$ 29,549,432	\$ 11,962,846	
Investments Measured at Net Asset Value (NAV)*				
Real estate funds	\$ 15,535,577			
Collective investment trust fund:				
Bond fund	3,997,542			
Equity securities	19,040,288			
Total investments measured at NAV	38,573,407			
Money market funds (exempt)	427,123			
Total Investments	\$ 80,512,808			

* As required by GAAP, certain investments measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

North Miami Police Pension					
Investments Measured at NAV	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (Day)	
Real estate funds ¹	\$ 15,535,577	\$ -	Daily	10 - 90	
Collective investment trust fund					
Bond fund ²	3,997,542	-	Daily	1	
Equity securities ²	19,040,288	-	Daily	1	
Total investments measured at NAV	<u>\$ 38,573,407</u>				

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

2 Collective investment trust funds - Consists of three 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-day notice.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2019, for the City's individual major funds and nonmajor funds, in the aggregate, net of the allowances for uncollectable accounts, are as follows:

	General	CDBG Entitlement	Nonmajor Governmental	Water and Sewer	Stormwater	Internal Service Funds	Total
Receivables:							
Customer accounts	\$ 1,644,443	\$ -	\$ 49,841	\$ 16,384,042	\$ 1,495,955	-	\$ 19,574,281
Due from component unit	286,800						286,800
Other - liens interest	3,690,666	-	-	580,321	-	-	4,270,987
Miscellaneous - receivable	1,418,859		-	1,574	-	237	1,420,670
Intergovernmental	1,681,934	465,199	1,838,947	154,989	225,000	8,834	4,374,903
Gross receivables	8,722,702	465,199	1,888,788	17,120,926	1,720,955	9,071	29,927,641
Less allowance for uncollectables	(4,016,667)	-	-	(2,149,559)	(119,650)	-	(6,285,876)
Total net receivables	<u>\$ 4,706,035</u>	<u>\$ 465,199</u>	<u>\$ 1,888,788</u>	<u>\$ 14,971,367</u>	<u>\$ 1,601,305</u>	<u>\$ 9,071</u>	<u>\$ 23,641,765</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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
2020	\$ 934,713	\$ 196,290	\$ 815,686	171,294	\$ 1,750,399	\$ 367,584
2021	934,713	163,575	815,686	142,745	1,750,399	306,320
2022	934,713	130,859	815,686	114,196	1,750,399	245,055
2023	934,713	98,145	815,686	85,647	1,750,399	183,792
2024	934,713	65,430	815,686	57,098	1,750,399	122,528
2025-2026	<u>1,869,431</u>	<u>32,715</u>	<u>1,631,374</u>	<u>28,549</u>	<u>3,500,805</u>	<u>61,264</u>
	<u><u>\$ 6,542,996</u></u>	<u><u>\$ 687,014</u></u>	<u><u>\$ 5,709,804</u></u>	<u><u>\$ 599,529</u></u>	<u><u>\$12,252,800</u></u>	<u><u>\$ 1,286,543</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, 2019, totaled \$5,405,798. 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 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 1st. Tax bills are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available in the month of March of the following year. Taxpayers also have the option of paying their taxes in advance in equal quarterly payments based on the prior year's tax assessment with quarterly discounts varying between 2% and 6%. All unpaid taxes on real and personal property become delinquent on April 1st and bear annual interest at 18% until a tax sale certificate is sold at auction. Miami-Dade County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4. PROPERTY TAXES (Continued)

The total taxable value of property, as established by the Miami-Dade County Property Appraiser, at July 1, 2019, upon which the 2019 budget was based, was approximately \$3.1 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, 2019, 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 \$95,000 for the General Fund.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from and advances to/from other funds consisted of the following balances at September 30, 2019:

Funds	Interfund	
	Receivable	Payable
General Fund	\$ 5,127,195	\$ -
C.D.B.G. Entitlement Fund	-	175,173
Non-major Funds:		
FEMA Disaster Recovery	-	4,479,031
HOME Investment Partnership	-	85,195
Other nonmajor funds	-	387,796
Total non-major funds	<u>-</u>	<u>4,952,022</u>
Total	<u>\$ 5,127,195</u>	<u>\$ 5,127,195</u>
Advances		
Funds	To	From
General Fund	\$ 14,334,387	\$ -
Proprietary Funds - Water and Sewer	-	14,334,387
Total	<u>\$ 14,334,387</u>	<u>\$ 14,334,387</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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The \$14,334,387 advance from the Water and Sewer Fund to the General Fund represents an interfund loan to provide funding for general operations. The General Fund expects to repay the advance in fiscal year 2020, using proceeds from two separate land sale transactions. The first land sale transaction in the amount of \$10,700,000 occurred in March 2020, with the City selling land to developer Oleta Partners. Additionally, on May 26, 2020 the City Council approved the sale of land in the amount of \$10,250,000 to the Royal Oaks Development. Final closing of this transaction is expected to occur within 45 days of May 26, 2020.

Interfund Transfers

Interfund transfers for the year ended September 30, 2019, consisted of the following:

Funds	Transfers out		Transfers in		
	General Fund	Nonmajor Fund	Debt Service	C.D.B.G.	Total
General	\$ -	1,497,009	\$ 65,040	\$ 1,562,049	
CRA	549,440	-	-	-	549,440
Nonmajor fund - FEMA Disaster Recovery	859,592	-	-	-	859,592
Water and sewer	-	215,257	-	-	215,257
Stormwater utility	-	26,008	-	-	26,008
Internal service	-	51,264	-	-	51,264
Total	<u>\$ 1,409,032</u>	<u>\$ 1,789,538</u>	<u>\$ 65,040</u>	<u>\$ 3,263,610</u>	

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 from the General Fund and other funds to the Nonmajor Debt Service Fund were made to fund the principal and interest payment on the pension obligation bonds. The transfer from the CRA to the General Fund relates to funding provided to be used for the City's Residential Rehabilitation Program. Transfers from the FEMA Disaster Recovery nonmajor fund to the General Fund are for reimbursements of hurricane related expenditures incurred by the General Fund in prior years.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS

Capital assets activities for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 12,467,017	\$ -	\$ -	\$ -	\$ 12,467,017
Construction in progress	949,082	22,609	(864,504) *	(44,287)	62,900
Total capital assets not being depreciated	13,416,099	22,609	(864,504)	(44,287)	12,529,917
Capital assets, being depreciated:					
Land improvements	18,937,139	433,721	-	-	19,370,860
Building and improvements	21,280,293	911,696	-	-	22,191,989
Infrastructure	59,112,226	1,429,751	-	44,287	60,586,264
Machinery and equipment	20,780,262	2,777,689	(1,296,125)	-	22,261,826
Library Books	2,288,302	52,653	-	-	2,340,955
Total capital assets being depreciated	122,398,222	5,605,510	(1,296,125)	44,287	126,751,894
Less accumulated depreciation for:					
Land improvements	(13,791,334)	(314,727)	-	-	(14,106,061)
Building and improvements	(10,321,107)	(904,983)	-	-	(11,226,090)
Infrastructure	(29,178,352)	(1,220,626)	145,496	-	(30,253,482)
Machinery and equipment	(17,517,647)	(1,031,632)	1,150,629	-	(17,398,650)
Library Books	(2,144,937)	(48,528)	-	-	(2,193,465)
Total accumulated depreciation	(72,953,377)	(3,520,496)	1,296,125	-	(75,177,748)
Total capital assets being depreciated, net	49,444,845	2,085,014	-	44,287	51,574,146
Governmental activities capital assets, net	\$ 62,860,944	\$ 2,107,623	\$ (864,504)	\$ -	\$ 64,104,063

* The \$864,504 decrease in construction in progress relates to accumulated costs for MOCA feasibility study that was done in 2011. The project was abandoned as of the year ended 2019.

	Beginning	Increases	Decreases	Transfers	Ending
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 653,080	\$ -	\$ -	\$ -	\$ 653,080
Construction in progress	898,886	254,869	-	(102,647)	1,051,108
Total capital assets not being depreciated	1,551,966	254,869	-	(102,647)	1,704,188
Capital assets, being depreciated:					
Land improvements	1,285,292	-	-	-	1,285,292
Building and improvements	2,474,134	11,556	-	-	2,485,690
Infrastructure	80,670,336	6,825,302	-	102,647	87,598,285
Machinery and equipment	6,830,358	429,233	(594,980)	-	6,664,611
Total capital assets being depreciated	91,260,120	7,266,091	(594,980)	102,647	98,033,878
Less accumulated depreciation for:					
Land improvements	(131,404)	(3,701)	-	-	(135,105)
Building and improvements	(893,749)	(71,187)	-	-	(964,936)
Infrastructure	(41,394,864)	(2,052,857)	-	-	(43,447,721)
Machinery and equipment	(5,125,313)	(529,013)	594,980	-	(5,059,346)
Total accumulated depreciation	(47,545,330)	(2,656,758)	594,980	-	(49,607,108)
Total capital assets being depreciated, net	43,714,790	4,609,333	-	102,647	48,426,770
Business-type activities capital assets, net	\$ 45,266,756	\$ 4,864,202	\$ -	\$ -	\$ 50,130,958

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 605,090
Public safety	351,786
Transportation and public works	887,372
Culture and recreation	1,096,864
Physical environment	27,477
Housing and urban development	44,346
Subtotal	<u>3,012,935</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>507,561</u>
Total depreciation expense – governmental activities	<u>\$ 3,520,496</u>
Business-type activities:	
Water and sewer	\$ 2,287,385
Stormwater	369,373
Total depreciation expense – business-type activities	<u>\$ 2,656,758</u>

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Debt payable:					
Pension obligation note-Series 2010 - direct borrowing	\$ 13,235,000	\$ -	\$ (830,000)	\$ 12,405,000	\$ 885,000
Unamortized bond discount	(571,787)	-	87,346	(484,441)	-
Capital lease obligation	355,330	1,635,587	(810,395)	1,180,522	646,185
Total debt payable	<u>13,018,543</u>	<u>1,635,587</u>	<u>(1,553,049)</u>	<u>13,101,081</u>	<u>1,531,185</u>
Other liabilities:					
Compensated absences	7,727,744	3,197,319	(2,957,856)	7,967,207	2,815,144
Landfill closure	9,036,262	-	(922,292)	8,113,970	-
Total OPEB liability	12,931,875	-	(1,975,881)	10,955,994	-
Net pension liability	30,525,214	-	(1,169,650)	29,355,564	-
Net pension liability - FRS	5,066,148	2,621,791	(5,649)	7,682,290	-
Purchase installment liability	280,800	-	(93,600)	187,200	93,600
Claims payable (risk)	3,116,518	128,291	-	3,244,809	-
Claims payable (other)	435,864	-	-	435,864	-
Total other liabilities	<u>69,120,425</u>	<u>5,947,401</u>	<u>(7,124,928)</u>	<u>67,942,898</u>	<u>2,908,744</u>
Governmental activities - long-term liabilities	<u>\$ 82,138,968</u>	<u>\$ 7,582,988</u>	<u>\$ (8,677,977)</u>	<u>\$ 81,043,979</u>	<u>\$ 4,439,929</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. LONG-TERM LIABILITIES (Continued)

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, (Promissory Note) 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.

The Promissory Note agreement also includes the following additional information:

- Without the prior written consent of the Bank, the City shall not incur additional indebtedness secured by or payable from all or a portion of the non-ad valorem revenues unless the total amount of non-ad valorem revenues for the prior fiscal year (exclusive of any proceeds of indebtedness) were at least two (2) times the maximum annual debt service on all indebtedness.
- An "Event of Default" shall be deemed to have occurred if the City fails to make any payment of principal or interest when the same become due and payable; default in the performance of any part of the agreement; and/or any petition to declare bankruptcy.
- An "Event of Default" will immediately result in the bank declaring all obligations of the City to be immediately due and payable without further action of any kind. The bank may also seek enforcement of, and exercise all, remedies available under any applicable law.

Principal and interest is payable through July 1, 2030. Debt service requirements to maturity on the Promissory Note follows:

Fiscal years ending September 30:	Principal	Interest	Total
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	1,175,000	612,988	1,787,988
2025-2030	7,280,000	1,656,988	8,936,988
Total	<u>\$ 12,405,000</u>	<u>\$ 5,463,239</u>	<u>\$ 17,868,239</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. LONG-TERM LIABILITIES (Continued)

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, 2019:

	Beginning Balance	Additions	Adjustment	Reductions	Ending Balance	Due Within One Year
Business-type Activities						
Debt payable:						
FMLC Series 2016 Refunding (stormwater) - direct borrowing	\$ 1,555,000	\$ -	\$ -	\$ (370,000)	\$ 1,185,000	\$ 385,000
Unamortized bond premiums	82,040	-	-	(20,510)	61,530	-
State Revolving Fund Loans - direct borrowings	3,042,232	1,794,606	(59,219)	(143,040)	4,634,579	332,162
Capital lease obligations	1,593	-	-	(800)	793	793
Total debt payable	<u>4,680,865</u>	<u>1,794,606</u>	<u>(59,219)</u>	<u>(534,350)</u>	<u>5,881,902</u>	<u>717,955</u>
Other liabilities:						
Compensated absences	1,117,230	364,264	-	(376,325)	1,105,169	290,778
Total OPEB Liability	2,033,819	-	-	(267,519)	1,766,300	-
Net Pension Liability	4,178,610	-	-	(138,465)	4,040,145	-
Net Pension Liability - FRS	666,208	310,371	-	-	976,579	-
Total other liabilities	<u>7,995,867</u>	<u>674,635.00</u>	<u>-</u>	<u>(782,309.00)</u>	<u>7,888,193.00</u>	<u>290,778</u>
Business-type activities - long-term liabilities	<u><u>12,676,732</u></u>	<u><u>\$ 2,469,241</u></u>	<u><u>\$ (59,219)</u></u>	<u><u>\$ (1,316,659)</u></u>	<u><u>\$ 13,770,095</u></u>	<u><u>\$ 1,008,733</u></u>

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 bonds. Interest rates for the refunded bond ranges from 2% to 4%.

The loan agreement also includes the following additional information:

- The City is required to provide an annual Continuing Disclosure Certificate along with the annual audited financial statements, no later than the June 30th, following the end of each fiscal year. Failure to provide the reports can affect the City's bond ratings.
- Events of Default: Default in the payment of principal or interest when due; default in the performance of any part of the agreement; and/or any petition to declare bankruptcy.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. LONG-TERM LIABILITIES (Continued)

- Remedies for an Event of Default include, but not limited to, the approval of the Bond Insurer for the Trustee to pursue any available remedy allowed by law to enforce the payment of principal and interest.

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:			
2020	\$ 385,000	\$ 39,600	\$ 424,600
2021	395,000	28,050	423,050
2022	405,000	16,200	421,200
Total	<u>\$ 1,185,000</u>	<u>\$ 83,850</u>	<u>\$ 1,268,850</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 (the Department) 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.
- Third amendment – February 13, 2017, to reduce the loan amount to \$2,996,913.

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, 2019, the total loan amount disbursed and outstanding was \$2,580,104.

The loan agreement also includes the following additional information:

- Annual certification indicating that pledged revenue collections satisfy the rate coverage requirement; monthly escrow or loan debt service account is being maintained for the repayment of the loan; insurance which adequately covers customary risks. The certification must be submitted with the annual audit report.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. LONG-TERM LIABILITIES (Continued)

- Event of Default: Failure to make any monthly loan deposit or installment of the semiannual loan payment when due and such failure continues for 30 days; failure to perform of any part of the agreement; any bankruptcy, insolvency or other similar proceedings instituted against the City.
- Remedies for an Event of Default include, but not limited to require the City to account for all moneys received from the Department and to account for the receipt, use and application or disposition of the Pledged Revenues; apply to the court to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges and apply the revenues to reduce the obligations under the agreement; the Department may intercept the delinquent amount plus a penalty from the unobligated funds due to the City under any revenue or tax sharing fund established by the State; the Department may also impose a penalty not to exceed 18% interest in addition to charging cost to handle and process the debt; notify financial market credit rating agencies and potential creditors; accelerating the repayment schedule or increasing the financing rate on the unpaid principal as much as 1.667 times the financing rate.

Drinking Water State Revolving Fund Loan – DW-131831

In March 2013, the City entered into a loan agreement with the State of Florida Department of Environmental Protection (the Department) for a State Revolving Fund (“SRF”) loan in the amount of \$4,513,025 with an interest rate of 1.86%. In November, 2017, the loan 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, 2019, the total loan amount disbursed and outstanding was \$2,522,654.

The loan agreement also includes the following additional information:

- Annual certification indicating that pledged revenue collections satisfy the rate coverage requirement; monthly escrow or loan debt service account is being maintained for the repayment of the loan; insurance which adequately covers customary risks. The certification must be submitted with the annual audit report.
- Events of Default: Failure to make any monthly loan deposit or installment of the semiannual loan payment when due and such failure continues for 30 days; failure to perform of any part of the agreement; any bankruptcy, insolvency or other similar proceedings instituted against the City.
- Remedies for an Event of Default include, but not limited to require the City to account for all moneys received from the Department and to account for the receipt, use and application or disposition of the Pledged Revenues; apply to the court to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges and apply the revenues to reduce the obligations under the agreement; the Department may intercept the delinquent amount plus a penalty from the unobligated funds due to the City under any revenue or tax sharing fund established by the State; the Department may also impose a penalty not to exceed 18% interest in addition to charging cost to handle and process the debt; notify financial market credit rating

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. LONG-TERM LIABILITIES (Continued)

agencies and potential creditors; accelerating the repayment schedule or increasing the financing rate on the unpaid principal as much as 1.667 times the financing rate.

