



CITY OF FLORIDA CITY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by the Department of Finance

CITY OF FLORIDA CITY, FLORIDA

CONTENTS

Introductory Section

Letter of Transmittal i-v
List of Principal Officials..... vi
Certificate of Achievement for Excellence in Financial Reporting..... vii
Organization Chart..... viii

Financial Section

Independent Auditors’ Report..... 1-3
Management’s Discussion and Analysis (Required Supplementary Information)..... 4-12
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 13
Statement of Activities..... 14
Fund Financial Statements
Governmental Fund Financial Statements
Balance Sheet..... 15
Reconciliation of the Balance Sheet – Governmental Funds to Statement of
Net Position 16
Statement of Revenues, Expenditures and Changes in Fund Balances 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 18
Proprietary Fund Financial Statements
Statement of Net Position 19
Statement of Revenues, Expenses and Changes in Net Position 20
Statement of Cash Flows 21
Fiduciary Funds Financial Statements
Statement of Fiduciary Net Position 22
Statement of Changes in Fiduciary Net Position 23
Notes to Basic Financial Statements..... 24-78

Required Supplementary Information (Other Than MD&A)

Budgetary Comparison Schedule – General Fund..... 79
Budgetary Comparison Schedule – CRA Fund 80
Note to Budgetary Comparison Schedule..... 81
Police Officers’ Substitute Pension Trust Fund
Schedule of Changes in the City’s Net Pension Liability and Related Ratios..... 82
Schedule of City Contributions..... 83
Schedule of Investment Returns 84
Elected Officials Retirement Plan
Schedule of Changes in the City’s Net Pension Liability and Related Ratios..... 85
Schedule of City Contributions..... 86
Schedule of Investment Returns 87

CITY OF FLORIDA CITY, FLORIDA

CONTENTS

Required Supplementary Information (Other Than MD&A) (continued)

Florida Retirement System Pension Plan	
Schedule of the City's Proportionate Share of the Net Pension Liability.....	88
Schedule of the City's Contributions	88
Retiree Health Insurance Subsidy Program	
Schedule of the City's Proportionate Share of the Net Pension Liability.....	89
Schedule of the City's Contributions	89
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	90

Combining Fund Financial Statements (Supplementary Information)

Combining Balance Sheet – Nonmajor Governmental Funds.....	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	92
Combining Statement of Fiduciary Net Position.....	93
Combining Statement of Changes in Fiduciary Net Position	94

Statistical Section

Net Position by Component.....	95
Changes in Net Position.....	96
Fund Balances of Governmental Funds.....	97
Changes in Fund Balances of Governmental Funds.....	98
Assessed Value and Estimated Actual Value of Taxable Property	99
Property Tax Rates – Direct and Overlapping Governments	100
Principal Property Taxpayers.....	101
Property Tax Levies and Collections.....	102
Ratios of Outstanding Debt by Type - Business-type Activities.....	103
Computation of Direct and Overlapping Governmental Activities Debt	104
Water Revenue Bond Coverage.....	105
Demographic and Economic Statistics	106
Principal Employers.....	107
City Government Employees by Function/Programs	108
Operating Indicators by Function/Program	109
Capital Asset Statistics by Function/Program.....	110

Reporting Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111-112
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.....	113-115
Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes	116

INTRODUCTORY SECTION



June 21, 2019

To the Citizens of the City of Florida City
and Other Interested Parties:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants. Additionally, the City's charter requires an annual independent audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Florida City for the fiscal year ended September 30, 2018.

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

The City's financial statements have been audited by Marcum LLP, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement preparation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Florida City's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

i

To the Citizens of the City of Florida City
and Other Interested Parties:
June 21, 2019

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

Profile of the Government

The City of Florida City is the southernmost city on the mainland of Florida before reaching the Florida Keys. It has traditionally been primarily agricultural, but recent new development is bringing far more residential communities and is, therefore, changing the landscape of the City. Through annexation, the City is preparing to triple its size geographically. The City is currently about 3 square miles, but will become much larger if current annexation requests are approved by Miami-Dade County.

The City of Florida City was incorporated in 1914 and operates under the Strong Mayor/Commission form of government. The City Commission is comprised of the Mayor and four Commissioners elected city-wide. The Mayor's term is for four years and the commissioner's term is for four years. The City Commission is responsible for enacting laws (resolutions, ordinances and regulations) governing the City as well as appointing the members of various advisory boards and the City Attorney. As chief executive officer of the City, the Mayor also serves as the chief administrative officer. The Mayor is responsible for enforcement of laws and appoints and supervises department heads. The Police Chief and the Director of Financial Planning and Administration (CFO) are appointed by the Mayor with the consent of the City Commission.

In addition to providing residents with public safety, general government, leisure and public works type services, the City provides water, sewer, sanitation, a recycling program and recreational facilities and activities.

The annual budget serves as the foundation for the City of Florida City's financial planning and control. All departments of the City are required to submit proposed budgets to the Mayor, who then makes any necessary revisions. The Mayor then presents to the City Commission, for their review, a budget estimate of the revenues and expenditures of all the City's departments. Two public hearings are then conducted to inform the taxpayers of the proposed budget and to receive their comments. A majority affirmative vote of the commission quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of a Resolution. The City's budget is approved at the department level. The Mayor and Director of Financial Planning and Administration may amend the adopted budget for adjustments within a department administratively, but the City Commission must approve all budget adjustments that exceed or are less than originally budgeted. Supplemental appropriations of revenues and expenditures and budget adjustments are typically approved by the City Commission during the last quarter of the fiscal year. There were budgetary amendments for the 2017-2018 fiscal year. Budget-to-actual comparisons are provided in this report for the general fund and the community redevelopment agency (CRA) for which an appropriated annual budget has been adopted.

To the Citizens of the City of Florida City
and Other Interested Parties:
June 21, 2019

Factors Affecting Financial Condition

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

Local Economy

The City of Florida City's positioning for progress is undoubtedly ensured for periods that extend far beyond the period of time the City has rebuilt itself from Hurricane Andrew in 1992. Its geographic location, southern end of the Florida Turnpike, U.S. Route #1, Everglades National Park to its west and Biscayne National Park to its east, brings over 3 million visitors every year. The transportation system is excellent including a busway completed in Florida City, the Florida Turnpike and U.S. Route #1 access to the airport and other fine communities north of Florida City, including the metropolitan Miami area.

Essential to its progress, the City has a pro-business attitude towards developers, builders, contractors and others in the private sector. The City's comprehensive plan and zoning regulations provide a balanced land use plan for the orderly development of commercial, residential and recreational development.

The City of Florida City maintained its millage rate, 7.1858, for the 2017-2018 fiscal year. As a financial policy, the City engages in cost cutting measures to reduce the need to spend any fund balance. This policy has allowed the City to have the funds necessary to spend in the event of a natural disaster.

Long-Term Financial Planning and Major Initiatives

The City is working diligently to annex additional land to expand our western boundary. This will provide space for planned residential and commercial expansion. New parks are being developed to provide additional open space and leisure activities for the anticipated addition to our population. A new gymnasium was recently constructed for our children to enjoy.

During fiscal year 2019, construction of the culvert in the Florida City Canal between US 1 and SW 172 Ave is scheduled to begin. The project consists of the widening of SW 344th Street between US 1 to SW 172nd Avenue to accommodate the addition of eastbound and westbound traffic lanes. In addition to the construction of a fully enclosed culvert for the Florida City Canal, this project will include roadway reconstruction, widening, repaving, and the building of a new curb and gutters. The project also comprises of improvements to signalization and lighting as well as the creation of new sidewalks and driveways.

Cash Management Policies and Practices

The City attempts to invest operating funds in an effort to earn a reasonable yield on its portfolio. This is consistent with the City's primary objective of safeguarding public assets by minimizing

To the Citizens of the City of Florida City
and Other Interested Parties:
June 21, 2019

the level of credit and market risks assumed. The investment priority is safety of capital, liquidity of funds and investment income, in that order. To that end, the City's investments are guided by a detailed investment policy which is reviewed annually to determine if any changes may be required. When fiscally responsible, the City also invests in negotiable certificates of deposit.

Pension Benefits

The City maintains a single-employer defined benefit pension plan for its police officers. An independent actuary is engaged by the pension plan to calculate the amount of the annual contribution the City must make to ensure that the plan will be able to fully meet its obligations to retired employees in a timely manner. As a matter of policy, the City fully funds the required annual contribution to the pension plan as determined by the actuary. This is accounted for in the police pension trust fund. For the fiscal year ending September 30, 2018, the City contributed \$141,876 to make the plan actuarially sound. On May 1, 2008, the City and police officers had agreed to enter the Florida Retirement System (FRS) and a replacement plan was adopted to protect the participants' assets.

On February 1, 2009, a new pension plan was adopted with FRS for all authorized general and teamsters' employees. The FRS pension plan is a cost-sharing multiple employer defined benefit plan. The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll along with a required 3% employee contribution. In addition to the defined benefit pension plan for police officers, the City maintains a defined contribution pension plan for its general employees created in accordance with Internal Revenue Code Section 403(b). One management type general employee (through a formal management plan) received an 18% contribution by the City, which required a minimum contribution of 2%.

The City further maintains a single-employer defined benefit pension plan for its elected officials. An independent actuary is retained by the pension plan to calculate the amount of the annual contribution the City must make to ensure the plan will be able to fully meet its obligations to retired elected officials in a timely manner.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florida City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

To the Citizens of the City of Florida City
and Other Interested Parties:
June 21, 2019

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

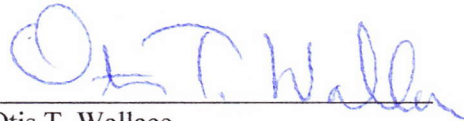
The presentation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report. We also wish to recognize the assistance provided by the firm of Marcum LLP.

In closing, without the leadership and support of the Mayor and the City Commissioners, preparation of this report would not have been possible.

Sincerely,



Chad Burkhalter, CPA
Finance Director



Otis T. Wallace
Mayor

CITY OF FLORIDA CITY, FLORIDA

**LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2018**

MAYOR-COMMISSION FORM OF GOVERNMENT

CITY COMMISSION

Otis T. Wallace, Mayor

R.S. Shiver, Vice Mayor

Sharon Butler

Eugene D. Berry

Avis Brown

CITY CLERK

Jennifer Evelyn

CITY ATTORNEY

Regine Monestime

DIRECTOR OF FINANCIAL PLANNING AND ADMINISTRATION

Chad Burkhalter, CPA

INDEPENDENT AUDITORS

Marcum LLP



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Florida City
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