Summary Debt Service Requirements to Maturity

Principal and interest are payable through 2036:

	Loan 1 (WW131810)			Loan 1 (DW131831)			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Fiscal year ending September 30:									
2020	\$ 145,154	\$ 23,074	\$ 168,228	\$ 187,009	\$ 12,579	\$ 199,588	\$ 332,163	\$ 35,653	\$ 367,816
2021	146,439	21,801	168,240	190,681	11,421	202,102	337,120	33,222	370,342
2022	147,736	20,516	168,252	191,847	10,253	202,100	339,583	30,769	370,352
2023	149,047	19,218	168,265	193,313	9,080	202,393	342,360	28,298	370,658
2024	150,371	17,908	168,279	194,494	7,898	202,392	344,865	25,806	370,671
2025 - 2029	772,177	69,416	841,593	391,365	197,450	588,815	1,163,542	266,866	1,430,408
2030 - 2035	973,154	34,627	1,007,781	370,000	39,490	409,490	1,343,154	74,117	1,417,271
2036	96,026	3,712	99,738	335,766	25,000	360,766	431,792	28,712	460,504
Total	<u>\$ 2,580,104</u>	<u>\$ 210,272</u>	<u>\$ 2,790,376</u>	<u>\$ 2,054,475</u>	<u>\$ 313,171</u>	<u>\$ 2,367,646</u>	<u>\$ 4,634,579</u>	<u>\$ 523,443</u>	<u>\$ 5,158,022</u>

Pledged Revenues

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on outstanding debt as of September 30, 2019 follows:

Non Ad-Valorem Revenues Pledged

Governmental Activities:

Description of debt	Note payable
Purpose of debt	Refunded the Taxable Special Obligation Bonds -Series 2002 used to fund City pension obligations
Current revenue	\$42,393,917
Total future revenues pledged	\$17,868,239
Term of commitment (years)	2010-2029
Current year debt service	\$1,789,538
Percentage of current year debt service to pledged revenues	4.22%

Non Ad-Valorem Revenues Pledged

Business Type Activities:

Description of debt	FMLC Loan - Series 2016 (stormwater)	State Revolving Loans (drinking water)
Purpose of debt	Capital improvements	Capital improvements (drinking water)
Current revenue	\$30,988,169	\$2,624,268
Total future revenues pledged	\$1,268,850	\$5,158,022
Term of commitment (years)	2002-2022	2014-2036
Current year debt service	\$430,663	\$166,155
Percentage of current year debt service to pledged revenues	1.39%	6.33%

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. LONG-TERM LIABILITIES (Continued)

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, 2019, the remaining balance due was \$187,200 which will be paid annually as follows:

	<u>Amount</u>
Fiscal year ending September 30:	
2020	\$ 93,600
2021	<u>93,600</u>
Total	<u>\$ 187,200</u>

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, 2019 follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ending September 30:		
2020	\$ 645,392	\$ 1,586
2021	584,675	-
2022	<u>85,046</u>	<u>-</u>
Total minimum lease payments	1,315,113	1,586
Less amount representing interest	(134,591)	(793)
Present value of minimum lease payments	<u>\$ 1,180,522</u>	<u>\$ 793</u>

The net book value of assets acquired through capital leases as of September 30, 2019 follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fleet	\$ 1,087,633	\$ -
Equipment	537,933	3,193
Total cost	<u>1,625,566</u>	<u>3,193</u>
Less accumulated depreciation	(445,044)	(2,400)
Total net book value	<u>\$ 1,180,522</u>	<u>\$ 793</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

Plan Description

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

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

No assets are held in trust for payment of the OPEB liability, therefore 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

Plan Membership

At September 30, 2018, the date of the latest actuarial valuation, plan participation consisted of the following:

Retirees and beneficiaries	196
Active plan members	414
	610

Total OPEB Liability

The City's total OPEB liability of \$12,722,294 was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2018.

Actuarial Assumptions and Other Inputs

Valuation Date: September 30, 2018

Measurement Date: September 30, 2018

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method - Entry-Age Normal

Inflation - 2.50%

Discount Rate - 3.83% - 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 this valuation, the municipal bond rate is 3.83% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 3.50% as of the previous measurement date.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Salary Increases - Rates are based on those used in the respective October, 2018, actuarial valuations. For participants in Florida Retirement System, salary rates are based on those used in the July 1, 2018, actuarial valuation of Florida Retirement System.

Salary Increases in the Coming Year

Years of Service	General	Police Officers
0 - 2	6.0%	9.0%
3 - 5	5.00%	7.5%
6 - 9	4.50%	6.3%
10 - 14	4.00%	4.5%
15 - 19	3.50%	4.0%
Over 20	3.00%	3.5%

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

Number of Years After First Eligibility for Normal Retirement	% Probability of Normal Retirement (General Employees)	%Normal Retirement (Police Officers)
0	30%	25%
1	25%	25%
2	25%	25%
3	25%	25%
4	25%	35%
5	50%	35%
6	50%	35%
7	50%	35%
8	50%	35%
9	50%	35%
10 +	100%	100%

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Mortality - Mortality tables used in the July 1, 2018, 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 8.50% for claims costs and premiums (based on actual premium rates effective January 1, 2019), and thereafter trend based on the Getzen Model, with trend rate decreasing to 6.50% effective January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.17% increase for excise tax.

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

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

Changes in the total OPEB liability for the fiscal year ended September 30, 2019 were as follows:

Balance at September 30, 2018	<u>\$ 14,965,694</u>
Changes for the year:	
Service cost	712,084
Interest	539,189
Difference between expected and actual experience	(964,046)
Changes in assumptions	(1,985,898)
Benefits payments	(544,729)
Net changes	<u>(2,243,400)</u>
Balance at September 30, 2019	<u>\$ 12,722,294</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 3.83%, 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		
	1 % Decrease	Assumption	1 % Increase
	2.83%	3.83%	4.83%
Total OPEB liability	<u>\$ 14,515,339</u>	<u>\$ 12,722,294</u>	<u>\$ 11,262,971</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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:

	Current Healthcare Cost Trend Rate 1 % Decrease	Assumption	1 % Increase
	7.5% decreasing to 3.24%	8.5%	9.5% increasing to 5.24%
Total OPEB liability	<u>\$ 11,731,033</u>	<u>\$ 12,722,294</u>	<u>\$ 13,888,618</u>

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

For the fiscal year ended September 30, 2019, the City recognized OPEB expense of \$618,276. Deferred inflow and outflow of resources related to OPEB are as follows:

	OPEB		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 800,648	\$ (800,648)
Changes in assumptions and other inputs	- -	2,207,933 3,008,581	(2,207,933) (3,008,581)
City contributions made subsequent to the measurement date	499,818	-	499,818
	<u>\$ 499,818</u>	<u>\$ 3,008,581</u>	<u>\$ (2,508,763)</u>

The deferred outflows of resources totaling \$499,818, resulting from City contributions made subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the fiscal year ended September 30, 2020. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	Amount
2020	\$ (632,997)
2021	(632,997)
2022	(632,997)
2023	(632,997)
2024	(476,593)
Total	<u>\$ (3,008,581)</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 2019 is based on recommended funding requirements, as determined by a self-insurance actuarial review as of September 30, 2019, performed by outside actuary 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, 2019, the City's risk retention for certain types of risk is as follows:

Line of Coverage	Retention/Deductible	Coverage after Retention/Deductible
Self-insured:		
Workers' compensation	Self-insured retention of \$500,000	Excess worker's compensation Part I - Statutory Part II - \$1,000,000 (employers liability)
General & 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) and \$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 and 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, 2019

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 \$3,244,809 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:

	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>2019 Total</u>	<u>2018 Total</u>
Estimated claims liability - beginning of year	\$ 1,561,587	\$ 1,554,931	\$ 3,116,518	\$ 2,977,310
Current year claims and changes in estimates	1,741,403	455,929	2,197,332	725,071
Claim payments	(1,711,472)	(357,569)	(2,069,041)	(585,863)
Estimated claims liability - end of year	<u>\$ 1,591,518</u>	<u>\$ 1,653,291</u>	<u>\$ 3,244,809</u>	<u>\$ 3,116,518</u>

The City carries Excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2019, 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 where payments have been made, through the Workers' Compensation Third Party Administrator, in excess of 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 Plans Sponsored 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, 2019

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. After the closure, new police officers are required to 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 details regarding the methods used to measure plan investments refer to **NOTE 2**.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2018 (beginning of year valuation date); however, employer contribution requirements for the year ended September 30, 2019, were based on an October 1, 2018, 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, 2018, follows:

Inactive plan members and beneficiaries currently receiving benefits	46
Inactive plan members entitled but not yet receiving benefits	1
Active plan members	<u>108</u>
Total members	<u>155</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 payment 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
SEPTEMBER 30, 2019

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 0.22% for 2019. Employer and state contributions for the fiscal year ended September 30, 2019, was 49.27% 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 and the collective bargaining agreement of October 1, 2018, insurance premium tax monies received are shared between the City and the North Miami Police Share Plan. The net insurance premium tax received during the fiscal year was \$394,076.

Net Pension Liability

Components of the net pension liability of the City as of September 30, 2019:

	<u>NMPP Plan</u>
Total pension liability	\$107,418,051
Plan fiduciary net position	<u>(79,380,682)</u>
Net pension liability	<u>\$28,037,369</u>
Plan fiduciary net position as a percentage of total pension liability	73.90%

Actuarial Assumptions

The total pension liability was measured as of September 30, 2018, and determined by an actuarial valuation as of October 1, 2017, using the following actuarial assumptions and applied to all prior periods included in the measurement.

Assumptions Used to Determine Net Pension Liability

Actuarial cost method – Entry age normal

Inflation - 2.50%

Salary Increases - 3.50% to 9.00% depending on service

Investment rate of return - 7.40%

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
SEPTEMBER 30, 2019

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.

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, 2019 are summarized in the following table:

NMPP Plan		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	48.00%	7.50%
International equity	12.00%	8.50%
Domestic bonds	21.00%	2.50%
Real Estate	19.00%	4.50%

Discount Rate - A single discount rate of 7.40% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. 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 (7.40%) 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, 2019

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, 2019:

	NMPP Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2018	<u>\$ 95,087,691</u>	<u>70,583,225</u>	<u>\$ 24,504,466</u>
Changes for the year			
Service cost	2,874,281	-	2,874,281
Interest	7,175,820	-	7,175,820
Difference between actual & expected experience	5,426,628	-	5,426,628
Assumption changes	1,422,393	-	1,422,393
Benefit payments	(4,550,105)	-	(4,550,105)
Refunds	(18,657)	-	(18,657)
Contributions - employer	-	3,884,945	(3,884,945)
Contributions - employer (from State/Share Plan)	-	82,682	(82,682)
Contributions - member	-	932,232	(932,232)
Net investment income	-	8,694,199	(8,694,199)
Benefit payments	-	(4,550,105)	4,550,105
Refunds	-	(18,657)	18,657
Administrative expense	-	(227,839)	227,839
Net changes	<u>12,330,360</u>	<u>8,797,457</u>	<u>3,532,903</u>
Balance at September 30, 2019	<u>\$ 107,418,051</u>	<u>\$ 79,380,682</u>	<u>\$ 28,037,369</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 7.40%, 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:

	NMPP Plan		
	Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	6.4%	7.4%	8.4%
Net pension liability	<u>\$ 43,865,147</u>	<u>\$ 28,037,369</u>	<u>\$ 14,925,635</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, the City recognized pension expense of \$4,323,088. At September 30, 2019, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	NMPP Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 4,616,684	\$ 1,604,675	\$ 3,012,009
Assumptions changes	3,968,872	-	3,968,872
Net difference between projected and actual earnings on pension plan investments	<u>547,445</u>	<u>3,984,877</u>	<u>(3,437,432)</u>
	9,133,001	5,589,552	3,543,449
Employer contributions made subsequent to the measurement date	<u>4,917,990</u>	<u>-</u>	<u>4,917,990</u>
	<u>\$ 14,050,991</u>	<u>\$ 5,589,552</u>	<u>\$ 8,461,439</u>

The deferred outflows of resources related to the Plan, totaling \$4,917,990, 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, 2020. Other amounts reported as net deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Net Deferred Outflow (Inflow) of Resources
2020	\$ 590,430
2021	42,986
2022	504,019
2023	668,198
2024	1,022,241
Thereafter	<u>715,575</u>
Total	<u><u>\$ 3,543,449</u></u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 sponsor 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, 2019, is based on the October 1, 2017, 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, 2018 follows:

Inactive plan members and beneficiaries currently receiving benefits	236
Inactive plan members entitled but not yet receiving benefits	2
Active plan members	<u>191</u>
Total members	<u>429</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
SEPTEMBER 30, 2019

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 0.27% in 2019. Employer contributions for the fiscal year ended September 30, 2019 was 47.01% of covered payroll. The total employer contribution on the statement of changes in fiduciary net position is \$5,537,669 for 2019.

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, 2019, and is reported as other contributions; the balance to be received as of September 30, 2019, 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, are split between the City and the North Miami Police Share Plan.

Net Pension Liability

Components of the net pension liability of the City at September 30, 2019 follows:

	<u>CTS Retirement System</u>
Total pension liability	\$134,998,624
Plan fiduciary net position	<u>(129,640,284)</u>
Net pension liability	<u>\$ 5,358,340</u>

Plan fiduciary net position as a percentage of total pension liability

96.03%

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability was measured as of September 30, 2018, and determined by an actuarial valuation as of October 1, 2017, using the following actuarial assumptions and applied to all prior periods included in the measurement:

Assumptions Used to Determine Net Pension Liability

Actuarial cost method – Entry age normal

Inflation - 2.50%

Salary Increases - 3.0% to 6.00% depending on service

Investment rate of return – 6.95%

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.

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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

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, 2019 are summarized in the following table:

CTS Retirement System		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	48.00%	7.50%
International equity	12.00%	8.50%
Domestic bonds	24.00%	2.50%
Real Estate	16.00%	4.50%

Discount Rate - A single discount rate of 6.95% 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 (6.95%) was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2019:

	CTS Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2018	<u>\$ 128,847,915</u>	<u>\$ 118,648,557</u>	<u>\$ 10,199,358</u>
Changes for the year			
Service cost	1,759,663	-	1,759,663
Interest	8,939,070	-	8,939,070
Difference between actual & expected experience	1,551,666	-	1,551,666
Assumption changes	1,522,923	-	1,522,923
Benefit payments	(7,487,572)	-	(7,487,572)
Refunds	(136,942)	-	(136,942)
Other	1,901	-	1,901
Contributions - employer	-	5,135,715	(5,135,715)
Contributions - employer (from State/Share Plan)	-	1,901	(1,901)
Contributions - non-employer contributing entity	-	195,277	(195,277)
Contributions - member	-	813,650	(813,650)
Net investment income	-	12,802,737	(12,802,737)
Benefit payments	-	(7,487,572)	7,487,572
Refunds	-	(136,942)	136,942
Administrative expense	-	(333,039)	333,039
Net changes	<u>6,150,709</u>	<u>10,991,727</u>	<u>(4,841,018)</u>
Balance at September 30, 2019	<u>\$ 134,998,624</u>	<u>\$ 129,640,284</u>	<u>\$ 5,358,340</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

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

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability (asset), if it were calculated using a single discount rate of 6.95%, 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:

	CTS Retirement System		
	Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	5.95%	6.95%	7.95%
Net pension liability (asset)	\$ 22,302,647	\$ 5,358,340	\$ (8,673,558)

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

For the year ended September 30, 2019, the City recognized pension expense of \$1,920,201. At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	CTS Retirement System		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 2,110,903	\$ 266,557	\$ 1,844,346
Assumptions changes	3,101,941	-	3,101,941
Net difference between projected and actual earnings on pension plan investments	1,356,184	7,162,821	(5,806,637)
	6,569,028	7,429,378	(860,350)
Employer contributions made subsequent to the measurement date	5,527,789	-	5,527,789
	\$ 12,096,817	\$ 7,429,378	\$ 4,667,439

The deferred outflows of resources related to the CTS Retirement System, totaling \$5,527,789, 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, 2020. Other amounts reported as net deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Net Deferred Outflow (Inflow) of Resources
2020	\$ 1,477,583
2021	(360,119)
2022	(1,115,029)
2023	(862,785)
Total	\$ (860,350)

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

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.

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 \$2,067,946 for the fiscal year ended September 30, 2019.

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).

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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

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 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

The following chart shows the percentage value for each year of service credit earned:

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

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

Required Contributions for fiscal year 2019 were as follows:

Class ⁽²⁾	Percent of Gross Salary	
	Employer ⁽²⁾	Employer ⁽¹⁾
FRS, Regular	3.00%	8.26%
FRS, Elected Council Officers	3.00%	48.70%
FRS, Senior Management Service	3.00%	24.06%

(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 \$820,727 and employees' contributions amounted to \$199,647 for the fiscal year ended September 30, 2019.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

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

On September 30, 2019, the City reported a liability of \$6,549,910 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2019 fiscal year contributions relative to the participating members. At June 30, 2019, the City's proportionate share was 0.0190%. For the fiscal year ended September 30, 2019, the City recognized pension expense of \$2,067,946 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:

	FRS		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow (Inflow) of Resources
Changes of Assumptions	\$ 1,682,299	\$ -	\$ 1,682,299
Difference between expected and actual experience	388,494	-	388,494
Difference between projected and actual investment earnings	-	396,961	(396,961)
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	1,924,386	-	1,924,386
	<hr/> 3,995,179	<hr/> 396,961	<hr/> 3,598,218
City FRS contributions subsequent to the measurement date	184,950	-	184,950
Total	<hr/> <u>\$ 4,180,129</u>	<hr/> <u>\$ 396,961</u>	<hr/> <u>\$ 3,783,168</u>

The deferred outflows of resources related to pensions, totaling \$184,950, 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, 2020. 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,	Net Deferred Outflow (Inflow) of Resources
2020	\$ 464,384
2021	783,459
2022	783,459
2023	783,459
2024	783,457
	<hr/> <u>\$ 3,598,218</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions

The FRS actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2019, applied to all periods included in the measurement:

Inflation - 2.60%

Salary Increases - 3.25% average, including inflation

Investment Rate of Return – 6.90%, net of pension plan investment expense, including inflation

Mortality - rates were based on the PUB-2010 Base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

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

Asset Class	FRS			
	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound (Geometric) Return	Standard Deviation
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investment	6%	5.9%	5.7%	6.7%
	<u>100%</u>			
Assumed inflation-mean		2.6%		1.7%

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

Discount Rate - The discount rate used to measure the total pension liability of the Plan was 6.90%. 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

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 6.90%, 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 (5.90%) or one percentage point higher (7.90%) than the current rate:

	FRS		
	Current		
	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
City's proportionate share of the net pension liability	\$ 11,317,201	\$ 6,546,890	\$ 2,562,670

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, 2019, 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, 2019, 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

The City's contributions to the HIS totaled \$104,664 for the fiscal year ended September 30, 2019.

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

At September 30, 2019, the City reported a net pension liability of \$2,108,959 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2019 fiscal year contributions relative to the 2019 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.01884%.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$415,570 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:

	HIS		Net Deferred Outflow (Inflow) of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 25,616	\$ 2,582	23,034
Changes of Assumptions	244,198	172,369	71,829
Net difference between projected and actual earnings on HIS pension plan investments	1,361	-	1,361
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	<u>1,303,973</u>	<u>10,740</u>	<u>1,293,233</u>
	<u>1,575,148</u>	<u>185,691</u>	<u>1,389,457</u>
City HIS contributions subsequent to the measurement date	30,148	-	30,148
Total	<u><u>\$ 1,605,296</u></u>	<u><u>\$ 185,691</u></u>	<u><u>\$ 1,419,605</u></u>

The deferred outflows of resources related to pensions, totaling \$30,148 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, 2020. 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,	Net Deferred Outflow (Inflow) of Resources
2020	\$ 253,820
2021	283,909
2022	283,909
2023	283,909
2024	283,910
Total	<u><u>1,389,457</u></u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions

The HIS plan's actuarial valuation was determined using the following actuarial assumptions as of July 1, 2019, 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	3.50%

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

The actuarial assumptions used in July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability for the HIS Plan was 3.50%. 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 3.50%, 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 (2.50%) or one percentage point higher (4.50%) than the current rate:

	HIS		
	Current		
	Decrease	Discount Rate	Increase
	2.50%	3.50%	4.50%
City's proportionate share of the net pension liability	<u>\$ 2,406,399</u>	<u>\$ 2,108,005</u>	<u>\$ 1,859,481</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

Net Pension Liability, Deferred Inflow of Resources, and Deferred Outflow of Resources Related to Pensions Plans

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	PENSION RELATED ITEMS			
	Net Pension Liability	Deferred Inflow of Resources	Deferred Outflow of Resources	Pension Expenses/Expenditures
North Miami Police Pension Plan	\$ 28,037,369	\$ 5,589,552	\$ 14,050,991	\$ 3,617,327
Clair T. Singerman Employee Retirement System	5,358,340	7,429,378	12,096,817	2,132,136
Florida Retirement System	6,549,910	396,961	4,180,129	1,048,484
Retiree Health Insurance Subsidy Program	2,108,959	185,691	1,605,296	286,883
Total	<u>\$ 42,054,578</u>	<u>\$ 13,601,582</u>	<u>\$ 31,933,233</u>	<u>\$ 7,084,830</u>

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 \$394,076 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 2019, the City contributed approximately \$68,325 into this Plan, which is administered through a third party administrator.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 11. DEFINED CONTRIBUTION PLANS (Continued)

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 \$36,164 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. Accordingly, the recreation project was never completed and the company abandoned the premises.

In 1981, the Florida Department of Environmental Protection (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, (the 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 County contribution mentioned above. As of September 30, 2019, 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 approximately \$8 million at year end related to the site.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

Recent Studies and Developments

A Remediation and Landfill Closure Cost Projection was completed in 2019, which estimated the cost of remediation and closure at approximately \$8 million. This cost estimate is a decrease from a previous cost projection of \$9 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, 2019, and uncertainties remains as to the ultimate cost of the remediation and closure of the landfill site.

During 2019, the City incurred \$307,481 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 \$653,005 per year over 30 years, for a projected total cost of approximately \$19.5 million.

Landfill Closure Escrow Account

On December 22, 2004, the City received \$31,027,000 in funding from the 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.

The Landfill Closure special revenue fund accounts for the restricted asset 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 as of the year ended September 30, 2019:

Restricted assets:	
Cash in bank (money market fund)	\$ <u>9,618,038</u>
Beginning balance - October 1, 2018	\$ 9,893,573
Interest	31,946
Disbursements	<u>(307,481)</u>
Ending balance - September 30, 2019	<u>\$ 9,618,038</u>

**CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

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. 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, 2019, 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, 2019, disbursements of \$307,481 were made from the account, and no additional deposits, other than interest received of \$31,946 were made.

NOTE 13. CONTINGENCIES

Lawsuits

- The City has been named in various law suits claiming that municipal enacted red light camera violations were unlawful. City management estimates that the potential loss from these cases range between \$200,000 to \$1.2 million. Accordingly, the City has recorded a potential liability at the government-wide level financial statements of approximately \$436,000 related to these matters.
- The City is a defendant in several other lawsuits as of September 30, 2019, 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, for the Series 2006 bonds was \$22,992,602.

NOTE 15. BISCAYNE LANDING LEASE

In 2012, an agreement was signed for the site known as the Munisport Landfill Site (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 agreement is available on the City's website at northmiamifl.gov.

In Fiscal Year 2019, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$2,801,056.

NOTE 16. FUND DEFICITS

The following City funds had deficits as September 30, 2019:

Fund	Fund Deficits
General Fund	\$ 14,697,136
Special Revenue Funds:	
FEMA Disaster Recovery	4,340,265
Other special revenue funds	284,469
Capital Project Funds	173,940
Total	<u>\$ 19,495,810</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 16. FUND DEFICITS (Continued)

The City's goal is to eliminate the General Fund deficit through a combination of increased ad valorem revenue and expenditure reductions. City revenues for fiscal 2020 may be affected by the COVID-19 crisis. City building permit, sales tax, other state-shared revenues and franchise fees may be affected in fiscal 2020. We are reviewing these revenues a continuous basis to determine the level of impact any losses will have on our ability to reduce the deficit. Once the national crisis is over, we believe that revenues will be normalized. We are also continuously reviewing our expenditures to determine those that can be reduced to a reasonable level.

In March 2020, the City received \$10.7 million from the sale of 20 acres of land, which will in part reduce the general fund deficit. Our goal remains to eliminate the deficit and place the City in a sound financial condition within the next five years. Going forward, the City will only rely on revenues generated within each fiscal year for budgeting purposes.

The City has been reimbursed for approximately 67 percent of the \$4.3 million due from FEMA. We expect FEMA to fully reimburse the City by the end of fiscal 2020. We also expect the Local Housing and Other special revenue funds, which are grant funded, to be fully reimbursed when requested in order to eliminate those fund deficits. The Capital Project funds deficit will be eliminated through interfund transfers.

NOTE 17. SUBSEQUENT EVENTS

On January 31, 2020, the City Manager separated from the City of North Miami. In his stead, the Deputy City Manager was named Interim City Manager as an executive search begins to find a suitable and qualified replacement.

On March 11, 2020, the City received a \$10,700,000 from sale of 20 acres of land at the Biscayne Landing site. The sale was initiated by the exercise of a contractual buy-option in the lease agreement between the City and developer Oleta Partners, LLC. The funds are unrestricted and will be used, in part, to reduce the General Fund's deficit.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could be significantly adversely affected. The extent to which the coronavirus may impact governmental activity, business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.



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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, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 18,579,290	\$ 18,579,290	\$ 18,765,259	\$ 185,969
Utility and communication taxes	4,683,280	4,683,280	4,690,088	6,808
Charges for services	11,582,352	11,732,352	12,112,312	379,960
Return on investment - utility	2,717,133	2,717,133	2,717,132	(1)
Franchise fees	4,323,846	4,323,846	4,084,241	(239,605)
Fines and forfeitures	1,054,633	1,054,633	682,350	(372,283)
Intergovernmental	8,629,530	8,629,530	8,939,250	309,720
Licenses and permits	4,901,352	4,901,352	3,084,316	(1,817,036)
Interest	536,111	536,111	438,691	(97,420)
Other earnings	2,050,922	2,138,946	2,910,008	771,062
Rents and royalties	2,120,797	2,120,797	2,348,538	227,741
Total revenues	61,179,246	61,417,270	60,772,185	(645,085)
EXPENDITURES				
General Government:				
Mayor and city council	1,156,351	1,224,437	1,599,331	(374,894)
City manager	2,894,351	2,933,119	3,062,537	(129,418)
City clerk	618,006	618,006	585,403	32,603
Financial Services	3,507,739	3,543,339	3,340,840	202,499
Legal	1,246,133	1,471,133	1,453,811	17,322
Human resources	840,042	840,348	841,115	(767)
Information technology	1,930,948	1,939,462	1,766,628	172,834
Management and budget	338,135	324,192	298,465	25,727
Procurement and purchasing	584,469	585,969	590,617	(4,648)
Non-departmental	4,378,169	4,666,115	645,847	4,020,268
Total general government	17,494,343	18,146,120	14,184,594	3,961,526
Public Safety:				
Police	29,382,320	28,745,026	28,538,716	206,310
Building and zoning	1,637,179	1,595,262	1,557,923	37,339
Code enforcement	5,346,288	5,357,105	5,116,513	240,592
Total public safety	36,365,787	35,697,393	35,213,152	484,241
Physical Environment				
Public works	1,406,548	1,373,665	1,297,567	76,098
Transportation	2,932,708	2,877,103	2,713,741	163,362
Total physical environment	4,339,256	4,250,768	4,011,308	239,460
Economic Environment:				
Community planning and development	1,557,742	5,006,995	3,221,302	1,785,693
Total economic environment	1,557,742	5,006,995	3,221,302	1,785,693
Culture and Recreation:				
Parks and recreation	5,349,440	5,308,331	6,039,770	(731,439)
Library	1,012,063	1,006,713	1,033,817	(27,104)
MOCA	1,410,702	1,967,316	1,944,574	22,742
Total culture and recreation	7,772,205	8,282,360	9,018,161	(735,801)
Debt service	61,420	61,420	445,649	(384,229)
Capital outlay	348,843	880,464	1,045,841	(165,377)
Total expenditures	67,939,596	72,325,520	67,140,007	5,185,513
Excess (deficiency) of revenues over (under) expenditures	(6,760,350)	(10,908,250)	(6,367,822)	4,540,428
OTHER FINANCING SOURCES (USES)				
Advances from Water and Sewer Fund	8,348,942	11,855,819	-	(11,855,819)
Proceeds from sale of capital assets	-	-	6,145	6,145
Transfers in	-	549,440	1,409,032	859,592
Transfers out	(1,588,592)	(1,497,009)	(1,562,049)	(65,040)
Total other financing sources (uses)	6,760,350	10,908,250	(146,872)	(11,055,122)
Net change in fund balance (deficit)	\$ -	\$ -	\$ (6,514,694)	\$ (6,514,694)
Fund balance (deficit), beginning			(8,182,442)	
Fund balance (deficit), ending			\$ (14,697,136)	

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CRA
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 3,974,530	\$ 3,974,530	\$ 3,974,530	\$ -
Interest and other earnings	6,000	51,254	54,110	2,856
Total revenues	<u>3,980,530</u>	<u>4,025,784</u>	<u>4,028,640</u>	<u>2,856</u>
EXPENDITURES				
General government	1,633,635	1,815,690	1,339,920	475,770
Community planning and development	3,555,628	7,111,380	3,086,913	4,024,467
Total expenditures	<u>5,189,263</u>	<u>8,927,070</u>	<u>4,426,833</u>	<u>4,500,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,208,733)</u>	<u>(4,901,286)</u>	<u>(398,193)</u>	<u>4,503,093</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(549,440)	(549,440)	(549,440)	-
Total other financing sources (uses)	<u>(549,440)</u>	<u>(549,440)</u>	<u>(549,440)</u>	<u>-</u>
Appropriated fund balance	1,758,173	5,450,726	-	(5,450,726)
Net change in fund balances	\$ -	\$ -	(947,633)	\$ (947,633)
Fund balances - beginning			4,220,048	
Fund balances - ending			<u>\$ 3,272,415</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, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 756,678	\$ 1,227,661	\$ 960,894	\$ (266,767)
Total revenues	<u>756,678</u>	<u>1,227,661</u>	<u>960,894</u>	<u>(266,767)</u>
EXPENDITURES				
Housing and economic development	731,678	1,169,629	743,071	426,558
Capital outlay	25,000	58,032	37,327	20,705
Total expenditures	<u>756,678</u>	<u>1,227,661</u>	<u>780,398</u>	<u>447,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>180,496</u>	<u>180,496</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	65,040	65,040
Total other financing source	<u>-</u>	<u>-</u>	<u>65,040</u>	<u>65,040</u>
Net change in fund balances	\$ -	\$ -	245,536	\$ 245,536
Fund balances - beginning			<u>(245,536)</u>	
Fund balances (deficit) - ending			<u>\$ -</u>	

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LANDFILL CLOSURE
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Interest and other earnings	\$ -	\$ -	\$ 31,946	\$ 31,946
Total revenues	<u>-</u>	<u>-</u>	<u>31,946</u>	<u>31,946</u>
EXPENDITURES				
Physical environment	9,922,280	9,922,280	307,481	9,614,799
Total expenditures	<u>9,922,280</u>	<u>9,922,280</u>	<u>307,481</u>	<u>9,614,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,922,280)</u>	<u>(9,922,280)</u>	<u>(275,535)</u>	<u>9,646,745</u>
Appropriated fund balance	9,922,280	9,922,280	-	(9,922,280)
Net change in fund balances	\$ -	\$ -	(275,535)	<u>\$ (275,535)</u>
Fund balances - beginning			9,893,573	
Fund balances - ending			<u>\$ 9,618,038</u>	

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION Unaudited September 30, 2019

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are legally adopted for all governmental funds other than MOCA and 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.

1) Thirty-Five (35) days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them through appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General Fund is legally maintained at the departmental level. Below is brief explanation for departments with significant variances:

- Mayor and council exceeded its budget authorization by \$374,894 due primarily to additional spending for discretionary expenses (\$278,533) and special events (\$56,614).
- City manager exceeded its budget authorization by \$129,418 due primarily to expenditures relating to the 2020 Census - \$188,000.
- Financial services and information technology had positive variances of \$202,499 and \$172,834 respectively due primarily to unfilled budgeted personnel positions.
- Non-departmental positive variance of \$4,020,268 was due primarily to the expenditure reduction plan implemented to address the general fund deficit. As such, several planned expenditures were deferred.
- The Police had an overall positive variance of \$484,241 and physical environment also had positive variance of \$239,460 due primarily to unfilled budgeted personnel positions and a reduction in the amount of interfund charges allocated.
- Economic environment had a positive variance of \$1,785,693 due to housing rehabilitation grants that were not awarded by the end of the fiscal year. The funds were carried over to 2020 fiscal year.
- Culture and recreation had a negative variance of \$735,801 because wages for temporary and contract employees, and recreation and playground equipment were over budgeted.
- Debt service had a negative variance of \$0.384 million because expenditures were budgeted in the debt service fund instead of the general fund.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

September 30, 2019

- Capital outlay had a negative variance of \$0.165 million due to additional costs for City Hall repairs that were not budgeted for.
- 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 2019, budget amendments to general fund revenues and expenditures totaled \$4,147,900. 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. Note that most of the initiatives cited above come from fiscal year 2018, but they were not undertaken. Therefore, 2019 budget was amended to include them.
- 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 FIVE YEARS
UNAUDITED

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 1,759,663	\$ 1,959,651	\$ 2,659,600	\$ 2,438,790	\$ 2,250,457
Interest	8,939,070	8,775,025	9,099,037	8,937,243	8,638,765
Benefit changes	1,522,923	4,504,616	(6,839,780)	-	-
Difference between actual & expected experience	1,551,666	2,228,073	(1,266,151)	(2,263,638)	-
Benefit payments	(7,487,572)	(7,225,538)	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	(136,942)	(98,051)	(190,942)	(265,792)	(185,090)
Other	1,901	1,657	1,423	1,253	1,253
Net change in total pension liability	6,150,709	10,145,433	(3,570,957)	1,984,336	3,765,690
Total pension liability - beginning	128,847,915	118,702,482	122,273,439	120,289,103	116,523,413
Total pension liability - ending (a)	\$ 134,998,624	\$ 128,847,915	\$ 118,702,482	\$ 122,273,439	\$ 120,289,103
 Plan fiduciary net position					
Contributions - employer	5,135,715	4,924,792	5,900,606	5,452,219	4,024,959
Contributions - employer (from State/Share Plan)	1,901	1,657	1,423	1,253	1,253
Contributions - non-employer contributing entity	195,277	103,860	92,782	145,792	171,222
Contributions - member	813,650	788,484	920,667	853,456	789,599
Net investment income	12,802,737	12,071,492	11,084,389	548,641	9,493,224
Benefit payments	(7,487,572)	(7,225,538)	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	(136,942)	(98,051)	(190,942)	(265,792)	(185,090)
Administrative expense	(333,039)	(262,418)	(250,675)	(235,209)	(284,291)
Net change in plan fiduciary net position	10,991,727	10,304,278	10,524,106	(363,160)	7,071,181
Plan fiduciary net position - beginning	118,648,557	108,344,279	97,820,173	98,183,333	91,112,152
Plan fiduciary net position - ending (b)	\$ 129,640,284	\$ 118,648,557	\$ 108,344,279	\$ 97,820,173	\$ 98,183,333
Net pension liability - ending (a) - (b)	\$ 5,358,340	\$ 10,199,358	\$ 10,358,203	\$ 24,453,266	\$ 22,105,770
 Plan fiduciary net position as a percentage of total pension liability	96.03%	92.08%	91.27%	80.00%	81.62%
Covered payroll	\$ 11,989,341	\$ 11,834,725	\$ 11,618,974	\$ 12,192,229	\$ 11,279,986
Net pension liability as a percentage of covered payroll	44.69%	86.18%	89.15%	200.56%	195.97%
Measurement Date	10/1/2018	10/1/2017	10/1/2016	10/1/2015	10/1/2014