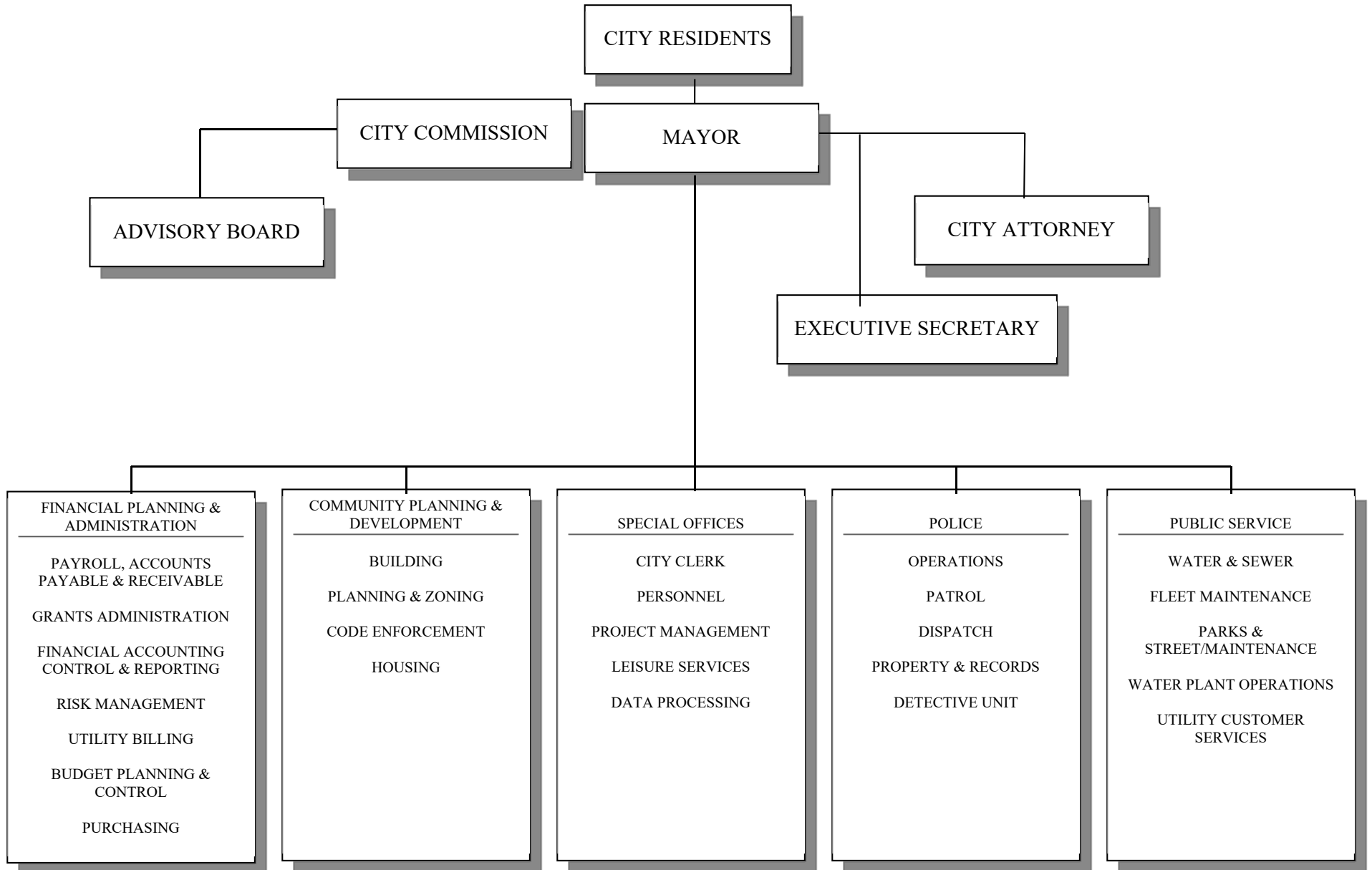
September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF FLORIDA CITY, FLORIDA

ORGANIZATION CHART



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commission
City of Florida City, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison schedules on pages 79 to 81, and the information for the pensions and OPEB on pages 82 to 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
June 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

CITY OF FLORIDA CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Florida City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Florida City for the fiscal year ended September 30, 2018.

FINANCIAL HIGHLIGHTS

The assets plus deferred outflows of the City of Florida City exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$58,036,811 (net position). Of this amount, \$8,560,309 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

In the government-wide financial statements, the City's total net position decreased by (\$533,084). This decrease is attributable primarily to expenses caused from damages (\$2,596,811) as a result of Hurricane Irma.

For the fiscal year ended September 30, 2018, the City's governmental funds reported combined ending fund balances of \$18,516,527. This represents a decrease of (\$625,981) from last year.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,206,194 or 58 % of total general fund expenditures.

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 three components; (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety and parks and recreation. The business-type activities of the City include a Water and Sewer Utility.

The government-wide financial statements include not only the City itself (known as the primary government,) but also a legally separate community redevelopment agency (CRA) for which the City of Florida City is financially accountable. Financial information for the CRA is reported as part of the financial information presented for the primary government. Separate disclosure of the CRA activities is presented in the Notes to Basic Financial Statements.

The government-wide financial statements can be found on pages 13 through 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Florida City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The City of Florida City has three (3) fund categories; governmental funds, a proprietary fund and a fiduciary fund.

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

The City of Florida City maintains six (6) governmental funds; the General Fund, CRA and Grants funds are presented as major funds. The three (3) Other Governmental Funds are combined into a single aggregated presentation. The City of Florida City adopts an annual appropriated budget for its General Fund and for the CRA Fund. Budgetary comparison schedules have been provided for the General Fund and the CRA Fund to demonstrate compliance with this budget. These schedules can be found on pages 79 and 80.

The basic governmental fund financial statements can be found on pages 15 through 17.

Proprietary Funds

The City of Florida City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer Operation.

The basic proprietary fund financial statements can be found on pages 19 through 21.

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 maintains two fiduciary funds, one for the operation of its Police Officers Defined Benefit Pension Plan and one to report the Elected Officials Retirement Plan.

The basic fiduciary fund financial statements can be found on pages 22 through 23.

Notes to the Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 24 through 78.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and OPEB to its employees, as well as budgetary comparison schedules.

This required supplementary information can be found on pages 79 through 90.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Florida City, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$58,036,811 at the close of the most recent fiscal year.

A portion of the City's net position, \$39,177,027 or 68%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt to acquire those assets that is still outstanding. The City of Florida City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the City's net position is presented in Table 1 and a summary of the changes in net position is presented in Table 2.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets and other assets	\$ 21,553,665	\$ 23,850,029	\$ 7,318,492	\$ 7,391,847	\$ 28,872,157	\$ 31,241,876
Capital assets, net	21,579,015	21,319,437	17,930,786	18,354,637	39,509,801	39,674,074
Total Assets	<u>43,132,680</u>	<u>45,169,466</u>	<u>25,249,278</u>	<u>25,746,484</u>	<u>68,381,958</u>	<u>70,915,950</u>
Pensions	3,756,077	4,320,035	219,080	239,037	3,975,157	4,559,072
Total Deferred Outflows of Resources	<u>3,756,077</u>	<u>4,320,035</u>	<u>219,080</u>	<u>239,037</u>	<u>3,975,157</u>	<u>4,559,072</u>
Current liabilities	1,913,540	4,581,203	1,109,875	1,063,576	3,023,415	5,644,779
Noncurrent liabilities	9,357,030	10,165,945	913,761	833,981	10,270,791	10,999,926
Total Liabilities	<u>11,270,570</u>	<u>14,747,148</u>	<u>2,023,636</u>	<u>1,897,557</u>	<u>13,294,206</u>	<u>16,644,705</u>
Pensions	951,655	564,828	74,443	45,261	1,026,098	610,089
Total Deferred Inflows of Resources	<u>951,655</u>	<u>564,828</u>	<u>74,443</u>	<u>45,261</u>	<u>1,026,098</u>	<u>610,089</u>
Net Investment in Capital Assets	21,476,661	21,188,465	17,700,366	18,244,837	39,177,027	39,433,302
Restricted	9,572,082	8,761,516	727,393	723,059	10,299,475	9,484,575
Unrestricted	3,617,789	4,227,545	4,942,520	5,074,807	8,560,309	9,302,352
Total Net Position	<u>\$ 34,666,532</u>	<u>\$ 34,177,526</u>	<u>\$ 23,370,279</u>	<u>\$ 24,042,703</u>	<u>\$ 58,036,811</u>	<u>\$ 58,220,229</u>

Table 2
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 6,776,334	\$ 6,211,311	\$ 3,726,660	\$ 3,722,481	\$ 10,502,994	\$ 9,933,792
Operating grants and contributions	128,973	33,379			128,973	33,379
Capital grants and contributions	1,884,902	2,049,186			1,884,902	2,049,186
General revenues:						
Property taxes	2,175,438	1,943,089			2,175,438	1,943,089
Utility taxes	915,021	879,706			915,021	879,706
Communication services tax	200,855	201,457			200,855	201,457
Franchise fees based on gross receipts	729,006	736,789			729,006	736,789
Unrestricted intergovernmental revenue	1,936,700	1,844,120			1,936,700	1,844,120
Unrestricted intergovernmental revenue	394,226	372,226			394,226	372,226
Unrestricted investment earnings	85,495	74,838	34,613	43,960	120,108	118,798
Impact Fees	206,356	481,405			206,356	481,405
Sale of Capital Assets	210	435,884			210	435,884
Settlement Proceeds	--	--	--	--	--	--
Total Revenues	<u>15,433,516</u>	<u>15,263,390</u>	<u>3,761,273</u>	<u>3,766,441</u>	<u>19,194,789</u>	<u>19,029,831</u>
Expenses						
General government	6,709,640	7,479,011			6,709,640	7,479,011
Public works	2,892,554	2,811,150			2,892,554	2,811,150
Public safety	4,847,497	5,161,959			4,847,497	5,161,959
Parks and recreation	779,380	755,546			779,380	755,546
Interest on Long-Term Debt	--	--			--	--
Water and sewer	--	--	4,498,802	4,640,964	4,498,802	4,640,964
Total Expenses	<u>15,229,071</u>	<u>16,207,666</u>	<u>4,498,802</u>	<u>4,640,964</u>	<u>19,727,873</u>	<u>20,848,630</u>
Excess (Deficiency) Before Transfers	204,445	(944,276)	(737,529)	(874,523)	(533,084)	(1,818,799)
Transfers	(11,252)	(123,989)	11,252	123,989	--	--
Increase (Decrease) in Net Position	<u>193,193</u>	<u>(1,068,265)</u>	<u>(726,277)</u>	<u>(750,534)</u>	<u>(533,084)</u>	<u>(1,818,799)</u>
Net Position - Beginning, as Restated	<u>34,473,339</u>	<u>35,245,791</u>	<u>24,096,556</u>	<u>24,793,237</u>	<u>58,569,895</u>	<u>60,039,028</u>
Net Position - Ending	<u>\$ 34,666,532</u>	<u>\$ 34,177,526</u>	<u>\$ 23,370,279</u>	<u>\$ 24,042,703</u>	<u>\$ 58,036,811</u>	<u>\$ 58,220,229</u>

The City's net position decreased by (\$533,084) from 2017 due primarily to expenses due to Hurricane Irma. This decrease is illustrated in the summary above.

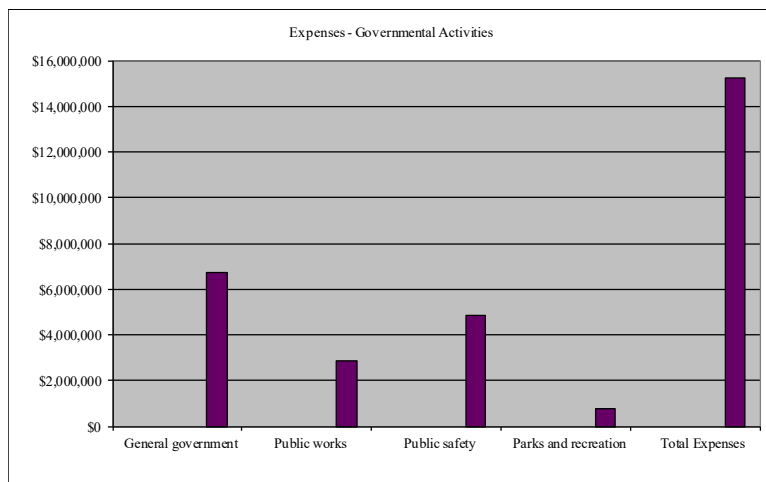
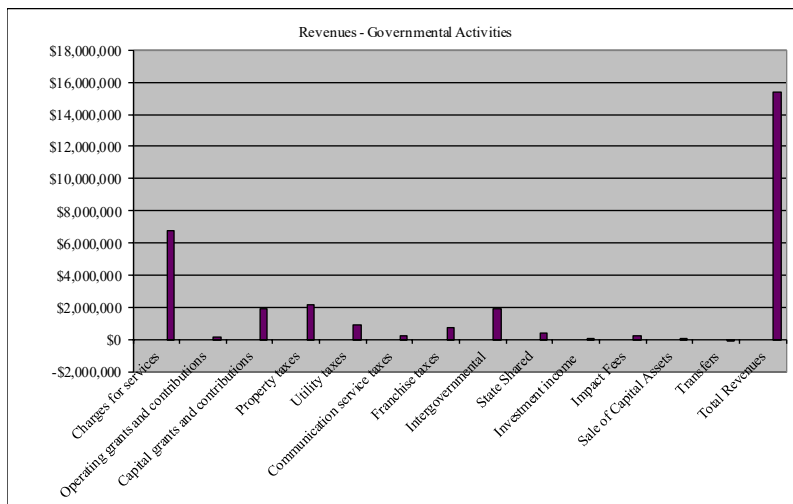
Governmental Activities