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 FIVE YEARS
UNAUDITED

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 2,874,281	\$ 2,736,585	\$ 2,688,621	\$ 2,364,576	\$ 2,474,226
Interest	7,175,820	7,112,421	6,699,774	6,407,038	5,987,806
Difference between actual & expected experience	5,426,628	(586,971)	(722,729)	(2,551,912)	-
Assumption changes	1,422,393	2,910,987	1,055,450	973,319	-
Benefit payments	(4,550,105)	(4,280,161)	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(18,657)	(32,663)	(160,092)	-	(72,946)
Net change in total pension liability	12,330,360	7,860,198	6,701,998	4,200,665	4,851,587
Total pension liability - beginning	95,087,691	87,227,493	80,525,495	76,324,830	71,473,243
Total pension liability - ending (a)	\$ 107,418,051	\$ 95,087,691	\$ 87,227,493	\$ 80,525,495	\$ 76,324,830
Plan fiduciary net position					
Contributions - employer	3,884,945	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	82,682
Contributions - non-employer contributing entity	-	-	494,141	-	-
Contributions - member	932,232	1,153,440	1,014,411	846,576	791,906
Net investment income	8,694,199	6,933,826	5,759,158	1,672,653	4,798,319
Benefit payments	(4,550,105)	(4,280,161)	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(18,657)	(32,663)	(160,092)	-	(72,946)
Administrative expense	(227,839)	(159,823)	(136,260)	(126,435)	(132,094)
Net change in plan fiduciary net position	8,797,457	7,441,708	7,753,237	2,841,779	5,124,368
Plan fiduciary net position - beginning	70,583,225	63,141,517	55,388,280	52,546,501	47,422,133
Plan fiduciary net position - ending (b)	\$ 79,380,682	\$ 70,583,225	\$ 63,141,517	\$ 55,388,280	\$ 52,546,501
Net pension liability - ending (a) - (b)	\$ 28,037,369	\$ 24,504,466	\$ 24,085,976	\$ 25,137,215	\$ 23,778,329
Plan fiduciary net position as a percentage of total pension liability	73.90%	74.23%	72.39%	68.78%	68.85%
Covered payroll	\$ 9,612,372	\$ 9,058,510	\$ 9,185,954	\$ 8,901,956	\$ 8,327,087
Net pension liability as a percentage of covered payroll	291.68%	270.51%	262.20%	282.38%	285.55%
Measurement Date	10/1/2018	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 SIX YEARS
UNAUDITED

Year 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	5,330,992	5,330,992	-	11,989,341	44.46%
2019	5,731,935	5,731,935	-	11,992,650	47.80%

The following actuarial methods and assumptions were used to determine contribution rates for fiscal year 2019, as reported in the schedule of contributions above:

Valuation Date :

October 1, 2017

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	15 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	6.95%
Retirement Age	Experience-based table of rates
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale BB.

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
NORTH MIAMI POLICE PENSION PLAN
LAST SIX YEARS
UNAUDITED

Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution deficiency (excess)	Covered Payroll	Actial Contribution as % of Covered Payroll
2014	\$ 3,239,178	\$ 3,276,682	\$ (37,504)	\$ 8,327,087	39.35%
2015	3,441,341	3,441,341	-	8,901,956	38.66%
2016	3,640,905	4,135,046	(494,141)	9,185,954	45.01%
2017	3,827,089	3,827,089	-	9,058,510	42.25%
2018	3,967,627	3,967,627	-	9,962,588	39.83%
2019	4,908,116	4,908,116	-	9,667,188	50.77%

The following actuarial methods and assumptions were used to determine contribution rates for fiscal year 2019, as reported in the schedule of contributions above:

Valuation Date :

October 1, 2017

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	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 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	7.40%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale BB.

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 FOUR YEARS
UNAUDITED

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

Year 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%
2019	0.0190%	6,549,910	6,275,292	104.38%	82.61%

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Year 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	-	4,545,822	8.92%
2019	589,729	589,729	-	6,275,292	9.40%

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 FOUR YEARS
UNAUDITED

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

Year 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%	\$ 5,330,992	\$ 1,548,779	1.67%	0.97%
2017	0.0092%	5,731,935	1,694,062	58.64%	0.50%
2018	0.0137%	1,447,001	4,545,822	31.83%	2.15%
2019	0.0188%	2,108,959	6,275,292	33.61%	2.63%

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	-	4,545,822	1.63%
2019	104,664	104,664	-	6,275,292	1.67%

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**

September 30,	CTS	NMPP
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, 2019
UNAUDITED

	2019	2018
Balance at September 30, 2018	\$ 14,965,694	\$ 15,069,609
Changes for the year:		
Service cost	712,084	744,106
Interest	539,189	482,386
Difference between expected and actual experience	(964,046)	-
Changes in assumptions	(1,985,898)	(824,639)
Benefits payments	(544,729)	(505,768)
Net changes	<u>(2,243,400)</u>	<u>(103,915)</u>
Balance at September 30, 2019	<u>\$ 12,722,294</u>	<u>\$ 14,965,694</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.



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.

- **North Miami Cagni Park Project** – This fund is used to account for revenues and expenditures related to the North Miami Cagni Park upgrade project. Construction is to be funded through the joint effort of the School Board of Miami-Dade County and the City of North Miami.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS (Continued)

- **E. May Avil Library** – This fund was established to account for expenditures for library renovation and expansion.
- **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, 2019

Special Revenue

	HOME Investment Partnership	2005 Recovery	Neighborhood Stabilization	FEMA Disaster Recovery	Local Housing (SHIP)	Police Training	Law Enforcement Trust	Federal Forfeiture	Justice Assistance Grants
ASSETS									
Pooled cash and cash equivalents	\$ -	\$ 55,526	\$ 997,305	\$ -	\$ 118,216	\$ -	\$ 196,397	\$ 104,614	\$ 7,860
Pooled investments	-	-	-	-	-	-	-	-	-
Accounts receivables, net of allowance	-	-	-	-	-	-	7,566	-	-
Due from other governments and entities	226,241	-	-	797,436	-	1,483	-	-	2,398
Due from other funds	-	-	-	-	-	-	-	-	-
Prepays, deposits and other current assets	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-
Total assets	226,241	55,526	997,305	797,436	118,216	1,483	203,963	104,614	10,258
LIABILITIES									
Vouchers payable	25,180	-	5,500	2,423	74,642	-	2,895	450	-
Construction contracts payable	-	-	-	-	-	-	-	-	-
Accrued payroll and benefits	1,891	-	9,898	-	-	-	-	-	-
Due to other funds	85,195	-	-	4,479,031	-	10,769	-	-	-
Unearned revenues	-	-	416,123	-	46,474	-	-	-	26,549
Other liabilities and deposits	-	-	1,148	-	-	-	-	-	-
Total liabilities	112,266	-	432,669	4,481,454	121,116	10,769	2,895	450	26,549
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues - from other sources	59,552	-	-	656,247	-	-	-	-	-
Total deferred inflows of resources	59,552	-	-	656,247	-	-	-	-	-
FUND BALANCES (DEFICITS)									
Non-spendable	-	-	-	-	-	-	-	-	-
Restricted	54,423	55,526	564,636	-	-	-	201,068	104,164	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned deficit	-	-	-	(4,340,265)	(2,900)	(9,286)	-	-	(16,291)
Total Fund Balances (Deficits)	54,423	55,526	564,636	(4,340,265)	(2,900)	(9,286)	201,068	104,164	(16,291)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 226,241	\$ 55,526	\$ 997,305	\$ 797,436	\$ 118,216	\$ 1,483	\$ 203,963	\$ 104,614	\$ 10,258

(Continued)

CITY OF NORTH MIAMI, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue				Debt Service	
	Half-Cent Transportation Surtax	Developer Impact Fees	Miscellaneous & Other Grants	MOCA	Total Special Revenue Funds	Pension Obligation Bonds
ASSETS						
Pooled cash and cash equivalents	\$ 60,481	\$ 690,391	\$ -	\$ 261,266	\$ 2,492,056	\$ 7,528
Pooled investments	-	-	-	1,015,255	1,015,255	-
Accounts receivables, net of allowance	162	-	-	42,113	49,841	-
Due from other governments and entities	700,326	-	27,985	34,400	1,790,269	-
Due from other funds	-	-	-	-	-	-
Prepays, deposits and other current assets	-	-	-	85,029	85,029	-
Restricted cash	-	-	-	-	-	-
Total assets	760,969	690,391	27,985	1,438,063	5,432,450	7,528
LIABILITIES						
Vouchers payable	81,271	-	26,233	55,793	274,387	-
Construction contracts payable	73	-	-	-	73	-
Accrued payroll and benefits	14,718	-	-	-	26,507	-
Due to other funds	-	-	204,355	-	4,779,350	-
Unearned revenues	-	-	53,389	-	542,535	-
Other liabilities and deposits	-	-	-	-	1,148	-
Total liabilities	96,062	-	283,977	55,793	5,624,000	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - from other sources	255,214	-	-	-	971,013	-
Total deferred inflows of resources	255,214	-	-	-	971,013	-
FUND BALANCES (DEFICITS)						
Non-spendable	-	-	-	85,029	85,029	-
Restricted	409,693	690,391	-	533,362	2,613,263	7,528
Assigned	-	-	-	762,580	762,580	-
Unassigned deficit	-	-	(255,992)	1,299	(4,623,435)	-
Total Fund Balances (Deficits)	409,693	690,391	(255,992)	1,382,270	(1,162,563)	7,528
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 760,969	\$ 690,391	\$ 27,985	\$ 1,438,063	\$ 5,432,450	\$ 7,528

(Continued)

CITY OF NORTH MIAMI, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Capital Projects							
	North Miami Cagni Park Project	E May Avil Library	Transportation Gas Tax	Arch Creek Bridge	Other Capital Project Funds	Total Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS							
Pooled cash and cash equivalents	\$ -	\$ -	\$ 235,103	\$ 23,149	\$ -	\$ 258,252	\$ 2,757,836
Pooled investments	-	-	-	-	-	-	1,015,255
Accounts receivables, net of allowance	-	-	-	-	-	-	49,841
Due from other governments and entities	-	-	48,678	-	-	48,678	1,838,947
Due from other funds	-	-	-	-	-	-	-
Prepays, deposits and other current assets	-	-	-	-	-	-	85,029
Restricted cash	-	-	-	-	-	-	-
Total assets	-	-	283,781	23,149	-	306,930	5,746,908
LIABILITIES							
Vouchers payable	-	-	-	-	1,268	1,268	275,655
Construction contracts payable	-	-	8,690	-	-	8,690	8,763
Accrued payroll and benefits	-	-	-	-	-	-	26,507
Due to other funds	881	47,514	-	-	124,277	172,672	4,952,022
Unearned revenues	-	-	-	-	-	-	542,535
Other liabilities and deposits	-	-	-	-	-	-	1,148
Total liabilities	881	47,514	8,690	-	125,545	182,630	5,806,630
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - from other sources	-	-	-	-	-	-	971,013
Total deferred inflows of resources	-	-	-	-	-	-	971,013
FUND BALANCES (DEFICITS)							
Non-spendable	-	-	-	-	-	-	85,029
Restricted	-	-	275,091	-	-	275,091	2,895,882
Assigned	-	-	-	23,149	-	23,149	785,729
Unassigned deficit	(881)	(47,514)	-	-	(125,545)	(173,940)	(4,797,375)
Total Fund Balances (Deficits)	(881)	(47,514)	275,091	23,149	(125,545)	124,300	(1,030,735)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ -	\$ -	\$ 283,781	\$ 23,149	\$ -	\$ 306,930	\$ 5,746,908

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, 2019

	Special Revenue								
	HOME Investment Partnership	2005 Recovery	Neighborhood Stabilization	FEMA Disaster Recovery	Local Housing (SHIP)	Police Training	Law Enforcement Trust	Federal Forfeiture	Justice Assistance Grants
REVENUES									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-	-
Charges for services:									
Sanitation fees	-	-	-	-	-	-	-	-	-
Interfund charges	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Intergovernmental	162,670	-	112,478	422,643	286,589	9,770	96,876	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Interest and other earnings	58,241	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-	-
Total revenues	220,911	-	112,478	422,643	286,589	9,770	96,876	-	-
EXPENDITURES									
Current:									
General government	-	-	-	250,977	-	-	-	-	-
Public safety	-	-	-	-	-	8,079	56,998	37,969	-
Physical environment	-	-	-	-	-	-	-	-	-
Housing and economic development	192,575	-	156,383	-	264,619	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	30,000	9,657	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	7,394	4,466	-
Total expenditures	192,575	-	156,383	250,977	264,619	8,079	94,392	52,092	-
Excess (deficiency) of revenues over (under) expenditures	28,336	-	(43,905)	171,666	21,970	1,691	2,484	(52,092)	-
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-
proceeds from capital leases	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(859,592)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(859,592)	-	-	-	-	-
Net change in fund balances (deficits)	28,336	-	(43,905)	(687,926)	21,970	1,691	2,484	(52,092)	-
Fund balances (deficits), beginning	26,087	55,526	608,541	(3,652,339)	(24,870)	(10,977)	198,584	156,256	(16,291)
Fund balances (deficits), ending	\$ 54,423	\$ 55,526	\$ 564,636	\$ (4,340,265)	\$ (2,900)	\$ (9,286)	\$ 201,068	\$ 104,164	\$ (16,291)

(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, 2019

	Special Revenue				Debt Service	
	Half-Cent Transportation Surtax	Developer Impact Fees	Miscellaneous & Other Grants	MOCA	Total Special Revenue Funds	Pension Obligation Bonds
REVENUES						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-
Charges for services:						
Sanitation fees	-	-	-	-	-	-
Interfund charges						
Other	37,958	15,418		95,255	148,631	-
Franchise fees	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	3,414,535	-	181,610	2,649,511	7,336,682	-
Licenses and permits	-	-	-	-	-	-
Interest and other earnings	-	1,089	-	674,475	733,805	-
Rents and royalties	-	-	-	-	-	-
Total revenues	3,452,493	16,507	181,610	3,419,241	8,219,118	-
EXPENDITURES						
Current:						
General government	-	-	15,999	-	266,976	-
Public safety	-	-	83,472	-	186,518	-
Physical environment	1,805,551	-	-	-	1,805,551	-
Housing and economic development	-	-	-	-	613,577	-
Culture and recreation	-	-	99,748	3,084,241	3,183,989	-
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	39,657	799,492
Interest and fiscal charges	-	-	-	-	-	579,026
Capital outlay	876,899	-	-	-	888,759	-
Total expenditures	2,682,450	-	199,219	3,084,241	6,985,027	1,378,518
Excess (deficiency) of revenues over (under) expenditures	770,043	16,507	(17,609)	335,000	1,234,091	(1,378,518)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	-	-
proceeds from capital leases	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,789,538
Transfers out	-	-	-	-	(859,592)	-
Total other financing sources (uses)	-	-	-	-	(859,592)	1,789,538
Net change in fund balances (deficits)	770,043	16,507	(17,609)	335,000	374,499	411,020
Fund balances (deficits), beginning	(360,350)	673,884	(238,383)	1,047,270	(1,537,062)	(403,492)
Fund balances (deficits), ending	\$ 409,693	\$ 690,391	\$ (255,992)	\$ 1,382,270	\$ (1,162,563)	\$ 7,528

(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, 2019

Capital Projects							Total Nonmajor Governmental Funds
	North Miami Cagni Park Project	E May Avil Library	Transportation Gas Tax	Arch Creek Bridge	Other Capital Project Funds	Total Capital Projects Funds	
REVENUES							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-
Charges for services:							-
Sanitation fees	-	-	-	-	-	-	-
Interfund charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	148,631
Franchise fees	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	301,146	-	-	301,146	7,637,828
Licenses and permits	-	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	-	733,805
Rents and royalties	-	-	-	-	-	-	-
Total revenues	-	-	301,146	-	-	301,146	8,520,264
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	266,976
Public safety	-	-	-	-	-	-	186,518
Physical environment	-	-	-	-	-	-	1,805,551
Housing and economic development	-	-	-	-	-	-	613,577
Culture and recreation	-	-	-	-	5,001	5,001	3,188,990
Community planning and development	-	-	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	839,149
Interest and fiscal charges	-	-	-	-	-	-	579,026
Capital outlay	881	-	310,433	-	26,289	337,603	1,226,362
Total expenditures	881	-	310,433	-	31,290	342,604	8,706,149
Excess (deficiency) of revenues over (under) expenditures	(881)	-	(9,287)	-	(31,290)	(41,458)	(185,885)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
proceeds from capital leases	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,789,538
Transfers out	-	-	-	-	-	-	(859,592)
Total other financing sources (uses)	-	-	-	-	-	-	929,946
Net change in fund balances (deficits)	(881)	-	(9,287)	-	(31,290)	(41,458)	744,061
Fund balances (deficits), beginning	-	(47,514)	284,378	23,149	(94,255)	165,758	(1,774,796)
Fund balances (deficits), ending	\$ (881)	\$ (47,514)	\$ 275,091	\$ 23,149	\$ (125,545)	\$ 124,300	\$ (1,030,735)

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019

	Risk Management	Fleet Management	Totals
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 3,928,454	\$ 4,526,727	\$ 8,455,181
Pooled investments	1,342,130	-	1,342,130
Accounts receivables, net of allowance	-	237	237
Grants receivables from other governments	-	8,834	8,834
Inventories and supplies	-	51,314	51,314
Prepays and deposits	71,982	-	71,982
Total current assets	<u>5,342,566</u>	<u>4,587,112</u>	<u>9,929,678</u>
Non-current assets:			
Capital assets, net	-	3,142,828	3,142,828
Total assets	<u>5,342,566</u>	<u>7,729,940</u>	<u>13,072,506</u>
DEFERRED OUTFLOW OF RESOURCES			
OPEB related items	2,341	814	3,155
Pension related items	428,549	608,854	1,037,403
Total deferred outflow of resources	<u>430,890</u>	<u>609,668</u>	<u>1,040,558</u>
LIABILITIES			
Current liabilities:			
Vouchers payable	56,093	97,699	153,792
Constructions contracts payable	-	2,023	2,023
Accrued payroll and benefits	16,195	19,353	35,548
Due to other funds	-	-	-
Deposits and performance bonds	-	-	-
Compensated absences	37,862	54,297	92,159
Bonds, notes, leases payable	-	591,154	591,154
Total current liabilities	<u>110,150</u>	<u>764,526</u>	<u>874,676</u>
Non-current liabilities:			
Bonds, notes and lease payable	-	534,334	534,334
Compensated absences	91,552	306,081	397,633
Claims payable	3,244,809	-	3,244,809
Net pension liability	335,250	1,033,552	1,368,802
Total OPEB liability	107,254	208,545	315,799
Total non-current liabilities	<u>3,778,865</u>	<u>2,082,512</u>	<u>5,861,377</u>
Total liabilities	<u>3,889,015</u>	<u>2,847,038</u>	<u>6,736,053</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	20,322	43,646	63,968
Pension related items	112,823	272,223	385,046
Total deferred inflows of resources	<u>133,145</u>	<u>315,869</u>	<u>449,014</u>
NET POSITION			
Net investment in capital assets	-	2,015,317	2,015,317
Unrestricted	1,751,296	3,161,384	4,912,680
Total net position	<u>\$ 1,751,296</u>	<u>\$ 5,176,701</u>	<u>\$ 6,927,997</u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Risk Management	Fleet Management	Totals
OPERATING REVENUES			
Premiums and charges for services provided to other funds	\$ 157,505	\$ 2,916,608	\$ 3,074,113
Other revenues	1,717,902	88,385	1,806,287
Total operating revenues	<u>1,875,407</u>	<u>3,004,993</u>	<u>4,880,400</u>
OPERATING EXPENSES			
Personnel services	492,541	812,514	1,305,055
Materials, supplies, services and other operating expenses	878,395	1,243,808	2,122,203
Claims cost	2,197,332	-	2,197,332
Depreciation	-	507,561	507,561
Total operating expenses	<u>3,568,268</u>	<u>2,563,883</u>	<u>6,132,151</u>
Operating income (loss)	(1,692,861)	441,110	(1,251,751)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	33,230	-	33,230
Gain from sale of capital assets	-	18,300	18,300
Miscellaneous revenues	-	-	-
Interest expense	-	(71,144)	(71,144)
Total non-operating revenues (expenses)	<u>33,230</u>	<u>(52,844)</u>	<u>(19,614)</u>
Income (loss) before transfers	<u>(1,659,631)</u>	<u>388,266</u>	<u>(1,271,365)</u>
TRANSFERS			
Transfers out	(16,834)	(34,430)	(51,264)
Total transfers out	<u>(16,834)</u>	<u>(34,430)</u>	<u>(51,264)</u>
Change in net position	(1,676,465)	353,836	(1,322,629)
Net position - beginning	3,427,761	4,822,865	8,250,626
Net position - ending	\$ 1,751,296	\$ 5,176,701	\$ 6,927,997

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Risk Management	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from other funds for premiums and charges for services	\$ 157,505	\$ 2,916,608	\$ 3,074,113
Other cash receipts	1,717,902	88,385	1,806,287
Payments to employees	(492,541)	(812,514)	(1,305,055)
Payments to suppliers	(726,745)	(1,215,728)	(1,942,473)
Payments for claims	(2,197,332)	-	(2,197,332)
Net cash provided by (used in) operating activities	<u>(1,541,211)</u>	<u>976,751</u>	<u>(564,460)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out - pension debt service	(16,834)	(34,430)	(51,264)
Net cash used for noncapital financing activities	<u>(16,834)</u>	<u>(34,430)</u>	<u>(51,264)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital lease	-	1,635,586	1,635,586
Principal paid on capital leases	-	(746,467)	(746,467)
Interest paid on capital leases	-	(71,144)	(71,144)
Acquisition and construction of capital assets	-	(1,818,067)	(1,818,067)
Proceeds from sale of capital assets	-	18,300	18,300
Net cash used for capital and related financing activities	<u>-</u>	<u>(981,792)</u>	<u>(981,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(33,230)	-	(33,230)
Interest earnings	33,230	145	33,375
Net cash provided by investing activities	<u>-</u>	<u>145</u>	<u>145</u>
Net decrease in pooled cash and cash equivalents	(1,558,045)	(39,326)	(1,597,371)
Pooled cash and cash equivalents at beginning of year	5,486,499	4,566,053	10,052,552
Pooled cash and cash equivalents a end of the year	<u>\$ 3,928,454</u>	<u>\$ 4,526,727</u>	<u>\$ 8,455,181</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating (loss) income	\$ (1,692,861)	\$ 441,110	\$ (1,251,751)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	507,561	507,561
Changes in assets, liabilities, deferred inflows and outflows of resources:			
(Increase) decrease in accounts receivable	7,340	2,740	10,080
(Increase) decrease in grants receivable from other governments	-	8,472	8,472
(Increase) decrease in inventories and supplies	-	(392)	(392)
(Increase) decrease in prepaids and deposits	(14,425)	-	(14,425)
(Increase) decrease in deferred outflows of resources	(39,340)	(97,321)	(136,661)
Increase (decrease) in vouchers payable	1,805	13,838	15,643
Increase (decrease) in accrued payroll and benefits	2,450	2,067	4,517
Increase (decrease) in compensated absences	58,589	19,254	77,843
Increase (decrease) in claims payable	128,291	-	128,291
Increase (decrease) in other post-employment benefits obligation	(34,131)	(22,948)	(57,079)
Increase (decrease) in net pension liability	11,127	27,071	38,198
Increase (decrease) in deferred inflows of resources	29,944	75,299	105,243
Net cash provided by (used in) operating activities	<u>\$ (1,541,211)</u>	<u>\$ 976,751</u>	<u>\$ (564,460)</u>
Non-cash investing, capital and financing activities:			
Proceeds from capital lease financing	-	1,635,587	1,635,587
Total non-cash investing, capital and financing activities:	<u>\$ -</u>	<u>\$ 1,635,587</u>	<u>\$ 1,635,587</u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	691 CTS Plan	748 Police Plan	Totals
ASSETS			
Cash and short term investments	\$ 63,415	\$ 104,165	\$ 167,580
Investments:			
Short term investments	1,768,951	427,123	2,196,074
U.S. Treasuries	4,394,659	3,837,723	8,232,382
U.S. Agency obligations	2,556,870	1,433,350	3,990,220
Corporate bonds	8,066,013	6,691,773	14,757,786
Common stock	32,234,158	29,549,432	61,783,590
Equity mutual funds	15,693,290	-	15,693,290
Real estate funds	21,543,006	15,535,577	37,078,583
Bond Index Funds	16,669,751	3,997,542	20,667,293
Index funds (collective investment trust funds)	31,128,111	19,040,288	50,168,399
Total investments	<u>134,054,809</u>	<u>80,512,808</u>	<u>214,567,617</u>
Receivables:			
Plan members' contributions	3,123	3,319	6,442
Share Plan	38,025	-	38,025
Receivable from broker on investments sold	85,237	-	85,237
Accrued interest	85,313	70,543	155,856
Accrued dividends	23,612	14,485	38,097
Total receivables	<u>235,310</u>	<u>88,347</u>	<u>323,657</u>
Total assets	<u>134,353,534</u>	<u>80,705,320</u>	<u>215,058,854</u>
LIABILITIES AND NET POSITION RESTRICTED FOR PENSION BENEFITS			
Liabilities:			
Accounts payable and accrued liabilities	38,884	34,377	73,261
Payable to broker for investments purchased	81,453	-	81,453
Benefits payable	489,083	65,798	554,881
Total liabilities	<u>609,420</u>	<u>100,175</u>	<u>709,595</u>
Net position restricted for pension benefits	<u>\$ 133,744,114</u>	<u>\$ 80,605,145</u>	<u>\$ 214,349,259</u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	691 CTS Plan	748 Police Plan	Totals
ADDITIONS			
Employer	\$ 5,537,669	\$ 4,724,031	\$ 10,261,700
Plan members	824,981	907,850	1,732,831
County	194,266	-	194,266
Other	2,595	184,085	186,680
Total contributions	<u>6,559,511</u>	<u>5,815,966</u>	<u>12,375,477</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	5,449,400	(50,711)	5,398,689
Interest	512,933	391,112	904,045
Dividends	799,009	382,644	1,181,653
Gross investment income	<u>6,761,342</u>	<u>723,045</u>	<u>7,484,387</u>
Less investment expenses	(482,158)	(302,919)	(785,077)
Net investment income	<u>6,279,184</u>	<u>420,126</u>	<u>6,699,310</u>
Total additions	<u>12,838,695</u>	<u>6,236,092</u>	<u>19,074,787</u>
DEDUCTIONS			
Benefits paid to Plan members:			
Normal retirement	7,432,560	3,680,302	11,112,862
Disability retirement	131,495	150,404	281,899
Death benefit	5,529	29,891	35,420
Lump sum retirement	793,949	826,167	1,620,116
Refunds of contributions	26,378	71,573	97,951
	<u>8,389,911</u>	<u>4,758,337</u>	<u>13,148,248</u>
Administrative expenses	344,954	253,288	598,242
Total deductions	<u>8,734,865</u>	<u>5,011,625</u>	<u>13,746,490</u>
Increase in net position	4,103,830	1,224,467	5,328,297
Net position restricted for pension benefits - beginning	129,640,284	79,380,678	209,020,962
Net position restricted for pension benefits - ending	\$ 133,744,114	\$ 80,605,145	\$ 214,349,259

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds								
	Home Investment Partnership				2005 Disaster Recovery Grant				
	Budgeted Amounts		Actual Amounts		Variance with Final Budget	Budgeted Amounts		Actual Amounts	
	Original	Final	Original	Final	(Negative)	Original	Final	Original	Final
REVENUES									
Intergovernmental	\$ 300,908	\$ 300,908	\$ 162,670	\$ (138,238)		\$ -	\$ -	\$ -	\$ -
Interest and other earnings	-	314,175	58,241	(255,934)		-	-	-	-
Total revenues	<u>300,908</u>	<u>615,083</u>	<u>220,911</u>	<u>(394,172)</u>		-	-	-	-
EXPENDITURES									
Housing and economic development	343,869	658,044	192,575	465,469		-	-	-	-
Total expenditures	<u>343,869</u>	<u>658,044</u>	<u>192,575</u>	<u>465,469</u>		-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>(42,961)</u>	<u>(42,961)</u>	<u>28,336</u>	<u>71,297</u>		-	-	-	-
OTHER FINANCING SOURCES (USES)									
Transfers in	42,961	42,961	-	(42,961)		-	-	-	-
Total other financing source (uses)	<u>42,961</u>	<u>42,961</u>	<u>-</u>	<u>(42,961)</u>		-	-	-	-
Net change in fund balances (deficits)	-	-	28,336	28,336		-	-	-	-
Fund balances - beginning			26,087					55,526	
Fund balances - ending			<u>54,423</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, 2019

Special Revenue Funds										
	Neighborhood Stabilization Program				FEMA Disaster Recovery				Variance with Final Budget (Negative)	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts			
	Original	Final			Original	Final				
REVENUES										
Intergovernmental	\$ 30,000	142,478	\$ 112,478	\$ (30,000)	\$ -	\$ -	\$ 422,643	\$ 422,643		
Interest	-	77,050	-	-	-	-	-	-	-	
Total revenues	<u>30,000</u>	<u>219,528</u>	<u>112,478</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>422,643</u>	<u>422,643</u>		
EXPENDITURES										
Housing and economic development	-	85,159	156,383	(71,224)	-	-	250,977	(250,977)		
Capital outlay	30,000	134,369	-	134,369	-	-	-	-	-	
Total expenditures	<u>30,000</u>	<u>219,528</u>	<u>156,383</u>	<u>63,145</u>	<u>-</u>	<u>-</u>	<u>250,977</u>	<u>(250,977)</u>		
Excess (deficiency) of revenues over (under) expenditures	-	-	(43,905)	33,145	-	-	171,666	171,666		
OTHER FINANCING SOURCES (USES)										
Transfers out	-	-	-	-	-	-	(859,592)	859,592		
Total other financing source (uses)	-	-	-	-	-	-	(859,592)	859,592		
Net change in fund balances (deficits)	\$ -	\$ -	(43,905)	\$ 33,145	\$ -	\$ -	(687,926)	\$ 1,031,258		
Fund balances (deficits) - beginning			608,541				(3,652,339)			
Fund balances (deficits) - ending			<u>\$ 564,636</u>				<u>\$ (4,340,265)</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, 2019

	Special Revenue Funds											
	Local Housing (SHIP)				Police Training							
	Budgeted Amounts		Actual Amounts		Variance with Final Budget		Budgeted Amounts		Actual Amounts		Variance with Final Budget	
	Original	Final	Original	Final	Final	(Negative)	Original	Final	Original	Final	Budget	(Negative)
REVENUES												
Intergovernmental	\$ 51,922	\$ 51,922	\$ 286,589	\$ 234,667			\$ 8,880	\$ 8,880	\$ 9,770	\$ 890		
Interest and other earnings	-	336,091	-	(336,091)			-	-	-	-		
Total revenues	<u>51,922</u>	<u>388,013</u>	<u>286,589</u>	<u>(101,424)</u>			<u>8,880</u>	<u>8,880</u>	<u>9,770</u>	<u>890</u>		
EXPENDITURES												
General government	-	-	-	-			-	-	-	-		
Public safety	-	-	-	-			8,880	8,880	8,079	801		
Housing and economic development	51,922	388,013	264,619	123,394			-	-	-	-		
Capital outlay	-	-	-	-			-	-	-	-		
Total expenditures	<u>51,922</u>	<u>388,013</u>	<u>264,619</u>	<u>123,394</u>			<u>8,880</u>	<u>8,880</u>	<u>8,079</u>	<u>801</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>21,970</u>	<u>21,970</u>			<u>-</u>	<u>-</u>	<u>1,691</u>	<u>1,691</u>		
Net change in fund balances (deficits)	\$ -	\$ -	\$ 21,970	\$ 21,970			\$ -	\$ -	\$ 1,691	\$ 1,691		
Fund balances (deficits) - beginning			(24,870)						(10,977)			
Fund balances (deficits) - ending			<u>\$ (2,900)</u>						<u>\$ (9,286)</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, 2019

Special Revenue Funds								
	Law Enforcement Trust				Federal Forfeiture			
	Budgeted Amounts		Variance with Final	Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ 139,927	\$ 139,927	\$ 96,876	\$ (43,051)	\$ 79,721	\$ 79,721	\$ -	\$ (79,721)
Interest and other earnings	-	-	-	-	-	-	-	-
Total revenues	<u>139,927</u>	<u>139,927</u>	<u>96,876</u>	<u>(43,051)</u>	<u>79,721</u>	<u>79,721</u>	<u>-</u>	<u>(79,721)</u>
EXPENDITURES								
Public safety	114,927	119,927	56,998	62,929	74,721	70,254	37,969	32,285
Debt service	-	-	30,000	(30,000)	5,000	5,000	9,657	(4,657)
Capital outlay	25,000	27,394	7,394	20,000	-	4,467	4,466	1
Total expenditures	<u>139,927</u>	<u>147,321</u>	<u>94,392</u>	<u>52,929</u>	<u>79,721</u>	<u>79,721</u>	<u>52,092</u>	<u>27,629</u>
Excess (deficiency) of revenues over (under) expenditures	-	(7,394)	2,484	9,878	-	-	(52,092)	(52,092)
Appropriated fund balance	-	7,394	-	(7,394)	-	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,484</u>	<u>\$ 2,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(52,092)</u>	<u>\$ (52,092)</u>
Fund balances (deficits) - beginning			198,584				156,256	
Fund balances - ending			<u>\$ 201,068</u>				<u>\$ 104,164</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, 2019

Special Revenue Funds										
	Justice Assistance Grant				Variance with Final Budget (Negative)	1/2 Cent Transportation				
	Budgeted Amounts		Actual Amounts	Budget (Negative)		Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	
	Original	Final				Original	Final			
REVENUES										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 31,501	\$ 31,501	\$ 37,958	\$ 6,457		
Intergovernmental	- -	- -	- -	- -	2,509,035	2,509,035	3,414,535	905,500		
Total revenues	- -	- -	- -	- -	2,540,536	2,540,536	3,452,493	911,957		
EXPENDITURES										
Public safety	- -	- -	- -	- -	1,940,536	2,303,170	1,805,551	497,619		
Transportation	- -	- -	- -	- -	600,000	1,695,635	876,899	818,736		
Capital outlay	- -	- -	- -	- -	2,540,536	3,998,805	2,682,450	1,316,355		
Total expenditures	- -	- -	- -	- -	- -	(1,458,269)	770,043	2,228,312		
Excess (deficiency) of revenues over (under) expenditures	- -	- -	- -	- -	- -	- -	- -	- -		
OTHER FINANCING SOURCES (USES)										
Reserves	- -	- -	- -	- -	- -	3,012,944	- -	(3,012,944)		
Transfers in	- -	- -	- -	- -	- -	- -	- -	- -		
Transfers out	- -	- -	- -	- -	- -	- -	- -	- -		
Total other financing source (uses)	- -	- -	- -	- -	- -	3,012,944	- -	(3,012,944)		
Net change in fund balances	\$ - -	\$ - -	- -	- -	\$ - -	\$ - -	770,043	(784,632)		
Fund balances (deficits) - beginning			(16,291)				(360,350)			
Fund balances (deficits) - ending			\$ (16,291)				\$ 409,693			