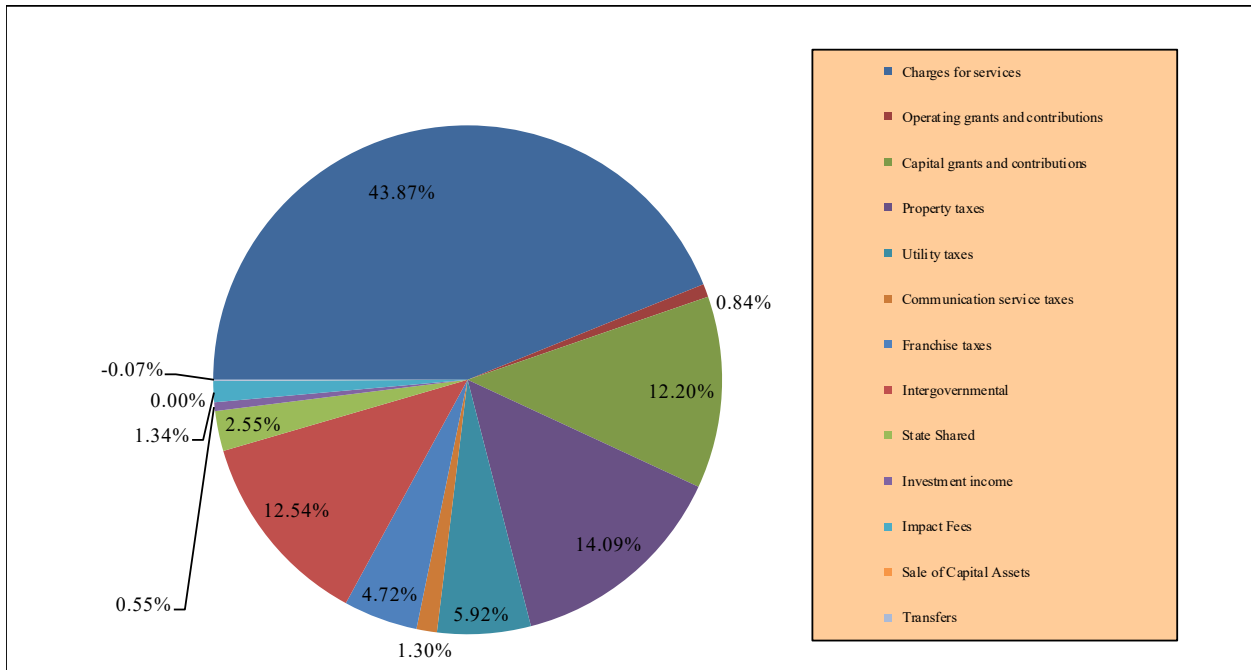
Net position of the City's governmental activities increased by \$193,193 or .56% from \$34,473,339 in the last fiscal year to \$34,666,532 in the current fiscal year.

General government, public works and public safety comprise approximately 95% of the City's total governmental activities. General government program revenues fund over 53% of its activities. Public works program revenues fund 94% of its activities while public safety program revenues fund just a bit more than 37%. General revenues, primarily property taxes, fund the balance of these activities.

Parks and recreation's program revenues fund more than 100% of expenses. This is due primarily to the success of the City owned RV and Camp Site.

Program revenues, comprised of charges for services, and operating and capital grants and contributions amounts total \$8,996,565; the governmental activities general revenues total \$6,425,699. Due to a small property tax base, reliance on grant funds is critical to meeting citizens' demand for services. Property taxes, which represent about 31% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues. Property Tax Revenue increased by \$232,349 between 2017 and 2018 due to the improvement of the general economy. The tax rate remained the same from 2017 to 2018.





Business-type Activities

Business-type activities decreased the City’s net position by \$726,277 since 2017.

The City maintains a water & sewer fund that accounts for this change to net position. Operating expenses exceeded charges for services by \$994,288. \$34,613 was realized as a result of unrestricted investment earnings. Revenues increased between 2017 and 2018 by \$4,179. Expenses, however, also increased by \$79,984.

The above three graphs represent governmental activities; revenues, expenses and revenues by source.

Governmental Funds

The focus of the City of Florida 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.

At the end of the current fiscal year, fund balance of the General Fund was \$14,248,543, a decrease of \$763,358 in comparison with the prior year.

The general fund is the chief operating fund of the City of Florida City. As a measure of the general fund’s liquidity it may be useful to compare total fund balance to total fund expenditures. Total unassigned fund balance represents 58% of total general fund expenditures.

A summary of the general fund’s condensed balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table 3 and 4 for September 30, 2018 and 2017, as follows:

Table 3
Condensed Balance Sheet

General Fund	2018	2017
Total Assets	\$ 16,194,014	\$ 19,588,550
Total liabilities	\$ 1,856,105	\$ 4,495,570
Total deferred inflows of resources	89,366	81,079
Fund balance	14,248,543	15,011,901
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,194,014	\$ 19,588,550

Table 4
Condensed Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund	2018	2017
Total revenues	\$ 13,307,775	\$ 12,626,118
Total expenditures	14,127,063	15,028,900
Other Financing Sources	55,930	474,960
Net Change in Fund Balance	\$ (763,358)	\$ (1,927,822)

General Fund Budgetary Highlights

There was a difference via budget amendments between the original and final budgeted amounts for expenditures in the General Fund of \$8,696,404 less than originally budgeted. Actual expenditures were also \$268,277 less than the final budgeted amount. Budgeted revenues between original and final were increased by approximately \$199,284, however, actual revenues were less than the final budgeted amount by \$37,170. The City ultimately expended approximately \$268,277 less than budgeted. The following summary depicts this activity:

General Fund	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Revenues	\$ 13,145,661	\$ 13,344,945	\$ 13,307,775	\$ (37,170)
Expenditures	23,091,744	14,395,340	14,127,063	268,277
Excess (deficiency) of revenues over expenditures	(9,946,083)	(1,050,395)	(819,288)	231,107
Other financing sources and uses	9,946,083	1,050,395	55,930	994,465
Net Change in Fund Balance	\$ --	\$ --	\$ (763,358)	\$ 1,225,572

Community Redevelopment Agency (CRA)

The CRA incurred the following expenditures during the fiscal year ended September 30, 2018 and September 30, 2017 respectively:

CRA	2018	2017
Expenditures, general government	\$ 892,898	\$ 823,113
Expenditures, capital outlay	<u>873,972</u>	<u>312,159</u>
	<u>\$1,766,870</u>	<u>\$1,135,272</u>

In 2018, the following projects were funded by CRA's Infrastructure Fund:

- \$639,898- Streetscape Project for beautification.
- \$191,463- Consulting and Engineering expenditures.
- \$300,000 - Community Policing.
- \$104,987 - Administrative Functions.

In 2017, the following projects were funded by CRA's Infrastructure Fund:

- \$179,405 - Streetscape Project for beautification.
- \$167,912 - Consulting and Engineering expenditures.
- \$300,000 - Community Policing.
- \$104,699 - Administrative Functions.

Capital Assets

As of September 30, 2018, the City's net investment in capital assets for both governmental activities and business-type activities amounted to \$39,177,027 (\$21,476,661 in governmental activities and \$17,700,366 in business-type activities). The total decrease in the net investment in capital assets for the fiscal year was \$256,275.

Long-Term Debt

At September 30, 2018, the City had total debt outstanding of \$10,270,791 (\$9,357,030 for governmental activities and \$913,761 for business-type activities). Of this amount, \$93,700 represents total revenue bonds payable secured solely by specified revenue sources (water revenue). The remainder is comprised of compensated absences of \$847,999 in governmental activities, \$52,193 in business-type activities, \$8,045,629 of Net Pension Liability in governmental activities, \$549,599 of Net Pension Liability in business-type activities, \$430,937 of Total OPEB Liability in governmental activities, and \$75,750 Total OPEB Liability in business-type activities. See Note 8 for a more detailed explanation of long-term debt on Pages 40 through 42 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City dropped with the State of Florida rate and the National rate. The City's rate is expected to drop further next year as well due primarily to this nation's general economy.

The occupancy rate of the City's hospitality service industry has remained stable for the past several years.

Inflationary trends in the region compare similarly to national indices.

The City's rates for water and sewer fees are being reviewed with an eye towards increasing the rates to improve the debt service coverage ratio and provide additional funds for renewal and replacement of infrastructure.

There were no funds budgeted or appropriated from unrestricted net position (unassigned fund balance) for the fiscal year September 30, 2018 budget for the general fund.

The millage rate for FY 2019 remained the same as FY 2018 at 7.1858.

All of these factors were considered in preparing the City of Florida City's budget for the 2018-2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Florida City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chad Burkhalter, Finance Director, Finance Department, 404 West Palm Drive, P.O. Box 343570, Florida City, FL 33034-0570.

BASIC FINANCIAL STATEMENTS

CITY OF FLORIDA CITY, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 12,485,455	\$ 5,763,399	\$ 18,248,854
Investment	406,062	--	406,062
Receivables, net	1,718,674	252,316	1,970,990
Internal balances	(18,144)	18,144	--
Restricted cash	5,461,145	1,284,633	6,745,778
Prepaid items	69,284	--	69,284
Other assets	31,365	--	31,365
Net pension asset	1,034,232	--	1,034,232
Assets held for resale	365,592	--	365,592
Capital assets not being depreciated	6,002,350	1,800,965	7,803,315
Capital assets being depreciated, net	<u>15,576,665</u>	<u>16,129,821</u>	<u>31,706,486</u>
Total Assets	<u>43,132,680</u>	<u>25,249,278</u>	<u>68,381,958</u>
Deferred Outflows of Resources			
Pensions	<u>3,756,077</u>	<u>219,080</u>	<u>3,975,157</u>
Liabilities			
Accounts payable	592,468	518,043	1,110,511
Accrued liabilities	664,926	34,592	699,518
Customer deposits	150,056	557,240	707,296
Unearned revenue	506,090	--	506,090
Noncurrent liabilities:			
Due within one year	95,815	22,799	118,614
Due in more than one year	784,649	265,613	1,050,262
Total OPEB liability	430,937	75,750	506,687
Net pension liability	<u>8,045,629</u>	<u>549,599</u>	<u>8,595,228</u>
Total Liabilities	<u>11,270,570</u>	<u>2,023,636</u>	<u>13,294,206</u>
Deferred Inflows of Resources			
Pensions	<u>951,655</u>	<u>74,443</u>	<u>1,026,098</u>
Net Position			
Net investment in capital assets	21,476,661	17,700,366	39,177,027
Restricted:			
Transportation projects	5,178,089	--	5,178,089
Grants and contributions	1,655,635	--	1,655,635
Assets held for resale	365,592	--	365,592
Capital projects	2,246,757	--	2,246,757
Impact fees - public safety	126,009	--	126,009
Sewer system capital improvements	--	662,899	662,899
Reserve fund	--	64,494	64,494
Unrestricted	<u>3,617,789</u>	<u>4,942,520</u>	<u>8,560,309</u>
Total Net Position	<u>\$ 34,666,532</u>	<u>\$ 23,370,279</u>	<u>\$ 58,036,811</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 6,709,640	\$ 1,650,814	\$ 34,633	\$ 1,884,902	\$ (3,139,291)	\$ --	\$ (3,139,291)
Public works	2,892,554	2,639,524	94,340	--	(158,690)	--	(158,690)
Public safety	4,847,497	1,799,129	--	--	(3,048,368)	--	(3,048,368)
Parks and recreation	779,380	893,223	--	--	113,843	--	113,843
Total Government Activities	<u>15,229,071</u>	<u>6,982,690</u>	<u>128,973</u>	<u>1,884,902</u>	<u>(6,232,506)</u>	<u>--</u>	<u>(6,232,506)</u>
Business-type Activities							
Water and sewer	4,498,802	3,726,660	--	--	--	(772,142)	(772,142)
Total Business-type Activities	<u>4,498,802</u>	<u>3,726,660</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(772,142)</u>	<u>(772,142)</u>
Total	<u>\$ 19,727,873</u>	<u>\$ 10,709,350</u>	<u>\$ 128,973</u>	<u>\$ 1,884,902</u>	<u>(6,232,506)</u>	<u>(772,142)</u>	<u>(7,004,648)</u>
General Revenues							
Property taxes					\$ 2,175,438	\$ --	\$ 2,175,438
Utility taxes					915,021	--	915,021
Communication services tax					200,855	--	200,855
Franchise fees based on gross receipts					729,006	--	729,006
Unrestricted intergovernmental revenue					2,330,926	--	2,330,926
Unrestricted investment earnings					85,495	34,613	120,108
Sale of capital assets					210	--	210
Transfers					(11,252)	11,252	--
Total General Revenues and Transfers					<u>6,425,699</u>	<u>45,865</u>	<u>6,471,564</u>
Change in Net Position					<u>193,193</u>	<u>(726,277)</u>	<u>(533,084)</u>
Net Position - Beginning as originally stated					34,177,526	24,042,703	58,220,229
Prior period adjustment (Note 1D-13)					295,813	53,853	349,666
Net Position - Beginning as restated					<u>34,473,339</u>	<u>24,096,556</u>	<u>58,569,895</u>
Net Position - Ending					<u>\$ 34,666,532</u>	<u>\$ 23,370,279</u>	<u>\$ 58,036,811</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2018

	General	CRA	Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 8,005,605	\$2,852,632	\$1,249,292	\$ 377,926	\$12,485,455
Investment	406,062	--	--	--	406,062
Receivables, net:					
Billed and other	671,451	--	--	34,103	705,554
Unbilled	98,685	--	--	--	98,685
Taxes	911,827	--	--	--	911,827
Intergovernmental	--	--	2,608	--	2,608
Due from other funds	784,602	--	--	3,200	787,802
Restricted cash	5,238,779	--	--	222,366	5,461,145
Prepaid items	69,284	--	--	--	69,284
Assets held for resale	--	365,592	--	--	365,592
Other assets	7,719	23,646	--	--	31,365
Total Assets	<u>\$ 16,194,014</u>	<u>\$3,241,870</u>	<u>\$1,251,900</u>	<u>\$ 637,595</u>	<u>\$21,325,379</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 589,268	\$ --	\$ --	\$ 3,200	\$ 592,468
Accrued liabilities	642,615	--	15,855	6,456	664,926
Due to other funds	21,344	629,521	142,034	13,047	805,946
Customer deposits	150,056	--	--	--	150,056
Unearned revenue	452,822	--	1,167	52,101	506,090
Total Liabilities	<u>1,856,105</u>	<u>629,521</u>	<u>159,056</u>	<u>74,804</u>	<u>2,719,486</u>
Deferred Inflows of Resources					
Unavailable revenue	89,366	--	--	--	89,366
Total Liabilities and Deferred Inflows of Resources	<u>1,945,471</u>	<u>629,521</u>	<u>159,056</u>	<u>74,804</u>	<u>2,808,852</u>
Fund Balances					
Non-spendable:					
Prepaid items	69,284	--	--	--	69,284
Restricted:					
Transportation projects	5,088,723	--	--	--	5,088,723
Grants and contributions	--	--	1,092,844	562,791	1,655,635
Impact fees - public safety	126,009	--	--	--	126,009
Assets held for resale	--	365,592	--	--	365,592
Capital projects	--	2,246,757	--	--	2,246,757
Committed:					
Stormwater	758,333	--	--	--	758,333
Unassigned:					
General fund	8,206,194	--	--	--	8,206,194
Total Fund Balances	<u>14,248,543</u>	<u>2,612,349</u>	<u>1,092,844</u>	<u>562,791</u>	<u>18,516,527</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,194,014</u>	<u>\$3,241,870</u>	<u>\$1,251,900</u>	<u>\$ 637,595</u>	<u>\$21,325,379</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

SEPTEMBER 30, 2018

Fund Balances - Total Governmental Funds (page 15)		\$ 18,516,527
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 33,508,392	
Less accumulated depreciation	<u>(11,929,377)</u>	21,579,015
Net pension asset resulting from over funding in pension plan		1,034,232
Revenues that do not meet the availability criteria are reported as unavailable revenue in the fund financial statements; these amounts are reported as revenue in the government-wide financial statements.		89,366
Deferred outflows of resources related to pensions	3,756,077	
Deferred inflows of resources related to pensions	<u>(951,655)</u>	2,804,422
Long-term liabilities, including notes payable, are not due and payable in current period and, therefore, not reported in the funds		
Compensated absences	(847,999)	
Net pension liability	(8,045,629)	
Total OPEB liability	<u>(430,937)</u>	<u>(9,357,030)</u>
Net Position of Governmental Activities (page 13)		<u>\$ 34,666,532</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	CRA	Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 4,020,320	\$ 1,108,901	\$ --	\$ --	\$ 5,129,221
Intergovernmental	2,330,926	720,188	--	--	3,051,114
Charges for services	3,733,708	--	--	--	3,733,708
Investment earnings	62,080	15,340	6,871	1,204	85,495
Impact fees	206,356	--	--	--	206,356
Licenses and permits	442,937	--	--	--	442,937
Fines and forfeitures	1,716,371	--	--	72,355	1,788,726
Grants	--	--	52,392	--	52,392
Settlement proceeds	78,400	--	--	--	78,400
Miscellaneous	716,677	3,421	--	42,233	762,331
Total Revenues	<u>13,307,775</u>	<u>1,847,850</u>	<u>59,263</u>	<u>115,792</u>	<u>15,330,680</u>
Expenditures					
Current:					
General government	5,901,715	892,898	150,038	35,862	6,980,513
Public safety	4,493,136	--	--	63,553	4,556,689
Public works	2,845,111	--	--	--	2,845,111
Parks and recreation	596,984	--	--	--	596,984
Capital outlay	290,117	873,972	30,575	--	1,194,664
Total Expenditures	<u>14,127,063</u>	<u>1,766,870</u>	<u>180,613</u>	<u>99,415</u>	<u>16,173,961</u>
Excess (Deficiency) of Revenues over Expenditures	(819,288)	80,980	(121,350)	16,377	(843,281)
Other Financing Sources					
Sale of capital assets	23,465	161,370	--	--	184,835
Capital lease	32,465	--	--	--	32,465
Total Other Financing Sources	<u>55,930</u>	<u>161,370</u>	<u>--</u>	<u>--</u>	<u>217,300</u>
Net Change in Fund Balances	(763,358)	242,350	(121,350)	16,377	(625,981)
Fund Balances - Beginning	<u>15,011,901</u>	<u>2,369,999</u>	<u>1,214,194</u>	<u>546,414</u>	<u>19,142,508</u>
Fund Balances - Ending	<u>\$14,248,543</u>	<u>\$2,612,349</u>	<u>\$1,092,844</u>	<u>\$ 562,791</u>	<u>\$ 18,516,527</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities (Page 14)
are different because:

Net change in fund balances - total governmental funds (Page 17) \$ (625,981)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 1,306,956	
Depreciation expense	<u>(945,841)</u>	361,115

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 94,340

Transfers of capital assets to business-type activities from governmental activities decreases net position of governmental activities in the statement of activities, but are not reported in the governmental funds because they are not financial resources. (11,252)

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

The details of the difference are as follows:

Gain on sale of capital assets	(184,625)	
Net pension asset	988,993	
Compensated absences	(39,606)	
Total OPEB liability	(14,231)	
Capital lease	(32,465)	
Net pension liability	<u>599,404</u>	1,317,470

Deferred outflow of resources and deferred inflows of resources related to the pensions are not recognized in the governmental funds (950,785)

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported when earned. 8,286

Change in net position of governmental activities (Page 14) \$ 193,193

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

SEPTEMBER 30, 2018

	<u>Enterprise Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
Assets	
Current Assets	
Cash	\$ 5,763,399
Receivables, net	252,316
Due from other funds	18,144
Restricted cash	<u>1,284,633</u>
Total Current Assets	<u>7,318,492</u>
Noncurrent Assets	
Capital assets:	
Land	1,578,818
Construction in progress	222,147
Machinery and equipment	1,359,162
Plant distribution system	36,619,088
Less accumulated depreciation	<u>(21,848,429)</u>
Total capital assets, net	<u>17,930,786</u>
Total Assets	<u>25,249,278</u>
Deferred Outflows of Resources	
Pensions	<u>219,080</u>
Liabilities	
Current Liabilities	
Accounts payable	518,043
Accrued liabilities	34,592
Customer deposits	557,240
Current portion of revenue bonds payable	17,000
Current portion of compensated absences	<u>5,799</u>
Total Current Liabilities	<u>1,132,674</u>
Noncurrent Liabilities	
Revenue bonds payable	213,420
Total OPEB liability	75,750
Net pension liability	549,599
Compensated absences	<u>52,193</u>
Total Noncurrent Liabilities	<u>890,962</u>
Total Liabilities	<u>2,023,636</u>
Deferred Inflows of Resources	
Pensions	<u>74,443</u>
Net Position	
Net Investment in capital assets	17,700,366
Restricted for sewer system capital improvements	662,899
Restricted for reserve fund	64,494
Unrestricted	<u>4,942,520</u>
Total Net Position	<u>\$ 23,370,279</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Enterprise Fund</u> Water and Sewer
Operating Revenues	
Charges for services	<u>\$ 3,726,660</u>
Operating Expenses	
General and administrative	3,317,539
Depreciation	<u>1,175,840</u>
Total Operating Expenses	<u>4,493,379</u>
Operating Loss	<u>(766,719)</u>
Non-Operating Revenues (Expenses)	
Interest income	34,613
Interest expense	<u>(5,423)</u>
Total Non-Operating Revenues	<u>29,190</u>
Loss before Capital Contribution	(737,529)
Contribution of Capital Assets	<u>11,252</u>
Change in Net Position	(726,277)
Net Position - Beginning, as previously reported	24,042,703
Prior period adjustment (See Note 1D-13)	<u>53,853</u>
Net Position - Beginning, as restated	<u>24,096,556</u>
Net Position - Ending	<u>\$ 23,370,279</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 3,929,161
Payments to suppliers	(1,975,307)
Payments to employees	(1,249,883)
Payments to other funds	<u>(761,714)</u>
Net Cash Used by Operating Activities	<u>(57,743)</u>
Cash Flows from Capital and Related Financing Activities	
Issuance of new debt and principal paid on debt	120,620
Interest paid on bonds	(5,423)
Acquisition of capital assets	<u>(740,737)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(625,540)</u>
Cash Flows from Investing Activities	
Interest received	<u>34,613</u>
Net Cash Provided by Investing Activities	<u>34,613</u>
Net Decrease in Cash	(648,670)
Cash, Beginning (Including Restricted)	<u>7,696,702</u>
Cash, Ending (Including Restricted)	<u>\$ 7,048,032</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities	
Operating loss	\$ <u>(766,719)</u>
Adjustments to reconcile operating loss to net cash	
used by operating activities:	
Depreciation	1,175,840
Changes in operating assets, liabilities and deferred	
inflows/outflows:	
(Increase) decrease in:	
Receivables	186,399
Deferred outflows - pensions	19,957
Increase (decrease) in:	
Accounts payable and accrued liabilities	30,197
Customer deposits	16,102
Compensated absences	16,026
Total OPEB Liability	2,502
Net pension liability	(5,515)
Deferred inflows - pensions	29,182
Due to other funds	<u>(761,714)</u>
Total adjustments	<u>708,976</u>
Net Cash Used by Operating Activities	<u>\$ (57,743)</u>
Noncash Investing, Capital and Related Financing Activities	
Contribution of capital assets from grants fund	<u>\$ 11,252</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

SEPTEMBER 30, 2018

	<u>Pension Trust</u>
Assets	
Investments	
Money market mutual funds	\$ 174,489
Common stock	4,432,043
Corporate bonds	1,202,045
Government securities	<u>1,444,449</u>
Total Investments	<u>7,253,026</u>
Receivables	
Accrued interest	<u>17,315</u>
Total Assets	<u>7,270,341</u>
Net Position Restricted for Pension Benefits	<u>\$ 7,270,341</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Pension Trust</u>
Additions	
Contributions	
City	<u>\$ 213,411</u>
Investment Earnings	
Net appreciation in fair value of investments	376,145
Interest and dividends	<u>106,086</u>
Investment Earnings	<u>482,231</u>
Total Additions	<u>695,642</u>
Deductions	
Benefits paid	164,101
Administrative expenses	<u>58,279</u>
Total Deductions	<u>222,380</u>
Change in Net Position	473,262
Net Position Restricted for Pension Benefits- Beginning	<u>6,797,079</u>
Net Position Restricted for Pension Benefits - Ending	<u><u>\$7,270,341</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Florida City (the City), located in Miami-Dade County, Florida (the County) is a political subdivision of the State of Florida. The City, which was created by the Florida Legislature, was incorporated in 1915. The City operates under a Strong-Mayor form of government and provides the following services as authorized by its charter; public safety, water and sewer, sanitation, culture recreation, public works and improvements, planning and zoning, highways and streets, and general administrative services. The City does not provide any educational facilities or fire services; those services are provided by the Miami-Dade County School Board and the County, respectively.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. FINANCIAL REPORTING ENTITY

Under governmental accounting and financial reporting standards, the City's reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City is considered financially accountable if it appoints a voting majority of an organization's governing body and is either able to impose its will on that organization, or has a financial benefit/burden relationship with the organization. The City may also be financially accountable if an organization is fiscally dependent on the primary government and the two also have a financial benefit or burden relationship.