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, 2019

Special Revenue Funds									
	Development Impact Fees					Miscellaneous Grants & Other			
	Budgeted Amounts		Actual Amounts		Variance with Final Budget	Budgeted Amounts		Actual Amounts	
	Original	Final	Original	Final	(Negative)	Original	Final	Original	Final
REVENUES									
Intergovernmental	\$ -	\$ -	\$ 15,418	\$ 15,418		\$ 26,641	\$ 111,194	\$ 181,610	\$ 70,416
Interest and other earnings	-	-	1,089	1,089		-	-	-	-
Total revenues	-	-	16,507	16,507		26,641	111,194	181,610	70,416
EXPENDITURES									
General government						-	15,999	15,999	-
Public safety	-	-	-	-		-	-	83,472	(83,472)
Culture and recreation	-	-	-	-		-	95,195	99,748	(4,553)
Total expenditures	-	-	-	-		-	111,194	199,219	(88,025)
Excess (deficiency) of revenues over (under) expenditures	-	-	16,507	16,507		26,641	-	(17,609)	(17,609)
Net change in fund balances	\$ -	\$ -	16,507	\$ 16,507		\$ 26,641	\$ -	(17,609)	\$ (17,609)
Fund balances (deficits) - beginning			673,884					(238,383)	
Fund balances (deficits) - ending			\$ 690,391					\$ (255,992)	

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, 2019

Debt Service Fund			
	Budgeted Amounts	Actual Amounts	Variance with Final Budget (Negative)
	Original	Final	
	\$	\$	\$
REVENUES			
Intergovernmental	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Debt service	1,789,538	1,789,538	1,378,518
Total expenditures	1,789,538	1,789,538	1,378,518
Excess (deficiency) of revenues over (under) expenditures	(1,789,538)	(1,789,538)	(1,378,518)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,789,538	1,789,538	1,789,538
Total other financing source (uses)	1,789,538	1,789,538	1,789,538
Net change in fund balances (deficits)	\$ -	\$ -	411,020
Fund balances (deficits) - beginning			\$ 411,020
Fund balances - ending			\$ 7,528

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, 2019

	Capital Projects Funds								
	North Miami Cagni Park Project				E May Avil Library				
	Budgeted Amounts		Actual Amounts		Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	
	Original	Final	Original	Final		Original	Final	Original	Final
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and other earnings	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-
EXPENDITURES									
Capital outlay	26,641	-	881	(881)	-	-	-	-	-
Total expenditures	26,641	-	881	(881)	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(26,641)	-	(881)	(881)	-	-	-	-	-
Net change in fund balances (deficits)	\$ (26,641)	\$ -	(881)	\$ (881)	\$ -	\$ -	-	\$ -	\$ -
Fund balances (deficits) - beginning								(47,514)	
Fund balances - ending				<u>\$ (881)</u>				<u>\$ (47,514)</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, 2019

Capital Projects Funds											
	Transportation Gas Tax					Arch Creek Bridge				Variance with Final Budget (Negative)	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)		Budgeted Amounts		Actual Amounts			
	Original	Final		(Negative)		Original	Final				
REVENUES											
Intergovernmental	\$ 281,102	\$ 281,102	\$ 301,146	\$ 20,044		\$ -	\$ -	\$ -	\$ -		
Interest and other earnings	-	326,548	-	(326,548)		-	-	-	-		
Total revenues	<u>281,102</u>	<u>607,650</u>	<u>301,146</u>	<u>(306,504)</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
EXPENDITURES											
Capital outlay	281,102	607,650	310,433	297,217		-	-	-	-		
Total expenditures	<u>281,102</u>	<u>607,650</u>	<u>310,433</u>	<u>297,217</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Excess (deficiency) of revenues over (under) expenditures	-	-	(9,287)	(9,287)		-	-	-	-		
Net change in fund balances	\$ -	\$ -	(9,287)	\$ (9,287)		\$ -	\$ -	-	\$ -		
Fund balances - beginning			284,378					23,149			
Fund balances - ending			<u>\$ 275,091</u>					<u>\$ 23,149</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, 2019

	Capital Projects Funds			
	Other Capital Projects		Variance with Final Budget (Negative)	
	Budgeted Amounts	Actual Amounts		
REVENUES	Original	Final		
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and other earnings	-	20,842	-	(20,842)
Total revenues	<u>-</u>	<u>20,842</u>	<u>-</u>	<u>(20,842)</u>
EXPENDITURES				
Culture and recreation	-	-	5,001	(5,001)
Capital outlay	-	20,842	26,289	(5,447)
Total expenditures	<u>-</u>	<u>20,842</u>	<u>31,290</u>	<u>(10,448)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(31,290)</u>	<u>(31,290)</u>
Net change in fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>(31,290)</u>	<u>\$ (31,290)</u>
Fund balances (deficits) - beginning			<u>(94,255)</u>	
Fund balances (deficits) - ending			<u>\$ (125,545)</u>	



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>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	144-149
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	150-155
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	156-163
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	164-166
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	167-168
<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>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>	<u>2019</u>
Governmental activities:						*Restated		* *Restated		
Net investment in capital assets	\$ 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	\$ 62,843,573
Restricted	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	16,169,438
Unrestricted	(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)	(57,377,599)
Total governmental activities net position	<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>	<u>\$ 21,635,412</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 43,997,155
Restricted	16,467,964	15,843,241	16,044,755	18,099,926	18,099,926	13,060,381	-	-	-	-
Unrestricted	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	34,044,526
Total business-type activities net position	<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>	<u>\$ 78,041,681</u>
Net position:										
Net investment in capital assets	\$ 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	\$ 106,840,728
Restricted	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	16,169,438
Unrestricted	(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)	(23,333,073)
Total net position	<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>	<u>\$ 99,677,093</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>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>	<u>2019</u>
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 26,096,961
Public safety	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	34,062,387
Physical environment	120,466	6,854,468	6,514,175	6,699,659	3,020,021	1,665,406	1,526,731	388,242	591,810	338,808
Transportation and public works	4,732,376	4,113,917	5,174,884	5,677,229	-	5,605,540	5,771,515	5,954,245	7,806,930	7,947,470
Economic environment (Housing & urban development)	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	1,191,239
Parks and community services (Culture & recreation)	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	13,030,611
Community planning and development	-	-	-	-	-	1,931,045	2,175,156	1,693,997	4,647,836	4,833,446
Interest and fiscal charges (6)	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	1,667,794
Total governmental activities expenses	<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>	<u>89,168,716</u>
Business-type activities:										
Water and sewer	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	32,068,870
Solid waste (8)	6,259,317	5,762,137	6,099,743	-	-	-	-	-	-	-
Stormwater	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	2,490,524
Total business-type activities expenses	<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>	<u>34,559,394</u>
Total expenses	<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>	<u>\$ 123,728,110</u>

TABLE 2

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

	<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>	<u>2019</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 13,028,227
Public safety	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	4,756,368
Physical environment	-	974,420	32,754	2,728,755	2,573,756	1,915,022	3,020,822	3,887,943	2,233,747	3,062,052
Transportation and public works	232,402	2,376,456	116,265	147,453	132,658	835,931	88,368	47,346	40,025	2,959,562
Economic environment (Housing & urban development)	843,134	20,871	61,110	573,625	467,411	1,394,763	-	-	-	-
Parks and community services (Culture & recreation)	419,356	413,112	469,914	359,463	118,730	2,785,645	2,993,270	3,278,530	3,592,542	977,624
Community planning and development	-	-	-	-	-	134,132	777,851	584,838	550,107	268,313
Operating grants and contributions	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	6,630,571
Capital grants and contributions	694,652	2,532,120	4,592,697	99,709	794,857	6,677,318	544,232	670,841	317,960	301,146
Total governmental activities program revenues	<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>	<u>31,983,863</u>
Business-type activities:										
Charges for services:										
Water and sewer	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	31,388,997
Solid waste	6,765,421	6,635,169	4,757,902	-	-	-	-	-	-	-
Stormwater	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	2,639,510
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	581,940	526,581	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<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>	<u>34,028,507</u>
Total program revenues	<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>	<u>\$ 66,012,370</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (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)	\$ (57,184,853)
Business-type activities	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	(530,887)
Total (expense) revenue	<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>	<u>\$ (57,715,740)</u>

(Continued)

TABLE 2

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

	<u>2010</u> ⁽⁶⁾	<u>2011</u>	<u>2012</u>	<u>2013</u> ^(7 & 8)	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 22,739,789
Utility service tax	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	4,453,176
Communication service tax	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	1,073,231
Franchise taxes	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	4,084,241
Unrestricted investment earnings	113,131	126,461	101,103	155,253	75,073	86,549	259,140	98,716	235,600	259,593
Miscellaneous	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	17,761,939
Transfers	195,273	38,582	(203,602)	3,716,203	210,292	187,739	205,115	241,808	228,835	241,265
Total governmental activities	<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>	<u>50,613,234</u>
Business-type activities:										
Unrestricted investment earnings	50,134	-	92,675	-	-	-	-	-	-	-
Miscellaneous	86,443	199,856	1,054,813	-	10,457	55,368	299,700	105,956	321,223	1,053,572
Transfers	(195,273)	(38,582)	203,602	(3,716,203)	(210,292)	(187,739)	(205,115)	(241,808)	(228,835)	(241,265)
Total business-type activities	<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>	<u>812,307</u>
Total	<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>	<u>51,425,541</u>
CHANGE IN NET POSITION										
Governmental activities	(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)	(6,571,619)
Business-type activities	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	281,420
Total	<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>	<u>\$ (6,290,199)</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>2010</u>	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	* Restated									
General fund:										
Reserved	\$ 19,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	(893,483)	-	-	-	-	-	-	-	-	-
Non-spendable	-	57,442	22,585	1,607,840	313,403	141,595	49,197	79,227	87,743	127,422
Restricted	-	-	5,000,000	-	-	-	-	-	1,190,000	7,549,440
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)	(22,373,998)
Total general fund	<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>	<u>\$ (14,697,136)</u>
All other governmental funds:										
Reserved	\$ 29,555,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,838,835	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	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	85,029
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	16,733,968
Assigned	-	5,409,014	-	-	1,736,361	2,800,546	535,690	374,794	260,605	785,729
Unassigned	-	272,748	5,524,256	-	(259,248)	(965,261)	(544,321)	(960,234)	(5,094,005)	(5,745,008)
Total all other governmental funds	<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>	<u>\$ 11,859,718</u>

⁽¹⁾ 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>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>	<u>2019</u>
REVENUES										
Taxes	\$ 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	\$ 31,514,118
Charges for services	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	12,260,943
Return on investment - utility ⁽¹⁾									2,479,828	2,717,132
Fines and forfeitures	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	682,350
Intergovernmental	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	17,537,972
Licenses and permits	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	3,084,316
Other (including interest)	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	6,517,098
Total revenues	<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>	<u>74,313,929</u>
EXPENDITURES										
General government	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	15,791,490
Public safety	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	35,399,670
Physical environment ⁽⁴⁾	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	6,124,340
Transportation ⁽⁴⁾	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)	6,246,208	3,064,767	1,047,167	-	-	1,026,725	1,267,140	1,555,253	895,341	1,356,648
Parks and community services (Culture & recreation)	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	12,207,151
Community planning & development	-	-	-	4,029,061	3,435,625	4,412,735	2,139,498	1,584,272	3,034,419	6,308,215
Grants/aids ⁽²⁾	3,940,838	3,300,994	994,098	-	-	-	-	-	-	-
Debt service:										
Principal retirement	400,000	440,000	860,000	752,390	585,000	625,000	779,197	877,292	1,022,527	1,284,798
Interest and fiscal charges ⁽³⁾	5,105,452	1,642,590	1,614,562	930,203	1,494,225	1,150,357	1,123,491	789,728	761,523	579,026
Capital outlay	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	2,309,530
Total expenditures	<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>	<u>81,360,868</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>(7,046,939)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	-	-	-	178,707	83,218	-	4,400,914	-	-	6,145
Capital leases and installment purchase	-	-	-	-	-	-	-	629,483	-	-
Proceeds from debt ⁽⁷⁾	17,685,000	-	-	-	-	-	-	-	-	-
Transfers in	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	3,263,610
Contributions	-	-	-	2,628,702	1,523,031	3,101,299	-	-	-	-
Transfers out	(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)	(2,971,081)
Total other financing sources (uses)	<u>17,934,465</u>	<u>(1,167,943)</u>	<u>131,147</u>	<u>4,049,749</u>	<u>1,872,536</u>	<u>3,342,242</u>	<u>4,639,680</u>	<u>929,265</u>	<u>284,538</u>	<u>298,674</u>
Net change in fund balances (deficits)	<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>	<u>\$ (6,748,265)</u>
Debt service (excluding issuance costs) as a percentage of noncapital expenditures	8.9%	3.8%	4.5%	2.9%	3.6%	2.9%	3.0%	2.5%	2.4%	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.

(4) As of 2019, transportation included in physical environment



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)

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax	Utility Service Tax	Communication Services Tax	Total
2010	19,360,306	3,340,179	751,111	2,644,278	2,102,527	28,198,401
2011	19,361,195	3,361,008	775,608	2,696,457	1,933,235	28,127,503
2012	16,827,107	3,327,030	746,246	2,780,568	1,777,062	25,458,013
2013	17,773,329	3,459,702	759,659	2,986,873	1,556,784	26,536,347
2014	16,156,844	3,662,902	774,414	3,328,202	1,407,118	25,329,480
2015	17,138,805	3,539,715	805,838	3,404,235	1,415,105	26,303,698
2016	18,708,191	3,742,335	797,888	3,513,956	1,308,539	28,070,909
2017	19,194,672	4,356,029	826,941	3,516,154	1,212,133	29,105,929
2018	20,975,744	3,992,099	784,910	3,217,405	1,203,462	30,173,620
2019	22,739,789	4,084,241	784,648	3,616,857	1,073,231	32,298,766
Change 2010-2019	-17.46%	-22.28%	-4.46%	-36.78%	48.96%	-14.54%

TABLE 6

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

Fiscal Year	Real	Personal	(1) Centrally Assessed Property	Taxable Gross Total	Real Estate Adjustments	Net Assessed Property Value	(2) Total Direct Tax Rate
	Property						
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	2,837,817,191	8,101,379	2,829,715,812	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
2019	3,257,978,315	126,543,902	1,783,754	3,386,305,971	104,640,397	3,281,665,574	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

<u>Fiscal Year</u>	City of North Miami			Miami-Dade County			<u>School District</u>	<u>So. Fl. Water Mgt.</u>	<u>Total Millage</u>
	<u>Operating Millage (1)</u>	<u>Service Millage</u>	<u>Total</u>	<u>Operating Millage</u>	<u>Service Millage</u>	<u>Total</u>			
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
2019	7.500	0.000	7.500	4.667	0.478	5.145	7.025	0.1152	19.785

Source: Miami-Dade County Property Appraiser.

(1) Includes general operations and library.

TABLE 8

CITY OF NORTH MIAMI, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS (Unaudited)
CURRENT YEAR AND TEN YEARS AGO

<u>Taxpayer</u>	2019			2010		
	Taxable <u>Assessed Value</u>	<u>Rank</u>	Percentage of total City Taxable Assessed Value	Taxable <u>Assessed Value</u>	<u>Rank</u>	Percentage of total City Taxable Assessed Value
BRE Portofino MF Property Owner	\$ 86,529,650	1	2.56%	\$ -	-	-
Countyline Auto Center, Inc.	56,369,698	2	1.66%	-	-	-
Florida Power and Light	54,244,837	3	1.60%	-	-	-
1490 North 123rd, LLC.	32,253,649	4	0.95%	-	-	-
City of North Miami	31,012,771	5	0.92%	-	-	-
Publix Supermarkets, Inc.	25,435,977	6	0.75%	-	-	-
G1R Florida LLC	19,814,966	7	0.59%	-	-	-
Causeway Square LLC	19,620,000	8	0.58%	-	-	-
YMP Center Court LLC	18,364,000	9	0.54%	-	-	-
COFE CIX North Miami, LLC.	15,819,000	10	0.47%	-	-	-
Stellar Biscayne	-	-	-	61,000,000	1	2.18%
BLIA Developers, Ltd.	-	-	-	54,389,120	2	1.94%
Florida Power and Light	-	-	-	43,760,242	3	1.56%
City of North Miami	-	-	-	39,808,044	4	1.42%
Greenwich Park Apartments	-	-	-	29,200,000	5	1.04%
127th Street Shopping Center, Inc.	-	-	-	16,551,805	6	0.59%
JVR Investments Green Acres Inc.	-	-	-	16,375,928	7	0.58%
NRD Investments, LLC.	-	-	-	14,651,177	8	0.52%
Center Court Associates, LTD	-	-	-	13,800,000	9	0.49%
Countyline Auto Center, Inc.	-	-	-	13,624,214	10	0.49%
Totals	\$ 359,464,548		10.62%	\$ 303,160,530		11%

Source: Miami-Dade County Property Appraiser

TABLE 9

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

Fiscal Year	Total Tax Levy ⁽²⁾	Current Tax Collected	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio Tax Collections to Total Tax Levy
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	16,827,107	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%
2019	24,434,837	21,516,408	88.06%	1,223,381	22,739,789	93.06%

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
	(1) Base Rate per 5,000 Gallons	(2) Rate per 1,000 gallons Over Minimum Residential Commercial	As a percentage of Water rates		(1,000 Gallons)		(5) Water		(6) Sewer		Annual Charge	Monthly Charge	(4) Monthly Charge Per ERU
			Residential	Commercial	2014	Residential	Commercial	Residential	Commercial	Residential	Commercial		
2010	10.84	1.07	1.91	31%	36% 36%	3.36	7.67	7.67	0.98	10.47	543.84	3.55	5.64
2011	10.93	1.08	1.93	31%	36% 36%	3.36	7.67	7.67	0.98	10.47	548.52	3.58	5.69
2012 ⁽⁹⁾	11.40	1.73	1.57	-	- -	-	-	-	-	-	441.18	3.72	5.92
2013	11.63	1.76	1.60	N/A	N/A N/A	3.69	N/A	N/A	N/A	N/A	254.40	N/A	6.05
2014	15.73	1.81	1.72	N/A	N/A N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2015	12.51	1.81	1.72	N/A	N/A N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2016	12.51	1.89	1.72	N/A	N/A N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2017	12.51	1.89	1.72	N/A	N/A N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2018	12.51	1.89	1.72	N/A	N/A N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2019	12.51	1.89	1.72	N/A	N/A N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19

Source: City Utility Billing Department

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

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

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

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

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

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

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

Note: The City bills residents for the aforementioned services on a quarterly basis except for the period from January 2002 to October 2006 when residential accounts were billed monthly. All commercial accounts are billed monthly.



Debt Capacity



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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						Total Primary Government	Per Capita	(Restated) Percentage of Personal Income (1)
	Notes <u>Payable</u>	Capital <u>Leases</u>	Sewer Revenue <u>Bonds</u>	Capital <u>Leases</u>	Loan <u>Payable (2)</u>	SRF Loan <u>Payable</u>	Notes <u>Payable</u>				
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%
2019	11,920,559	1,180,522	-	793	1,246,530	4,634,579	-	18,982,983	62,996	301	1.51%

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

(2) 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) Gross Bonded Debt*	Less Service Fund*	(4) Net Bonded Debt*	Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
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	2,829,716	-	-	-	0%	-
2018	62	3,055,021	-	-	-	0%	-
2019	63	3,281,666	-	-	-	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, 2019

<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)	\$ 3,257,978	\$ 13,101,081	-	\$ -
Overlapping:				
Miami-Dade County (2)	366,654,240	2,070,235	0.89% (4)	18,425
Miami-Dade County Schools (3)	339,593,182	919,985	0.96% (4)	8,826
Total overlapping debt		2,990,220		27,252
Total direct and overlapping debt		<u>\$ 16,091,301</u>		<u>\$ 27,252</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, 2019, 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 July 1, 2019 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2019.

(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 2019 preliminary taxable value.

TABLE 14

CITY OF NORTH MIAMI, FLORIDA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT⁽¹⁾
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (Unaudited)
LAST TEN FISCAL YEARS
(IN THOUSAND DOLLARS)

Fiscal Year	<u>Principal</u>	<u>Interest (2)</u>	Total Debt Service	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
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%
2019	96	1,321	1,417	81,018	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

<u>Fiscal Year</u>	<u>Operating Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest (3)</u>		
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	(4) 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
2019	34,210	31,816	2,394	534	86	620	3.86

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

TABLE 16

CITY OF NORTH MIAMI, FLORIDA
FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS (Unaudited)
FISCAL YEAR ENDED SEPTEMBER 30, 2019

<u>Sources of Funds</u>	(6) 2020 (Budgeted)	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government funds (1):								
Franchise fees	\$ 4,376,529	\$ 4,323,846	\$ 4,132,730	\$ 3,938,066	\$ 3,474,031	\$ 3,353,975	\$ 3,662,901	\$ 3,459,702
Utility taxes	3,663,407	3,517,469	3,681,003	3,672,003	3,513,956	3,404,235	3,328,201	2,986,873
Communication services tax	1,200,000	1,165,811	1,297,205	1,620,000	1,308,539	1,415,105	2,166,777	2,316,443
Licenses and permits	7,326,202	4,901,352	4,029,604	3,715,830	2,015,318	2,428,695	2,046,697	1,927,293
Intergovernmental revenues (2)	8,559,325	7,702,962	7,549,406	6,942,319	7,645,393	7,839,966	7,338,083	6,110,680
Charges for services (3)	6,006,557	4,937,245	5,498,383	4,583,081	9,843,445	7,857,362	8,417,235	9,873,406
Fines and forfeitures	718,300	1,054,633	786,836	735,830	1,249,133	2,829,842	2,621,393	3,251,870
Other (5)	8,436,766	6,598,372	9,572,444	3,650,801	6,612,323	3,897,607	4,953,586	7,491,938
Total general government non-ad valorem funds	<u>40,287,086</u>	<u>34,201,690</u>	<u>36,547,611</u>	<u>28,857,930</u>	<u>35,662,138</u>	<u>33,026,787</u>	<u>34,534,873</u>	<u>37,418,205</u>
Enterprise funds (4):								
Water and sewer utility	59,532,531	49,372,814	51,109,343	51,453,090	32,195,213	34,849,639	30,497,436	28,073,814
Stormwater utility	4,138,138	4,389,308	4,356,721	2,795,257	2,598,048	2,287,684	2,525,986	2,461,783
Total enterprise funds non-ad valorem funds	<u>63,670,669</u>	<u>53,762,122</u>	<u>55,466,064</u>	<u>54,248,347</u>	<u>34,793,261</u>	<u>37,137,323</u>	<u>33,023,422</u>	<u>30,535,597</u>
Total non-ad valorem funds	<u>\$ 103,957,755</u>	<u>\$ 87,963,812</u>	<u>\$ 92,013,675</u>	<u>\$ 83,106,277</u>	<u>\$ 70,455,399</u>	<u>\$ 70,164,110</u>	<u>\$ 67,558,295</u>	<u>\$ 67,953,802</u>

(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			
2020	1,784,363	885,000	899,363	1,784,363	3,568,726	103,957,755	29.13
2021	1,785,200	950,000	835,200	1,785,200	3,570,400	103,957,755	29.12
2022	1,786,325	1,020,000	766,324	1,786,324	3,572,649	103,957,755	29.10
2023	1,787,375	1,095,000	692,376	1,787,376	3,574,751	103,957,755	29.08
2024	1,787,988	1,175,000	612,987	1,787,987	3,575,975	103,957,755	29.07
2025	1,787,800	1,260,000	527,800	1,787,800	3,575,600	103,957,755	29.07
2026	1,786,450	1,350,000	436,450	1,786,450	3,572,900	103,957,755	29.10
2027	1,788,575	1,450,000	338,575	1,788,575	3,577,150	103,957,755	29.06
2028	1,788,450	1,555,000	233,450	1,788,450	3,576,900	103,957,755	29.06
2029	1,785,713	1,665,000	120,713	1,785,713	3,571,426	103,957,755	29.11
	\$ 17,868,239	\$ 12,405,000	\$ 5,463,238	\$ 17,868,238	\$ 35,736,477	\$ 1,039,577,550	

- (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, 2019 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).
- (3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were in February 2010 refunded through the issuance of City of North Miami Taxable Promissory Note, Series 2010.

TABLE 18

CITY OF NORTH MIAMI, FLORIDA
DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS
(Unaudited)

<u>Year</u>	(1) 2010 Taxable Promissory Note (Pension)
2020	\$ 1,784,363
2021	1,785,200
2022	1,786,325
2023	1,787,375
2024	1,787,988
2025	1,787,800
2026	1,786,450
2027	1,788,575
2028	1,788,450
2029	1,785,713
Total	<u>\$ 17,868,239</u>

(1) On February 1, 2010, the City issued City of North Miami Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of current refunding of the City's outstanding Taxable Special Obligation Refunding Bonds (Pension), Series 2002, and to pay a termination fee due with respect to a related interest rate swap. Debt service on this note is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

Source: City of North Miami, Florida Finance Department



Demographic/Economic



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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)	(2) Per Capita Personal Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate Percentage
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
2019	62,996	1,225,171	19,945	35	350,101	3.8

(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.

TABLE 20

CITY OF NORTH MIAMI, FLORIDA
PRINCIPAL EMPLOYERS (Unaudited)
CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	2019			2010		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total City Employment	<u>Employees</u>	<u>Rank</u>	Percentage of Total City Employment
Miami-Dade Public Schools	1,035	1	3.26	-	-	-
City of North Miami (Including Police Dept.)	609	2	1.92	522	2	1.76
Florida International University	400	3	1.26	500	3	1.69
Villa Marie Nursing Home	303	4	0.95	470	4	1.58
Trojan Labor (Including Contractors)	300	5	0.94	-	-	-
JPAY Inmate SVC	300	6	0.94	-	-	-
Publix Super Markets	260	7	0.82	350	5	1.18
Lexus Of North Miami	250	8	0.79	-	-	-
Johnson & Wales University	215	9	0.68	250	6	0.84
Home Depot	201	10	0.63	-	-	-
50 State Security	-	-	-	1,000	1	3.37
World Emblem Inc.	-	-	-	200	7	0.67
Comtel, Inc./PBS Channel 2	-	-	-	140	8	0.47
Farrey's Wholesale Hardware	-	-	-	120	9	0.40
A.E.S.P, Inc.	-	-	-	85	10	0.29
Total	<u><u>3,873</u></u>	<u><u>12.18</u></u>	<u><u>3,637</u></u>			<u><u>12.26</u></u>
Estimated Labor Force		31,797			29,672	

Source: Economic Development Division
 Miami-Dade Co. GIS
 2018-2019

TABLE 21

CITY OF NORTH MIAMI, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (Unaudited)
LAST TEN FISCAL YEARS

<u>Function</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>	<u>2019</u>
Governmental activities:										
General government	94	82	66	66	51	58	58	80	86	88
Public safety (1)	195	182	178	170	176	159	159	149	151	155
Transportation	39	32	32	38	8	42	42	55	51	50
Personnel services	6	4	4	4	5	6	6	6	6	6
Culture and recreation	64	51	63	63	73	54	54	56	54	57
Physical environment	-	-	-	-	-	-	-	-	-	-
Economic environment	8	11	10	9	9	10	10	10	8	7
Business-type activities:										
Water & sewer utility	59	50	49	50	38	42	42	49	51	49
Solid waste (2)	32	30	-	-	-	-	-	-	-	-
Stormwater	8	8	8	9	9	9	9	7	15	12
Total	<u>505</u>	<u>450</u>	<u>410</u>	<u>409</u>	<u>369</u>	<u>380</u>	<u>380</u>	<u>412</u>	<u>422</u>	<u>424</u>

Source: City Personnel Department

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

(2) 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

<u>Function</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>	<u>2019</u>
Public safety:										
Police: (1)										
Physical arrests	2,357	2,116	2,705	3,226	3,961	3,218	1,563	1,448	1,442	1,218
Traffic citations	15,882	15,108	15,136	33,729	28,247	23,728	16,332	11,718	13,023	8,923
Parking citations	1,903	1,404	1,017	1,644	2,102	2,229	2,644	2,018	2,566	2,953
Number of calls for service	48,774	44,042	45,566	49,961	47,218	50,177	46,664	46,610	53,529	48,065
Fire: (2)										
Number of calls answered	8,915	9,071	9,292	9,097	9,731	9,838	10,163	9,070	11,842	9,208
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	206	234	191	256	360	310	325	295	125	95
Football	51	49	53	58	102	78	64	45	-	-
Baseball	-	16	16	3	29	27	45	57	51	50
Basketball	15	4	7	2	67	25	48	148	178	120
Other(Rugby, Kickball, Field Hockey)	118	161	89	22	46	35	56	28	15	16
Membership (yearly):										
Tennis	25	27	22	12	15	8	4	4	1	25
Swim	1	N/A	5	N/A	1	2	0	0	-	1
Adult center	65	105	73	57	175	119	132	90	166	162
Afterschool	N/A	N/A	45	44	81	31	21	26	58	32
Camp program participants	748	736	807	846	929	1,152	1,737	1,119	1,226	1,199
Youth athletic participants (all sports)	360	472	565	524	615	448	655	583	841	632
Adult participants (all sports)	-	239	160	88	150	0	125	748	150	195
Water: (4)										
Daily average treatment in gallons (plant)	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	5,272,111
Average daily consumption in gallons	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	12,958,383
Solid waste:										
Refuse and trash collected (tons) (5)	24,275	20,833	3578	-	-	-	-	15,658.00	11,101	10,941
Stormwater:										
Equivalent and commercial residential units (ERU's)	35,919	31,916	32,681	34,653	34,934.00	35,495	35,394	35,237	35,188	36,334

(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 Count

*In 2008, daily average treatment in gallons (plant) decreased due to the main raw water well being out of service

(5) Solid waster services outsourced.

N/A - Not available

TABLE 23

CITY OF NORTH MIAMI, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION (Unaudited)
LAST TEN FISCAL YEARS

<u>Function</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>	<u>2019</u>
Public safety:										
Police:										
Stations (including off-site locations)	1	1	1	1	1	2	2	2	2	1
Patrol units	64	64	64	64	64	64	64	68	68	93
Transportation:										
Streets (miles)	136	136	136	136	136	136	136	113	113	109
Street lights (FPL and City owned) (1)	4,397	4,397	4,397	4,397	4,397	4,447	4,447	2,623	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	17	16	17	18
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	7	7	7	7	7	7	7	7
Water:										
Water mains (miles)	308	308	308	311	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	9300000	9,300,000
Fire hydrants	942	942	944	927	927	927	927	935	941	941
Sewage system:										
Miles of storm sewers	28	28	28	38	38	38	38	38	39	39
Miles of sanitary sewers	154	154	154	175	175	175	175	175	175	175
Solid waste:										
Collection trucks	20	20	2	2	2	-	-	-	0	5

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.



IV. Compliance Section



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City of North Miami, Florida

Single Audit Report in Accordance
With Uniform Guidance
Fiscal Year Ended September 30, 2019

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 the City of North Miami, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the following component units and funds:

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

This 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 were 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 certain deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs* as items IC 2019-01 and IC 2019-02 that we consider to be material weaknesses.

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

Purpose of This Report

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

RSM US LLP

Miami, Florida
May 29, 2020

**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, 2019. 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 Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

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, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 29, 2020, which contained unmodified opinions on those financial statements, and included a reference to other auditors. 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
May 29, 2020

City of North Miami, Florida

Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2019

Federal Grantor / Pass-through Grantor / Program or Cluster Title	CFDA Number	Grant / Contract Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture				
Pass-through Florida Department of Health				
Summer Food Service Program – Child Nutrition Cluster	10.559	04-1024	1176	\$ 47,560
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement	14.218	B-14-MC-12-0039		\$ 33,492
Community Development Block Grant Entitlement	14.218	B-15-MC-12-0039		30,000
Community Development Block Grant Entitlement	14.218	B-16-MC-12-0039		77,865
Community Development Block Grant Entitlement	14.218	B-17-MC-12-0039		231,119
Community Development Block Grant Entitlement	14.218	B-18-MC-12-0039		342,651
Total CDBG – Entitlement Cluster				<u>715,127</u>
Home Investment Partnerships Program	14.239	M-14-MC-12-0231		45,790
Home Investment Partnerships Program	14.239	M-15-MC-12-0231		29,700
Home Investment Partnerships Program	14.239	M-17-MC-12-0231		84,554
Home Investment Partnerships Program	14.239	M-18-MC-12-0231		29,171
Total Home Investment Partnerships Program				<u>189,215</u>
Neighborhood Stabilization Program 3	14.264	B-11-MN-12-0019		111,314
Neighborhood Stabilization Program 1	14.264	B-08-MN-12-0019		35,169
Total Neighborhood Stabilization Program				<u>146,483</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 1,050,825</u>
U.S. Department of Justice				
Pass-through State of Florida Office of the Attorney General				
Victim's Intervention Program Grant	16.575	VOCA-2018-City of North Miami Police-00178	unknown	\$ 80,799
Bulletproof Vest Partnership Grant Program – 2003	16.607	2016		2,672
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None		10,212
Total U.S. Department of Justice				<u>\$ 93,683</u>
U.S. Department of Treasury				
Law Enforcement Agency Equitable Sharing Fund	21.000	None		\$ 36,880
National Endowment for the Humanities				
Pass-through Florida Humanities Council, Inc.				
Promotion of the Humanities Federal/State Partnership	45.129	GR 0918 4545 2496	SO-253160-17	\$ 4,999
U.S Environmental Protection Agency				
Pass-through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Loan Fund	66.468	FS984522-120	DW-131830	\$ 2,203,563
U.S Department of Homeland Security				
Pass-through Florida Division of Emergency Management				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Z0466	DR-4337	\$ 1,156,808
Total expenditures of federal awards				<u>\$ 4,594,318</u>

See notes to schedule of expenditures of federal awards.

City of North Miami, Florida
Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended September 30, 2019

State Grantor / Pass-through Grantor / Program or Cluster Title	CSFA Number	Grant / Contract Number	State Expenditures
Florida Department of Environmental Protection Statewide Surface Water Restoration and Wastewater Projects	37.039	LP-13184	\$ 225,000
Florida Housing Finance Corporation State Housing Initiative Partnership (SHIP) Program	40.901	None	211,027
Florida Department of State, Division of Library and Information Services State Aid to Libraries	45.030	17-ST-34	22,620
Florida Department of Transportation Florida Highway Beautification Grant Program	55.003	G-1428	<u>15,999</u>
Total expenditures of state financial assistance			<u>\$ 474,646</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

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, 2019. 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

The Schedules are presented using the modified accrual basis of accounting for expenditures accounted for in the governmental funds and on the accrual basis of accounting for expenses of the proprietary fund types, which are described in Note 1 to the City's basic financial statements. Such expenditures/expenses are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Recovery

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

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?