Component units are included in the reporting entity either as blended or as discretely presented. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Accordingly, data from these component units are combined with data of the primary government. The City has met the criteria as having the operational and financial responsibilities as noted above for the blended component units listed below and these entities have been included in the City's financial reporting entity.

- (i) The Community Redevelopment Agency (the CRA) was created under the Community Redevelopment Act of 1969, enacted by Florida Legislature. The CRA's board of directors is the City Commission. The CRA's executive director is the City's Mayor. The City has operational responsibility for the CRA. The CRA has a September 30th year end and is presented as a major fund.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. FINANCIAL REPORTING ENTITY (CONTINUED)

- (ii) The Florida City Foundation, Inc. (the Foundation) is a nonprofit (501(c)(3)) organization. The Foundation accepts charitable contributions which are used to pay for activities and other items to benefit the citizens of the City. The City Commission serves as the board of the Foundation. The City has operational responsibility for the Foundation. The Foundation, which is presented as a nonmajor fund, has a December 31st year end and therefore the amounts presented for the Foundation are as of and for the year ended December 31, 2017.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used which are not eliminated.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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 Redevelopment Agency (CRA)* was created to promote economic development for local businesses and for new businesses. This fund is used to account for monies received from Tax Increment Financing (TIF) from the City of Florida City and Miami-Dade County for use in the area designated as the CRA.

The *Grants Fund* accounts for all grant monies and the related program income from federal, state, and local grants received.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The City reports the following major proprietary fund in the basic financial statements:

The *Water and Sewer Fund* accounts for activities of providing water and sewer services to the public.

Additionally, the City reports the following fund type:

The *Fiduciary Funds* are used to account for the City's single-employer defined benefit pension plans covering substantially all of its police officers and elected officials.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer fund are charges to customers for services. Operating expenses for the enterprise fund includes 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 FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE/NET POSITION

1. Deposits and Investments

The City's cash represents cash deposits. The City's investment in Florida PRIME (external investment pool) is recorded at amortized cost. All other investments are reported at fair value.

The nature of investments of the City are governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or resolution/ordinance.

Investments in the Police Officers' Substitute Pension Trust Fund are governed by the plan's investment policy and Florida Statutes Section 112.661. The Elected Officials Retirement Plan currently does not have a formal investment policy in place and therefore all of the plan's assets are in a money market savings account (cash).

2. Receivables and Payables

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

3. Capital Assets

Capital assets, which include property, plant and equipment, intangibles and certain infrastructure assets (e.g., streets, alleys, sidewalks, drainage, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City did not retroactively report infrastructure assets. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE/NET POSITION (CONTINUED)

3. *Capital Assets (continued)*

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2018.

The City records impairment losses on long-lived assets used in operations when events and circumstances indicate the assets might be impaired. No impairment losses have been recorded.

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

Assets	Years
Buildings	10-50
Equipment and Machinery	3-5
Plant Distribution System	25-50

4. *Compensated Absences*

City employees are granted vacation and sick pay leave in varying amounts based on length of service and the department in which the employee provides service. It is the City’s policy to permit full-time employees to accumulate limited amounts of earned vacation leave and a limited amount of earned sick pay. Upon separation from service, employees receive payment for all unused vacation leave and 50% of unused sick leave for general employees and 75% of unused sick leave for police officers. In the governmental funds, a liability is recorded only for vacation and sick leave payouts for employees that resigned or terminated prior to fiscal year end and were subsequently paid with current available financial resources.

5. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective interest method. Issuance costs are expensed in the year incurred. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE/NET POSITION (CONTINUED)

5. Long-Term Obligations (continued)

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 other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year incurred.

6. Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the City's capital assets reduced by accumulated depreciation, deferred outflows or inflows related to debt, and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net position is that 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 or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of either of the other two components.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports within its government-wide statement of net position as deferred outflows of resources, amounts contributed during fiscal year 2018 for the City's various pension plans and cost-sharing multiple employer pension plans (cost-sharing plans). The net pension liabilities/assets associated with the City's pension plans were measured as of September 30, 2017 and as of June 30, 2018 for the cost-sharing plans. The amounts paid to the pension plans during fiscal year 2018, subsequent to the measurement dates, will be reflected within the City's pension expense and related liability/asset when the net pension liability/asset is measured for the next fiscal year.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE/NET POSITION (CONTINUED)

7. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statement of net position, the City reports deferred inflows related to pensions that qualify for reporting in this category. The governmental funds report deferred inflows for unavailable revenue until the criteria for revenue recognition has been met.

Also, within the government-wide statement of net position, the City reports as deferred inflows or outflows, amounts representing the net difference between or differences between expected and actual results, changes in assumptions and projected and actual earnings of its pension plan. Differences between projected and actual earnings will be amortized over a five year closed period beginning in the year in which the difference occurred and are presented as a net deferred inflow or outflow at the measurement date. All other amounts are presented as either a deferred inflow or outflow established at their respective measurement date when the difference occurred and is amortized over the remaining service lives of employees.

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE/NET POSITION (CONTINUED)

10. Fund Balance Policies

The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The City reports the following classifications:

Non-spendable fund balance. Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance. Restricted fund balances are amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for the specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the government that can, by adoption of a resolution or an ordinance (equally binding), commit fund balance. Once adopted, the limitation remains in place until the City Commission removes or revises the limitation by taking the same type of action (the adoption of another resolution or ordinance). This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCE/NET POSITION (CONTINUED)

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

12. Unearned/Unavailable Revenue

Unearned revenue arises when resources are received by the City before it has a legal claim to them. In addition, inflows that do not yet meet the criteria for revenue recognition are recorded as unearned revenue or a deferred inflow in the government-wide and the fund financial statements. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue or a deferred inflow is removed and revenue is recognized. In the governmental funds, unavailable revenue may also arise if the funds are not received in the availability period; the funds are then not considered a current available resource. At September 30, 2018, the City reported unavailable revenues related to transportation surtax and rent revenue.

13. New Accounting Pronouncements Adopted

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended September 30, 2018. This Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. This statement includes financial reporting requirements and note disclosures for defined benefit OPEB plans that are not administered through trusts that meet specified criteria. This new guidance requires the restatement of the prior fiscal year net position.

Therefore, in accordance with the requirements of GASB No. 75, below are the restated balances of net position as of September 30, 2017:

Restatement	Governmental Activities	Business-type Activities	Total
Net position as of September 30, 2017 (as reported)	\$ 34,177,526	\$ 24,042,703	\$ 58,220,229
Restatement of prior year net position for the cumulative effect of rescinding GASB 45:	712,519	127,101	839,620
Restatement of prior year net position for the cumulative effect of implementing GASB 75:			
Total OPEB liability	(416,706)	(73,248)	(489,954)
Total restatement	295,813	53,853	349,666
Net position as of September 30, 2017 (restated)	<u>\$ 34,473,339</u>	<u>\$ 24,096,556</u>	<u>\$ 58,569,895</u>

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

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 cash deposits are insured or collateralized.

INVESTMENTS

The City has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The City is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, the State Board of Administration investment pool, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and securities of any interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to obligations of the U.S. government, its agencies and instrumentalities and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The State Board of Administration (SBA) administers the Florida PRIME which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The 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 a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the City's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures, for financial reporting purposes, all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

As of September 30, 2018, the City had the following investment subject to interest rate risk:

Investment		Weighted Average Maturity
SBA - Florida PRIME	<u>\$ 406,062</u>	33 days

Interest Rate Risk

The City has an investment policy of structuring the investment portfolio so that the investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell investments on the open market prior to maturity and investing operating funds primarily in cash, short-term securities, certificates of deposit, or similar investment pools.

Credit Risk

The City's investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). The Florida PRIME is rated AAAM by Standard and Poor's.

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2018 for the City's individual major funds and non-major funds, including the allowances for uncollectible accounts, are as follows:

	General	Grants	Water and Sewer	Florida City Foundation	Total
Customers billed	\$ 922,340	\$ --	\$ 499,903	\$ --	\$ 1,422,243
Customers unbilled	98,685	--	126,053	--	224,738
Taxes	911,827	--	--	--	911,827
Intergovernmental	--	53,028	--	--	53,028
Other receivables	7,615	--	--	34,103	41,718
Gross receivables	1,940,467	53,028	625,956	34,103	2,653,554
Less: allowance	(258,504)	(50,420)	(373,640)	--	(682,564)
Total Receivables, Net	<u>\$ 1,681,963</u>	<u>\$ 2,608</u>	<u>\$ 252,316</u>	<u>\$ 34,103</u>	<u>\$ 1,970,990</u>

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Miami-Dade County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to ensure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the City for fiscal year ended September 30, 2018 is 7.1858 per \$1,000.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes. Property taxes are centrally billed and collected by the County and remitted to the City for their proportionate share of collected taxes. Current year property values are assessed as of January 1st, the lien date, of each year for the fiscal year beginning October 1st and are billed on November 1st, subject to a 1% per month discount for the period November through February, and are due no later than March 31st. On April 1st, unpaid amounts become delinquent and are subject to interest and penalties. Beginning June 1st, tax certificates representing delinquent taxes with interest and penalties are sold by the County, with remittance to the City for its share of those receipts. Generally, the City collects more than 95% of the current year's property taxes during the year in which they are due. There were no material delinquent property taxes as of September 30, 2018.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES

The composition of interfund balances as of September 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General	CRA	\$ 629,521
General	Grants	142,034
Water and Sewer	General	18,144
General	Law Enforcement Trust Fund State	13,047
Law Enforcement Trust Fund State	General	<u>3,200</u>
Total Interfund Balances		<u>\$ 805,946</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 6 – RESTRICTED CASH

General Fund	
Transportation	\$ 5,088,723
Customer deposits	<u>150,056</u>
Total General Fund	<u><u>\$ 5,238,779</u></u>
 Other Governmental Funds	
Law enforcement trust funds	<u>\$ 222,366</u>
 Water and Sewer	
Customer deposits	\$ 557,240
Sewer system capital improvements	662,899
Reserve fund	<u>64,494</u>
Total Water and Sewer	<u><u>\$ 1,284,633</u></u>

The water revenue bond resolutions require that certain monies held by the water fund be restricted for the following purposes:

A. RESERVE FUND

The reserve fund is required to accumulate \$22,247; as of September 30, 2018, the balance is \$64,494. This fund is used in order to meet unforeseen operating expenses of an emergency nature or for renewals and replacement of assets, paying principal and interest in the event of a deficiency or unavailable funds.

B. SEWER SYSTEM CAPITAL IMPROVEMENTS

The City is required under a 1988 State grant to reserve \$32,453 a year in a sewer system capital improvement account to accumulate the equivalent value of the sewer system grant received by the City, as adjusted for inflationary cost increases. Annual deposits of \$32,453 were required to be made until the sum of all deposits exceeds \$649,060. As of September 30, 2018 the balance is \$662,899.

C. CUSTOMER DEPOSITS

This amount is restricted based on deposits paid to the City by its water and sewer customers.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 6,005,545	\$ --	\$ (184,625)	\$ 5,820,920
Construction in progress (1)	19,760	192,682	(31,012)	181,430
Total Capital Assets Not Being Depreciated	6,025,305	192,682	(215,637)	6,002,350
Capital Assets Being Depreciated				
Buildings	23,263,562	86,858	(68,419)	23,282,001
Equipment and machinery	3,082,525	1,141,516	--	4,224,041
Total Capital Assets Being Depreciated	26,346,087	1,228,374	(68,419)	27,506,042
Less accumulated depreciation for:				
Buildings	(8,324,596)	(721,204)	--	(9,045,800)
Equipment and machinery	(2,727,359)	(224,637)	68,419	(2,883,577)
Total Accumulated Depreciation	(11,051,955)	(945,841)	68,419	(11,929,377)
Total Capital Assets Being Depreciated, Net	15,294,132	282,533	--	15,576,665
Governmental Activities Capital Assets, Net	\$ 21,319,437	\$ 475,215	\$ (215,637)	\$ 21,579,015
(1) Increases and decreases include assets acquired and constructed by governmental activities of \$11,252 contributed to the water and sewer fund.				
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,578,818	\$ --	\$ --	\$ 1,578,818
Construction in progress (1)	621,983	337,094	(736,930)	222,147
Total Capital Assets Not Being Depreciated	2,200,801	337,094	(736,930)	1,800,965
Capital Assets Being Depreciated				
Machinery and equipment	1,092,312	266,850	--	1,359,162
Plant distribution system	35,734,113	884,975	--	36,619,088
Total Capital Assets Being Depreciated	36,826,425	1,151,825	--	37,978,250
Less accumulated depreciation for:				
Machinery and equipment	(706,979)	(88,744)	--	(795,723)
Plant distribution system	(19,965,610)	(1,087,096)	--	(21,052,706)
Total Accumulated Depreciation	(20,672,589)	(1,175,840)	--	(21,848,429)
Total Capital Assets Being Depreciated, Net	16,153,836	(24,015)	--	16,129,821
Business-type Activities Capital Assets, Net	\$ 18,354,637	\$ 313,079	\$ (736,930)	\$ 17,930,786

(1) Increases include assets contributed from governmental activities to business-type activities of \$11,252.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 635,905
Public safety	125,495
Public works	10,651
Parks and recreation	<u>173,790</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 945,841</u></u>
Business-type Activities	
Water and sewer	<u><u>\$ 1,175,840</u></u>

NOTE 8 – LONG-TERM DEBT

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

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities					
Capital Lease	\$ --	\$ 32,465	\$ --	\$ 32,465	\$ 11,015
Compensated absences	<u>808,393</u>	<u>548,440</u>	<u>(508,834)</u>	<u>847,999</u>	<u>84,800</u>
Governmental Activities					
Long-Term Liabilities	<u><u>\$ 808,393</u></u>	<u><u>\$ 580,905</u></u>	<u><u>\$ (508,834)</u></u>	<u><u>\$ 880,464</u></u>	<u><u>\$ 95,815</u></u>

All governmental activities obligations, including Net Pension Liability and Total OPEB Liability, are generally liquidated by the general fund.

CAPITAL LEASE

The City entered into a lease agreement totaling \$32,465 for the purpose of financing the acquisition of vehicles for the Parks and Recreation Department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The lease agreement was entered into on April 12, 2018 with monthly payments of \$1,058 beginning October 1, 2018. The lease agreement was for the amount of \$32,465 with an applicable annual interest rate of 17%.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 8 – LONG-TERM DEBT (CONTINUED)

CAPITAL LEASE (CONTINUED)

Asset Acquired Under the Capital Lease	
Machinery and equipment	\$ 32,465
Accumulated depreciation	--
Total Assets Acquired Under the Capital Lease	\$ 32,465

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Fiscal Year Ending September 30,	Amount
2019	\$ 12,692
2020	12,692
2021	12,692
Total minimum lease payments	38,076
Less: interest portion	(5,611)
Present Value of Future Minimum Lease Payments	\$ 32,465

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Water revenue bonds, Series 1981	\$ 109,800	\$ --	\$ (16,100)	\$ 93,700	\$ 17,000
State Revolving Loan	--	136,720	--	136,720	--
Compensated absences	41,966	89,841	(73,815)	57,992	5,799
Business-type Activities					
Long-Term Liabilities	\$ 151,766	\$ 226,561	\$ (89,915)	\$ 288,412	\$ 22,799

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 8 – LONG-TERM DEBT (CONTINUED)

WATER REVENUE BONDS – SERIES 1981

On September 16, 1983, the City issued bonds in the amount of \$365,000 as an addition to 1977 Water Revenue Bonds for the purpose of completing the construction of additions, extensions, and improvements to the water system. Payments are due in annual principal installments on September 1st, matures September 2023; interest at 5%. As of September 30, 2018, the principal balance is \$93,700.

The City pledges its water system revenues which consist of the charges for services to the customers of the water utility system. For the fiscal year ended September 30, 2018, debt service of approximately \$21,600 is only 0.6% of the approximate \$3,700,000 of the pledged revenues. Over the life of the debt which matures in 2023, it is estimated that debt service will be less than 4% of the total pledged revenues.

Debt service requirements to maturity for the bonds at September 30, 2018 are as follows:

Fiscal Year Ending September 30	Water Revenue Bonds		
	Principal	Interest	Total
2019	\$ 17,000	\$ 4,685	\$ 21,685
2020	17,800	3,835	21,635
2021	18,700	2,945	21,645
2022	19,600	2,010	21,610
2023	20,600	1,030	21,630
Total Debt Service Requirements	\$ 93,700	\$ 14,505	\$ 108,205

STATE REVOLVING FUND LOAN

In June 2018, the City entered into a loan agreement in the amount of \$780,953 for the financing of the planning and engineering of the proposed wastewater treatment facility construction project under a State Revolving Fund Loan. The loan is secured by the state revenue sharing funds. Debt service for fiscal year 2018 was \$0 and state revenue sharing was \$515,718. The loan is payable in semi-annual payments of principal and interest of \$20,063 beginning on August 15, 2020 at an interest rate of .05% per annum. Semiannual loan payments are due February 15 and August 15 until all amounts have been fully paid.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 8 – LONG-TERM DEBT (CONTINUED)

STATE REVOLVING FUND LOAN (CONTINUED)

Debt service requirements to maturity as follows:

Fiscal Year Ending September 30	State Revolving Fund Loan		
	Principal	Interest	Total
2019	\$ --	\$ --	\$ --
2020	20,029	34	20,063
2021	40,073	53	40,126
2022	40,093	33	40,126
2023	36,525	9	36,534
Total	\$ 136,720	\$ 129	\$ 136,849

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. LITIGATION

The City is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, would not have a material adverse effect on the financial condition of the City.

B. GRANTS CONTINGENCY

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be insignificant.

C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. There were no reductions in coverage from the prior year. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 10 – DEFINED CONTRIBUTION PLAN

Effective October 1, 1998, the City adopted the City of Florida City Defined Contribution Plan, created in accordance with Internal Revenue Code Section 401(a) for all of its general employees. Employees are eligible to participate in this Plan after completing one year of service. Contributions to this Plan began on January 1, 1999 after the General Employees Retirement Plan was frozen on December 31, 1998. The Plan is administered by VALIC. Amendments to the Plan are authorized by the City Commission. Employees contribute 2% of their compensation and the City contributes 4% of participants' compensation. The participants are 100% vested in their contributions and vest over a three year period in the City's contributions. Employee contributions to the Plan for fiscal year ended September 30, 2018 were \$355; the City's contribution was \$3,195.

NOTE 11 – POLICE OFFICERS' SUBSTITUTE PENSION TRUST FUND

A. PLAN DESCRIPTION

The City is the sponsor of a single-employer Public Employee Retirement System (PERS) which provides pension benefits for its police officers. The PERS is considered to be part of the City's financial reporting entity and is included in the City's basic financial statements as a pension trust fund. The retirement plan does not issue a separate financial report. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the fiscal year ended September 30, 2018.

Police Officers' Substitute Pension Trust Fund
Statement of Fiduciary Net Position
September 30, 2018

Assets	
Investments	
Money market mutual funds	\$ 112,981
Common stock	2,149,361
Corporate bonds	469,860
Government securities	687,381
Total Investments	3,419,583
Receivables	
Accrued interest	7,618
Total Assets	3,427,201
Net Position Restricted for Pension Benefits	\$ 3,427,201

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

Police Officers' Substitute Pension Trust Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2018

Additions	
Contributions	
Employer	\$ <u>141,876</u>
Investment Earnings	
Net appreciation in fair value of investments	261,039
Interest and dividends	<u>61,026</u>
Total Investment Earnings	<u>322,065</u>
Total Additions	<u>463,941</u>
Deductions	
Benefits paid	164,101
Administrative expenses	<u>43,047</u>
Total Deductions	<u>207,148</u>
Change in Net Position	256,793
Net Position Restricted for Pension	
Benefits - Beginning	<u>3,170,408</u>
Net Position Restricted for Pension	
Benefits - Ending	<u><u>\$ 3,427,201</u></u>

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

At October 1, 2016, the date of the most recent actuarial valuation, membership in the police officers’ substitute pension trust fund consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	--
	<u>46</u>

Effective May 1, 2008, a new replacement plan was established under Ordinance 07-03 (local plan). The local plan is called the “Police Substitute Pension Trust Fund”. The Board of Trustees serve as the trustees of the new plan. Simultaneous with the creation of the local plan and effective May 1, 2008, under Ordinance 08-03, the old Chapter 185 Plan which had originally been created under Ordinance 69-25, was terminated (the old plan). Essentially, the new plan was a continuation of the old plan with the exception that this plan was not a Chapter 185 Plan.

On May 1, 2008, the City of Florida City also joined the Florida Retirement System (FRS) for its police officers. A referendum was held to allow the police officers to: stay in the local plan, join the FRS without being eligible for an employer benefit under the local Plan or join the FRS and keep their deferred vested benefit under the plan. At the time of the conversion, two officers stayed in the City’s local plan, twenty-two officers joined FRS while being ineligible to receive an employer benefit under the local plan, and six officers joined FRS while retaining their accrued benefit under the local plan. Additionally, all new officers are enrolled into the FRS upon employment.

All full-time permanent police employees were eligible to participate in the Plan from the date of employment. Police employees who retire at or after age 60 are entitled to a normal retirement benefit of 2.5% of Average Compensation multiplied by credited service years of service to a maximum of 30 years. Benefits vest at a rate of 10% per year.

Vested employees may retire at or after age 50 with at least ten years of credited service and receive reduced retirement benefits. Benefits, upon early retirement, are reduced by 3% for each year early retirement precedes normal retirement date. Active participants are allowed to purchase service credit for military service or prior service rendered as a police officer. Pension benefits are established and may be amended only by the City Commission.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

B. INVESTMENTS – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND

As of September 30, 2018, the City’s Police Officers’ Substitute Pension Trust Fund had the following fixed income investments with its corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)			
	Fair Value	Less Than 1	1-5	6-10
Corporate Bonds	\$ 469,860	\$ 70,334	\$ 359,511	\$ 40,015
U.S. Treasuries	632,888	--	361,275	271,613
U.S. Agencies	54,493	16,013	38,480	--
Total Fixed Income Investments	\$ 1,157,241	\$ 86,347	\$ 759,266	\$ 311,628

Target Asset Mix

The Policy establishes the following Target Asset Mix for the plan for the year ended September 30, 2018 and 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Large cap value equity	20 %
Large cap growth equity	20
Small/mid cap value equity	5
Mid cap growth equity	5
International value equity	5
International growth equity	5
Core fixed income	40
Total	100 %

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The 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.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

B. INVESTMENTS – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

Credit Risk

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 corporate bonds were all rated "A" or better under Standard & Poor's ratings. The Plan’s government securities were all rated AAA by Standard & Poor’s.

Concentration of Credit Risk

The Plan's investment policy prohibits equity securities concentrations greater than 7.5% in the securities of any one company at cost and fixed income securities concentrations greater than 10% in any one issuer with the exception of U.S. government or agency issues. As of September 30, 2018, the value of each position held in the Plan’s portfolio comprised less than 5% of fiduciary net position.

Rate of Return

For the fiscal year ended September 30, 2018 and 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.26% and 9.29% respectively. 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.

Fair Value Hierarchy

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 City’s pension plan categorize their 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. The City has no investments that are reported at fair value.

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

B. INVESTMENTS – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

Fair Value Hierarchy (continued)

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 Plan also holds money market funds, which are reported at amortized cost.