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?

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

97.036

Name of Federal Program or Cluster

Disaster Grants – Public Assistance
(Presidentially Declared Disasters)

66.468

Capitalization Grants for Drinking Water
State Revolving Loan Funds

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)

Section II – Federal Awards Findings and Questioned Costs

No matters to report.

Section III – Financial Statements Findings

IC 2019-01 – General Fund Deficit

Criteria: Management should establish a long-term financial plan and prepare annual budgets that result in the City's General Fund maintaining a positive fund balance on an ongoing basis.

Condition: The General Fund, which serves as the primary operating fund of the City, reported a fund balance (deficit) of \$14,697,136 for the fiscal year ended September 30, 2019.

Cause: Actual expenditures have exceeded revenues on a cumulative basis for the fiscal years ended September 30, 2016 through 2019, as follows:

	Fiscal Year			
	2016	2017	2018	2019
Revenues	\$ 52,514,000	\$ 55,261,571	\$ 57,732,065	\$ 60,772,185
Expenditures	(54,474,605)	(58,124,891)	(61,016,868)	(67,140,007)
Expenditures over revenues	(1,960,605)	(2,863,320)	(3,284,803)	(6,367,822)
Transfers and other items, net	2,570,978	(1,631,436)	(55,564)	(146,872)
Change in fund balance	610,373	(4,494,756)	(3,340,367)	(6,514,694)
Beginning fund balance (deficit)	(957,692)	(347,319)	(4,842,075)	(8,182,442)
Ending fund balance (deficit)	<u>\$ (347,319)</u>	<u>\$ (4,842,075)</u>	<u>\$ (8,182,442)</u>	<u>\$ (14,697,136)</u>

Effect: In the current fiscal year, the General Fund experienced a cash flow shortage and obtained a loan from the Water and Sewer Fund in the amount \$14,334,387, to fund General Fund operating activities. This could result in a state of financial emergency as defined in Section 218.503(1), Florida Statutes, if management and those charged with governance fail to establish financially sound budgets and implement a fund balance (deficit) reduction plan going forward.

Recommendation: We recommend that management and those charged with governance develop a long-term financial plan to reduce and eliminate the General Fund's fund balance (deficit) over the next 3 – 5 years. This plan will require that management budget for a surplus of revenues over expenditures in each fiscal year. Additionally, we recommend that management implement budgetary controls, policies and practices that allow for establishing annual budgets that reflect a reasonable estimate of revenues and expenditures and the monitoring of the City's budget to actual balances on an ongoing basis, to ensure that the fund balance (deficit) reduction plan is implemented.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Current Year's Views of Responsible Officials and Planned Corrective Actions: The City recognizes and acknowledges the increase in the General Fund deficit over time. A key reason for the increases in the deficit, over the years, is the way the budget was prepared and funded. Prior to the fiscal year 2020 budget in recent years, the City prepared the General Fund budget with the total expenditure side exceeding the total possible annual revenues for that fiscal year. As a result, the budget was balanced using "reserves" or prior years' excess fund balance. In FY 2016, the City recorded a major prior period adjustment that moved \$14.7 million out of the General Fund balance to deferred inflows. This meant the "reserves" for budget purposes were no longer in the fund balance – even though the City had cash available. Despite this, however, the budget continued to be prepared using "reserves" which meant the budget-to-actual results for each of the years showed expenditures in excess of revenues and thus leading to the budget deficit we currently have. The cash deficit began to manifest when the General Fund's portion of the pooled cash account was exhausted. This meant the General Fund began to borrow the cash of the Water and Sewer enterprise fund to fund some of its operations. The City has established a repayment plan to liquidate the General Fund loan from the Water and Sewer Fund in fiscal year 2020, using proceeds from two separate land sale transactions as further discussed below. As of April 30, 2020, the unaudited loan balance was \$7,884,486.

To address the fund deficit of the General Fund, for the fiscal year 2020 budget, the new Budget Director ceased the practice of budgeting for "reserves" that were not available in the General Fund. Instead, the expenditure budget contained a 5% (\$3.9 million) budget reduction component built-in, which if all planned revenues are collected, will result in a \$3.9 million reduction to the cumulative fund deficit. The same practice is planned for the next four (4) years budgets to eliminate the deficit by the end of the fourth year. As of April 30, 2020, the unaudited General Fund fund balance (deficit) was \$10,464,698.

In March 2020, the City closed on the sale of a parcel of City-owned land that netted a \$10.7 million cash inflow into the General Fund. Of this balance, \$3.5 million was budgeted so the \$7.2 million difference went to the General Fund's cash and to offset the overall fund balance (deficit). The City also anticipates the sale of another parcel in fiscal year 2020 in the range of \$10 million. This will further jumpstart the fund balance (deficit) reduction plan and damper some of the negative economic impacts of the Coronavirus COVID-19 pandemic.

The City has also taken other cost saving measures to counter the lost revenue due to the pandemic including, but not limited to staff reductions, furloughs and other operating cost reductions.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

IC 2019-02 – 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: The adopted fiscal year 2019 budget, prepared on a budgetary basis, presents final general fund "reserves" of \$ 11,855,819. 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 for the fiscal year ended. This resulted in a fund balance (deficit) \$14,697,136 in the General Fund for the fiscal year ended September 30, 2019. Furthermore, 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 will 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.

Prior 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 fund balance (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)

Current Year's Views of Responsible Officials and Planned Corrective Actions: Management again concurs with the finding of the auditor. It should be noted that although the City had hired the new Budget Director in fiscal year 2019, by the time the Budget Director came on board, the fiscal year's budget had already been prepared using reserves or funding borrowed from the Water and Sewer Fund. As a result, the expenditures, although within the adopted expenditure budget limits, exceeded the revenues generated within fiscal year 2019. This resulted in an increase in the General Fund's fund balance (deficit). The fiscal year 2020 budget was not prepared using the same methodology as the most recent years – meaning there were borrowings from the reserves of the Water and Sewer Fund to address the cash flow shortage in the General Fund budget. To the contrary, the budget was prepared with a built-in savings to address the fund balance (deficit). See management's response to item IC 2019-01 for details of the City's plans to reduce the fund balance (deficit) going forward.

City of North Miami, Florida

Summary Schedule of Prior Year's Audit Findings

Finding No.	Finding Title	Current Year Status
Financial Statements Findings		
<u>Internal Control Over Financial Reporting</u>		
IC 2018-01	Budgetary Controls, Policies and Practices	Partially Corrected See Item IC 2019-02
Federal Awards Findings and Questioned Costs		
<u>Internal Control Over Compliance Findings</u>		
IC 2018-02	Reporting – CFDA No. 17.277	Corrected
IC 2018-03	Eligibility – CFDA No. 17.277	Corrected
IC 2018-04	Allowable Costs/Cost Principles – CFDA No. 17.277	Corrected
<u>Compliance Findings</u>		
CF 2018-01	Reporting – CFDA No. 17.277	Corrected
CF 2018-02	Eligibility – CFDA No. 17.277	Corrected
CF 2018-03	Allowable Costs/Cost Principles – CFDA No. 17.277	Corrected



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**City of North Miami, Florida
Management Letter in Accordance
With Chapter 10.550, *Rules of the
Florida Auditor General* and Independent
Accountant's Report on the
Examination of the City's Compliance
With Section 218.415, *Florida Statutes***

Fiscal Year Ended September 30, 2019

Contents

Management letter in accordance with Chapter 10.550, <i>Rules of the Florida Auditor General</i>	1-2
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Independent accountant's report on the examination of the City's compliance with <i>Section 218.415, Florida Statutes</i>	7

**Management Letter in Accordance with
Chapter 10.550, *Rules of the
Florida Auditor General***

RSM US LLP

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the following component units and funds:

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

This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reports and Schedule

We have issued our independent auditor's report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*; independent auditor's report on compliance for each major federal program; report on internal control over compliance; schedule of findings and questioned costs; and independent accountant's report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports and schedule, which are dated May 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions taken to address the findings and recommendations made in the preceding annual financial audit report are disclosed in Appendix B – *Status of Prior Years' Findings and Recommendations to Improve Financial Management*.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes. However, see recommendation reported as *ML 2019-01 – General Fund Deficit* in Appendix A – *Current Year's Findings and Recommendations to Improve Financial Management*.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. Such recommendations are included in Appendix A – *Current Year's Findings and Recommendations to Improve Financial Management*.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of This Letter

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

RSM US LLP

Miami, Florida
May 29, 2020

City of North Miami, Florida

Appendix A –Current Year’s Findings and Recommendations to Improve Financial Management

ML 2019-01 – General Fund Deficit

Criteria: Management should establish a long-term financial plan and prepare annual budgets that result in the City's General Fund maintaining a positive fund balance on an ongoing basis.

Condition: The General Fund, which serves as the primary operating fund of the City, reported a fund balance (deficit) of \$14,697,136 for the fiscal year ended September 30, 2019.

Cause: Actual expenditures have exceeded revenues on a cumulative basis for the fiscal years ended September 30, 2016 through 2019, as follows:

	Fiscal Year			
	2016	2017	2018	2019
Revenues	\$ 52,514,000	\$ 55,261,571	\$ 57,732,065	\$ 60,772,185
Expenditures	(54,474,605)	(58,124,891)	(61,016,868)	(67,140,007)
Expenditures over revenues	(1,960,605)	(2,863,320)	(3,284,803)	(6,367,822)
Transfers and other items, net	2,570,978	(1,631,436)	(55,564)	(146,872)
Change in fund balance	610,373	(4,494,756)	(3,340,367)	(6,514,694)
Beginning fund balance (deficit)	(957,692)	(347,319)	(4,842,075)	(8,182,442)
Ending fund balance (deficit)	<u>\$ (347,319)</u>	<u>\$ (4,842,075)</u>	<u>\$ (8,182,442)</u>	<u>\$ (14,697,136)</u>

Effect: In the current fiscal year, the General Fund experienced a cash flow shortage and obtained a loan from the Water and Sewer Fund in the amount \$14,334,387, to fund General Fund operating activities. This could result in a state of financial emergency as defined in Section 218.503(1), Florida Statutes, if management and those charged with governance fail to establish financially sound budgets and implement a fund balance (deficit) reduction plan going forward.

Recommendation: We recommend that management and those charged with governance develop a long-term financial plan to reduce and eliminate the General Fund's fund balance (deficit) over the next 3 – 5 years. This plan will require that management budget for a surplus of revenues over expenditures in each fiscal year. Additionally, we recommend that management implement budgetary controls, policies and practices that allow for establishing annual budgets that reflect a reasonable estimate of revenues and expenditures and the monitoring of the City's budget to actual balances on an ongoing basis, to ensure that the fund balance (deficit) reduction plan is implemented.

City of North Miami, Florida

Appendix A –Current Year’s Findings and Recommendations to Improve Financial Management

Prior Year’s Views of Responsible Officials and Planned Corrective Actions: The City has hired a new, experienced Budget Director, and plans are being developed to identify cost reduction strategies, as well as revenue opportunities to eliminate the deficit in the General Fund. Among these, the City has implemented 3% cost reduction goal for the remainder of fiscal 2019 expected to save approximately \$2.1 million that will result in the General Fund’s fund balance increasing by \$0.44 million. The strategic cost restructuring plan will carry over to fiscal 2020’s budget.

The General Fund deficit will be eliminated through a combination of reducing expenditures and expected ad-valorem revenue increases from development within the City. 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

Current Year’s Views of Responsible Officials and Planned Corrective Actions: The City recognizes and acknowledges the increase in the General Fund deficit over time. A key reason for the increases in the deficit, over the years, is the way the budget was prepared and funded. Prior to the fiscal year 2020 budget in recent years, the City prepared the General Fund budget with the total expenditure side exceeding the total possible annual revenues for that fiscal year. As a result, the budget was balanced using “reserves” or prior years’ excess fund balance. In FY 2016, the City recorded a major prior period adjustment that moved \$14.7 million out of the General Fund balance to deferred inflows. This meant the “reserves” for budget purposes were no longer in the fund balance – even though the City had cash available. Despite this, however, the budget continued to be prepared using “reserves” which meant the budget-to-actual results for each of the years showed expenditures in excess of revenues and thus leading to the budget deficit we currently have. The cash deficit began to manifest when the General Fund’s portion of the pooled cash account was exhausted. This meant the General Fund began to borrow the cash of the Water and Sewer enterprise fund to fund some of its operations. The City has established a repayment plan to liquidate the General Fund loan from the Water and Sewer Fund in fiscal year 2020, using proceeds from two separate land sale transactions as further discussed below. As of April 30, 2020, the unaudited loan balance was \$7,884,486.

To address the fund deficit of the General Fund, for the fiscal year 2020 budget, the new Budget Director ceased the practice of budgeting for “reserves” that were not available in the General Fund. Instead, the expenditure budget contained a 5% (\$3.9 million) budget reduction component built-in, which if all planned revenues are collected, will result in a \$3.9 million reduction to the cumulative fund deficit. The same practice is planned for the next four (4) years budgets to eliminate the deficit by the end of the fourth year. As of April 30, 2020, the unaudited General Fund fund balance (deficit) was \$10,464,698.

In March 2020, the City closed on the sale of a parcel of City-owned land that netted a \$10.7 million cash inflow into the General Fund. Of this balance, \$3.5 million was budgeted so the \$7.2 million difference went to the General Fund’s cash and to offset the overall fund balance (deficit). The City also anticipates the sale of another parcel in fiscal year 2020 in the range of \$10 million. This will further jumpstart the fund balance (deficit) reduction plan and damper some of the negative economic impacts of the Coronavirus COVID-19 pandemic.

The City has also taken other cost saving measures to counter the lost revenue due to the pandemic including, but not limited to staff reductions, furloughs and other operating cost reductions.

City of North Miami, Florida

Appendix A –Current Year’s Findings and Recommendations to Improve Financial Management

ML 2019-02 – Water & Sewer and Stormwater Accounts Receivables

Criteria: The timely billing and collection for water & sewer and stormwater services provided to residents and businesses operating within the City is essential to the City's ongoing operations.

Condition: We noted that the water & sewer and stormwater accounts receivable balances due for services provided to residents and businesses operating within the City have shown a steady increase for the fiscal years 2016 through 2019, as follows:

	Fiscal Year			
	2016	2017	2018	2019
Water & sewer and stormwater accounts receivables, net	\$ 13,900,856	\$ 15,140,690	\$ 15,960,187	\$ 16,192,683

Cause: The City currently bills for water & sewer and stormwater services provided on a quarterly basis, which allows for the accumulation of significant unpaid accounts receivable balances on an ongoing basis.

Effect: This has resulted in a higher than normal rate of accounts receivable write-offs, nonpayment for services received by residents and business over time and ultimately loss of revenues to the City. If not addressed, this will result in a cash flow shortage to City.

Recommendation: We recommend that management update its current policy and implement monthly billing cycles for all accounts. This will improve the City's accounts receivable collection rates and increase revenues and cash flows on an ongoing basis. Furthermore, the City will be able to more effectively establish customer credit limits and reduce accounts receivable write-offs. We further recommend that the City exercise its right to record liens on properties for nonpayment, to ensure that outstanding receivable balances are collected at a future date.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the observation of the auditor regarding the steady increase in the Accounts Receivables balance. However, the Accounts Receivables as a percentage of Revenues have remained fairly constant over the four years indicated in the finding. That being said, the majority of the larger accounts that comprise the accounts receivable balance are commercial accounts and they are already billed monthly. The Finance Department has been working with many of the larger delinquent accounts to devise payment plans to pay off their balances. For owner accounts that have become delinquent and for which the account is closed, the properties are liened for the outstanding balance. When the property is sold or the owner tries to refinance, the amounts owed show up on the lien search. The City collects the amounts owed at closing.

As for the monthly billing of residential accounts, the Finance Department agrees this approach may help to make the residential bills more manageable for the customers, and thus help to bring the Accounts Receivables more current and increase the City's cash flows. The City will take this suggestion under advisement.

City of North Miami, Florida

Appendix B – Status of Prior Years’ Findings and Recommendations to Improve Financial Management

Finding No.	Finding Title	Current Year Status
ML 2018-01	General Fund Deficit	Repeated as ML 2019-01
ML 2017-01	Financial Reporting Process	Corrected
ML 2016-02	User Access Administration	Corrected
ML 2016-03	User Access Reviews	Corrected



RSM US LLP

Independent Accountant's Report

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

We have examined the City of North Miami, Florida's (the City) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the period October 1, 2018 to September 30, 2019. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination disclosed the following instance of noncompliance with *Section 218.415, Florida Statutes, Local Government Investment Policies*:

The City failed to comply with its adopted investment policy. The adopted investment policy allows a maximum of 60% of the City's portfolio to be invested in the State Board of Administration Trust Fund. As of September 30, 2019, 74% of the City's investment portfolio was composed of State Board of Administration Trust Fund investments.

In our opinion, except for the instance of noncompliance described in the preceding paragraph, the City complied, in all material respects, with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the period October 1, 2018 to September 30, 2019.

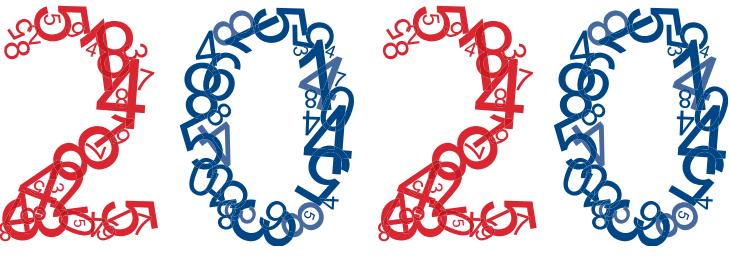
This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Members of the City Council, the City Manager, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Miami, Florida
May 29, 2020

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Community outreach efforts as we prepare for the



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April 1, 2020



Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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