Common stock, classified in Level 1, are valued using prices quoted in active markets for those securities,

U.S. Treasuries and Agency securities, classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds, classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

The Plan does not value any of its investments using level 3 inputs.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

B. INVESTMENTS – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

Fair Value Hierarchy (continued)

The following is a summary of the fair value hierarchy of the fair value of investments as of September 30, 2018:

Investments by Fair Value Level	Fair Value Measurements Using		
	9/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt securities			
Corporate Bonds	\$ 469,860	\$ --	\$ 469,860
U.S. Treasuries	632,888	--	632,888
U.S. Agencies	54,493	--	54,493
Total debt securities	1,157,241	--	1,157,241
Equity securities			
Common stock	2,149,361	2,149,361	--
Total investments at fair value	3,306,602	\$ 2,149,361	\$ 1,157,241
Money market mutual funds (exempt)	112,981		
Total investments	\$ 3,419,583		

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan’s investments and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

C. CONTRIBUTIONS AND FUNDING POLICY

Active members, if any, are required to contribute 7% of their salaries to the PERS. If an employee leaves covered employment or dies before ten years of service, accumulated employee contributions with credited interest are refunded. The City is required to make contributions at actuarially determined amounts; there was \$70,938 minimum contribution requirement for the fiscal year ended September 30, 2018. The minimum contribution consists of the normal cost plus the amortization of the components of the unfunded actuarial accrued liability, which should provide sufficient resources to pay employee pension benefits when due.

The actuarially determined contribution for the Plan for the current year was determined as part of the October 1, 2016 actuarial valuation using the aggregate actuarial cost method. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities and therefore, information about funding status and funding progress is presented using the entry age normal cost method for the Plan.

D. ACCOUNTING POLICIES

The Plan follows the accrual basis of accounting. Contributions are recorded when paid or when the City has made the commitment to contribute to the Plan. Purchases and sales are recorded on the trade-date basis. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are funded through investment earnings.

E. NET PENSION LIABILITY (ASSET) OF THE CITY

As of September 30, 2018, the City reported the following net pension asset (NPA) which was measured as of September 30, 2017 (measurement date in accordance with GASB Statement No. 68). In addition, in accordance with GASB Statement No. 67, information as of September 30, 2018 has been disclosed:

	September 30,	
	2018	2017
Total pension liability	\$ 2,920,182	\$ 2,917,378
Plan fiduciary net position	<u>(3,427,201)</u>	<u>(3,170,408)</u>
Net Pension Asset	<u>\$ (507,019)</u>	<u>\$ (253,030)</u>
Plan fiduciary net position as a percentage of the total pension liability	117.36%	108.67%

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at September 30, 2016	\$ 2,934,049	\$ (2,979,288)	\$ (45,239)
Changes for the year:			
Expected interest growth	173,768	(176,779)	(3,011)
Unexpected investment income	--	(159,957)	(159,957)
Demographic experience	(165,811)	--	(165,811)
Benefit payments, including refunds of employee contributions	(110,091)	110,091	--
Administrative expenses	--	35,525	35,525
Assumption changes	85,463	--	85,463
Net changes	<u>(16,671)</u>	<u>(191,120)</u>	<u>(207,791)</u>
Balances at September 30, 2017	<u>\$ 2,917,378</u>	<u>\$ (3,170,408)</u>	<u>\$ (253,030)</u>

Significant Actuarial Assumptions

The total pension liability of the City was determined by an actuarial valuation using the following actuarial assumptions as of September 30, 2018 and 2017:

Actuarial valuation	October 1, 2016
Interest rates:	
Single discount rate:	6.08%
Inflation rate:	2.00%

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 and 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2018</u>	<u>2017</u>
Large cap value equity	6.1%	5.4%
Large cap growth equity	6.1%	5.4%
Small/mid cap value equity	6.7%	6.0%
Mid cap growth equity	6.7%	5.9%
International value equity	5.7%	5.2%
International growth equity	5.7%	5.2%
Core fixed income	1.8%	1.5%

Discount Rate

The discount rate used to measure the total pension liability (asset) as of September 30, 2018 and 2017 was 6.08 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at the actuarially determined contribution rate. Based on those 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, there was no need to adjust the long-term expected rate of return on Plan investments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.08 percent as of September 30, 2018 and 2017, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate (continued)

As of September 30, 2018:

	1% Decrease (5.08%)	Current Discount Rate (6.08%)	1% Increase (7.08%)
Net Pension Liability (Asset)	<u>\$ (147,351)</u>	<u>\$ (507,019)</u>	<u>\$ (803,178)</u>

As of September 30, 2017:

	1% Decrease (5.08%)	Current Discount Rate (6.08%)	1% Increase (7.08%)
Net Pension Liability (Asset)	<u>\$ 116,228</u>	<u>\$ (253,030)</u>	<u>\$ (556,086)</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to the Pension

For the year ended September 30, 2018, based on a September 30, 2017 measurement date, the City recognized pension income of \$265,450 relating to the Plan. In addition, the City reported a deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 87,050
Employer contributions subsequent to the measurement date	<u>141,876</u>	<u>--</u>
Total	<u>\$ 141,876</u>	<u>\$ 87,050</u>

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to the Pension (continued)

The deferred outflows of resources related to pensions totaling \$141,876, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred inflows of resources above related to the pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2019	\$ (14,814)
2020	3,948
2021	(44,191)
2022	<u>(31,993)</u>
Total	\$ <u>(87,050)</u>

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN

The following is a brief description of the Plan:

A. PLAN DESCRIPTION

The City is the sponsor of a single-employer defined benefit retirement plan for elected officials. The Plan is considered to be part of the City’s financial reporting entity and is included in the City’s basic financial statements as a pension trust fund. The elected officials’ retirement plan does not issue a separate financial report. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the fiscal year ended September 30, 2018.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN

A. PLAN DESCRIPTION (CONTINUED)

Elected Officials Retirement Plan
Statement of Fiduciary Net Position
September 30, 2018

Assets	
Investments	
Money market mutual funds	\$ 61,508
Common stock	2,282,682
Corporate bonds	732,185
Government securities	<u>757,068</u>
Total Investments	<u>3,833,443</u>
Receivables	
Accrued interest	<u>9,697</u>
Total Assets	<u>3,843,140</u>
Net Position Restricted for	
Pension Benefits	<u><u>\$ 3,843,140</u></u>

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN

A. PLAN DESCRIPTION (CONTINUED)

Elected Officials Retirement Plan
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2018

Additions	
Contributions	
Employer	<u>\$ 71,535</u>
Investment Earnings	
Net appreciation in fair value of investments	115,106
Interest and dividends	<u>45,060</u>
Total Investment Earnings	<u>160,166</u>
Total Additions	<u>231,701</u>
Deductions	
Administrative expenses	<u>15,232</u>
Change in Net Position	216,469
Net Position Restricted for Pension	
Benefits - Beginning	<u>3,626,671</u>
Net Position Restricted for Pension	
Benefits - Ending	<u><u>\$ 3,843,140</u></u>

At October 1, 2017, the date of the most recent actuarial valuation, membership in the elected officials' retirement plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	2
Active plan members	<u>5</u>
	<u><u>7</u></u>

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

Effective October 1, 2009, the Elected Officials Retirement Plan was established under Ordinance 05-09. The Board of Trustees serve as the trustees of the plan. Any person who was elected in a general or special election to serve as Mayor or as a City Commissioner is eligible to participate in the Plan.

City Commissioner Benefits

City Commissioners who retire at or after age 55 are entitled to a normal retirement benefit of 48% of the average annual compensation paid during the highest three years of service. For any service beyond 12 years, the pension benefit is increased by four percent of the average annual compensation for each and every year up to a maximum of 20 years of service and pension benefit equal to 80 percent of the average annual compensation. Benefits vest after 12 consecutive years of service.

Mayor Benefits

Mayors who retire at or after age 55 are entitled to a normal retirement benefit of 40% of the average annual compensation paid during the highest three years of service. For any service beyond 10 years, the pension benefit is increased by four percent of the average annual compensation for each and every year up to a maximum of 20 years of service and pension benefit equal to 80 percent of the average annual compensation. Benefits vest after 10 consecutive years of service.

B. INVESTMENTS – ELECTED OFFICIALS RETIREMENT PLAN

As of September 30, 2018, the Elected Officials Retirement Plan had the following fixed income investments with its corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)			
	Fair Value	Less Than 1	1-5	6-10
Corporate Bonds	\$ 732,185	\$ 74,820	\$ 480,806	\$ 176,559
U.S. Treasuries	629,376	198,362	312,537	118,477
U.S. Agencies	127,692	14,876	58,637	54,179
Total Fixed Income Investments	\$ 1,489,253	\$ 288,058	\$ 851,980	\$ 349,215

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

B. INVESTMENTS – ELECTED OFFICIALS RETIREMENT PLAN

Target Asset Mix

The Policy establishes the following Target Asset Mix for the plan for the year ended September 30, 2018 and 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Large cap value equity	20 %
Large cap growth equity	20
Small/mid cap value equity	5
Small/mid cap growth equity	5
International value equity	5
International growth equity	5
Core fixed income	<u>40</u>
Total	<u><u>100 %</u></u>

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

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 corporate bonds were all rated "A" or better under Standard & Poor's ratings. The Plan's government securities were all rated AAA by Standard & Poor's.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

B. INVESTMENTS – ELECTED OFFICIALS RETIREMENT PLAN

Concentration of Credit Risk

The Plan's investment policy prohibits equity securities concentrations greater than 7.5% in the securities of any one company at cost and fixed income securities concentrations greater than 10% in any one issuer with the exception of U.S. government or agency issues. As of September 30, 2018, the value of each position held in the Plan's portfolio comprised less than 5% of fiduciary net position.

Rate of Return

For the fiscal year ended September 30, 2018 and 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.53% and 0.00% respectively. 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.

Fair Value Hierarchy

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

The Plan also holds money market funds, which are reported at amortized cost.

Common stock, classified in Level 1, are valued using prices quoted in active markets for those securities,

U.S. Treasuries and Agency securities, classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds, classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

B. INVESTMENTS – ELECTED OFFICIALS RETIREMENT PLAN

Fair Value Hierarchy (continued)

The Plan does not value any of its investments using level 3 inputs.

The following is a summary of the fair value hierarchy of the fair value of investments as of September 30, 2018:

	Fair Value Measurements Using		
	9/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt securities			
Corporate Bonds	\$ 732,185	\$ --	\$ 732,185
U.S. Treasuries	629,376	--	629,376
U.S. Agencies	127,692	--	127,692
Total debt securities	1,489,253	--	1,489,253
Equity securities			
Common stock	2,282,682	2,282,682	--
Total investments at fair value	3,771,935	\$ 2,282,682	\$ 1,489,253
Money market mutual funds (exempt)	61,508		
Total investments	\$ 3,833,443		

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investments and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

C. CONTRIBUTIONS AND FUNDING POLICY

Active members are not required to contribute into the Plan. The City is required to make contributions at actuarially determined amounts; during the fiscal year ending September 30, 2018, the City contributed \$71,535 which represents an average contribution rate of 28.46%. The minimum contribution consists of the normal cost plus the amortization of the components of the unfunded actuarial accrued liability, which should provide sufficient resources to pay pension benefits when due. The actuarially determined contribution for the Plan for the current year was determined as part of the October 1, 2016 revised actuarial valuation using the individual entry-age actuarial cost method.

D. ACCOUNTING POLICIES

The Plan follows the accrual basis of accounting. Contributions are recorded when paid or when the City has made the commitment to contribute to the Plan. Purchases and sales are recorded on the trade-date basis. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Currently, pension benefits and administrative costs are being paid out of the City's general fund.

E. NET PENSION LIABILITY (ASSET) OF THE CITY

As of September 30, 2018, the City reported the following net pension liability which was measured as of September 30, 2017 (measurement date in accordance with GASB Statement No. 68). In addition, in accordance with GASB Statement No. 67, information as of September 30, 2018 has been disclosed:

	September 30,	
	2018	2017
Total pension liability	\$ 3,072,231	\$ 2,845,469
Plan fiduciary net position	<u>(3,843,140)</u>	<u>(3,626,671)</u>
Net Pension Liability (Asset)	<u>\$ (770,909)</u>	<u>\$ (781,202)</u>
Plan fiduciary net position as a percentage of the total pension liability	125.09%	127.45%

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2016	<u>\$ 3,636,080</u>	<u>\$ (3,104,839)</u>	<u>\$ 531,241</u>
Changes for the year:			
Service cost	154,166	--	154,166
Expected interest growth	113,707	--	113,707
Contributions - employer	--	(521,832)	(521,832)
Assumption changes	<u>(1,058,484)</u>	<u>--</u>	<u>(1,058,484)</u>
Net changes	<u>(790,611)</u>	<u>(521,832)</u>	<u>(1,312,443)</u>
Balances at September 30, 2017	<u><u>\$ 2,845,469</u></u>	<u><u>\$ (3,626,671)</u></u>	<u><u>\$ (781,202)</u></u>

Significant Actuarial Assumptions

The total pension liability of the City was determined by an actuarial valuation using the following actuarial assumptions as of September 30, 2018 and 2017:

Actuarial valuation	<u>October 1, 2016</u>
Interest rates:	
Single discount rate:	6.75%
Inflation rate:	2.50%

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 6.75% was used to measure the total pension liability as of September 30, 2018 and 2017 measurement dates, respectively. The single discount rate was based on the expected rate of return on pension plan investments of 6.75% as of September 30, 2018 and 2017 measurement dates, respectively. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made equal to the total actuarially determined contribution rates. 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

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Discount Rate and Long-Term Expected Rate of Return (continued)

pension plan investments of 6.75% was applied to all periods of projected benefit payments to determine the total pension liability as of September 30, 2018 and 2017 measurement dates, respectively .

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

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75 percent as of September 30, 2018 and 2017, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

As of September 30, 2018:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ (504,309)	\$ (770,909)	\$ (996,480)

As of September 30, 2017:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ (514,332)	\$ (781,202)	\$ (1,008,699)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to the Pension

For the year ended September 30, 2018, based on a September 30, 2017 measurement date, the City recognized pension income of \$911,386 relating to the Plan. In addition, the City reported deferred outflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 160,963
Employer contributions subsequent to the measurement date	71,535
Total	\$ 232,498

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

E. NET PENSION LIABILITY (ASSET) OF THE CITY (CONTINUED)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to the Pension (continued)

The deferred outflows of resources related to pensions, totaling \$71,535, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The other amount reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2019	\$ 51,733
2020	51,732
2021	37,305
2022	20,193
Total	\$ 160,963

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS

Effective May 1, 2008, the City of Florida City commenced participation in the Florida Retirement System (FRS), a cost-sharing multiple employer Public Employee Retirement System (PERS). There are two defined benefit plans as part of the Florida Retirement System. The FRS is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) for eligible employees. An additional plan is also available to provide a defined contribution plan alternative to the defined benefit plan for FRS members. This integrated defined contribution pension plan is the FRS Investment Plan. The Retiree Health Insurance Subsidy Program (“HIS”) is a cost-sharing, multiple-employer defined benefit pension plan. The FRS and HIS were created by the Florida Legislature and are administered by the State of Florida.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

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. 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:

[\(\[http://www.dms.myflorida.com/workforce_operations/retirement/publications\]\(http://www.dms.myflorida.com/workforce_operations/retirement/publications\)\)](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

A. PLAN DESCRIPTION

FRS Pension Plan

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan 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 Plan 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 Plan may include up to 4 years of credit for military service toward creditable service.

The Plan 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 Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

FRS Pension Plan (continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan 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. 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.

HIS Plan

The Retiree Health Insurance Subsidy Program (HIS Plan) 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.

B. BENEFITS PROVIDED

FRS Pension Plan

Benefits under the Plan 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, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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 or more years of service 1.68%

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

B. BENEFITS PROVIDED (CONTINUED)

FRS Pension Plan (continued)

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 or more years of service 1.68%

Elected County Officers: 3.00%

Senior Management Service Class: 2.00%

Special Risk Regular Class: 3.00%

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 percent 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 percent determined by dividing the sum of the pre-October 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

HIS Plan

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

C. CONTRIBUTIONS

FRS Pension Plan

The Florida Legislature establishes contribution rates for participating employers and employees. Employees are required to contribute 3% of gross salary. Employer contribution is based on class. The contribution rate for FRS Regular, Special Risk (Police Officers) and Drop was 7.92%, 23.27% and 11.60% respectively, for the period from October 1, 2017 through June 30, 2018 and was 8.26%, 24.50% and 11.60% respectively, from July 1, 2018 through September 30, 2018.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

C. CONTRIBUTIONS (CONTINUED)

FRS Pension Plan (continued)

The City's contributions for FRS totaled \$583,875 and employee contributions totaled \$122,521 for the fiscal year ended September 30, 2018.

HIS Plan

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

The City's contributions to the HIS Plan totaled \$87,009 for the fiscal year ended September 30, 2018.

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At September 30, 2018, the City reported liabilities of \$6,878,915 for its proportionate share of the FRS net pension liability and \$1,716,313 for the HIS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's fiscal year 2018 contributions relative to the fiscal year 2018 contributions of all participating members. At June 30, 2018, the City's proportionate share was 0.0228 percent for the FRS plan and 0.0162 percent for the HIS plan, which was an decrease of 0.0006 percent and an decrease of 0.0002 percent respectively, from the proportionate share measured as of June 30, 2017.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

For the fiscal year ended September 30, 2018, the City recognized pension expense of for the FRS plan and the HIS plan in the amount of \$534,168 and \$48,678, respectively. In addition, the City reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to both plans from the following sources:

	Deferred Outflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 582,747	\$ 26,276	\$ 609,023
Assumption changes	2,247,695	190,875	2,438,570
Net difference between projected and actual earnings on pension plan investments	--	1,036	1,036
Changes in proportion and differences between City contributions and proportionate share of contributions	312,467	66,325	378,792
Employer contributions subsequent to the measurement date	153,536	19,826	173,362
Total Deferred Outflows of Resources	\$ 3,296,445	\$ 304,338	\$ 3,600,783
	Deferred Inflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 21,151	\$ 2,916	\$ 24,067
Assumption Changes	--	181,463	181,463
Net difference between projected and actual earnings on pension plan investments	531,480	--	531,480
Changes in proportion and differences between City contributions and proportionate share of contributions	182,654	19,384	202,038
Total Deferred Inflows of Resources	\$ 735,285	\$ 203,763	\$ 939,048

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflows of resources related to pensions, totaling \$202,038, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Employer Share of Deferred Outflows / (Inflows)		
	FRS	HIS	Total
2019	\$ 881,839	31,614	\$ 913,453
2020	655,061	31,527	686,588
2021	144,274	26,845	171,119
2022	429,350	14,593	443,943
2023	263,445	(13,134)	250,311
Thereafter	33,655	(10,696)	22,959
Total	\$2,407,624	\$ 80,749	\$ 2,488,373

E. ACTUARIAL ASSUMPTIONS

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS	HIS
	Generational RP-2000 with Projection	
Mortality Table	Scale BB Tables	
Experience Study	7/1/08-6/30/13	
Actuarial Cost Method	Individual Entry Age Normal	
Investment rate of return	7.00%	3.87%
Projected salary increases	3.25%	3.25%
Inflation	2.60%	2.60%

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

F. LONG-TERM EXPECTED RATE OF RETURN

FRS Pension Plan

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	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
Total	100%			
Assumed inflation-Mean			2.6%	1.9%

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

G. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00% for the FRS plan. The 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 rate of return. The HIS program uses a pay as you go funding structure, so therefore, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate. The municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

H. SENSITIVITY OF THE CITY’S PROPORTIONATE SHARE OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE.

The following table presents the sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City’s proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2018.

Pension Plan	City's Proportionate Share of the Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
FRS	\$12,554,308	\$6,878,915	\$2,165,165
HIS	\$1,954,780	\$1,716,313	\$1,517,537

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the fiduciary net position of both benefit plans are available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

J. FRS – INVESTMENT PLAN

The City contributes to the FRS defined contribution Investment Plan (Investment Plan). The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member’s accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 – COST-SHARING DEFINED BENEFIT PLANS (CONTINUED)

J. FRS – INVESTMENT PLAN (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension contributions totaled \$122,521 and employee contributions totaled \$34,249 for the fiscal year ended September 30, 2018.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 14 – PENSION SUMMARY

The following summarizes the total net pension liability, net pension asset and other amounts related to pensions for the City as of the indicated measurement date:

	Measurement Date	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Income)
Police Officers' Substitute Pension Trust Fund	9/30/2017		\$ 253,030	\$ 141,876	\$ 87,050	\$ (265,450)
Elected Officials Retirement Plan	9/30/2017	--	781,202	232,498	--	(911,386)
FRS (cost-sharing PERS)	6/30/2018	6,878,915	--	3,296,445	735,285	534,168
HIS (cost-sharing PERS)	6/30/2018	1,716,313	--	304,338	203,763	48,678
		<u>\$ 8,595,228</u>	<u>\$ 1,034,232</u>	<u>\$ 3,975,157</u>	<u>\$ 1,026,098</u>	<u>\$ (593,990)</u>

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS

Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB) standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's statement of net position as an increase (or decrease) in the OPEB obligation. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2013 liability.

PLAN DESCRIPTION

The City provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

FUNDING POLICY AND ANNUAL OPEB COST

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries, in their actuarial valuation dated September 30, 2017, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST (CONTINUED)

The City’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

EMPLOYEES COVERED BY BENEFIT TERMS

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	--
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	88
Total	88

TOTAL OPEB LIABILITY

The City’s total OPEB liability of \$506,687 was measured as of September 30, 2017, and was determined by an actuarial valuation as of that date.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TOTAL OPEB LIABILITY (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	5.00%
Discount rate	3.50%
Healthcare cost trend rates	7.00% for fiscal year beginning 2018, 6.50% for fiscal year beginning 2019 and then gradually decreasing to an ultimate trend rate of 4.25%
Mortality	RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.

Changes in assumptions and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability

There were no benefit changes during the year.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TOTAL OPEB LIABILITY (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2016	\$ 489,954
Changes for the Year:	
Service cost	39,266
Interest	16,102
Changes of benefit terms	--
Differences between expected and actual experience	--
Changes in assumptions or other inputs	(19,064)
Benefit payments	(19,571)
Net Changes	16,733
Balance at September 30, 2017	\$ 506,687

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 551,178	\$ 506,687	\$ 462,897

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TOTAL OPEB LIABILITY (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 3.25 percent) or 1-percentage-point higher (8 percent decreasing to 5.25 percent) than the current healthcare cost trend rates:

	Current Healthcare Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Total OPEB Liability	\$ 444,316	\$ 506,687	\$ 582,006

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

For fiscal year ended September 30, 2018, the City recognized OPEB expense of \$16,733. There were no payables, deferred outflows of resources and deferred inflows of resources related to OPEB for the fiscal year ended September 30, 2018.

NOTE 16 – COMMUNITY REDEVELOPMENT COMMUNITY AGENCY (CRA)

The CRA incurred the following expenditures during the fiscal year ended September 30, 2018:

In 2018, the major project funded by CRA’s Infrastructure Fund was expenditures of \$639,898 for the Streetscape Project.

In addition, expenditures were incurred for consulting and engineering of approximately \$191,463, administrative functions for approximately \$104,987, and Community Policing for approximately \$300,000.

NOTE 17 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City had excess of expenditures over appropriations in Capital Outlay of \$16,117. These overexpenditures were funded through use of prior years fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLORIDA CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 5,019,033	\$ 4,025,100	\$ 4,020,320	\$ (4,780)
Intergovernmental	2,306,601	2,335,500	2,330,926	(4,574)
Charges for services	3,409,000	3,738,295	3,733,708	(4,587)
Investment earnings	30,000	63,000	62,080	(920)
Impact fees	365,000	206,500	206,356	(144)
Licenses and permits	335,000	444,750	442,937	(1,813)
Fines and forfeitures	1,205,000	1,719,000	1,716,371	(2,629)
Settlement proceeds	--	78,500	78,400	(100)
Miscellaneous	476,027	734,300	716,677	(17,623)
Total Revenues	<u>13,145,661</u>	<u>13,344,945</u>	<u>13,307,775</u>	<u>(37,170)</u>
Expenditures				
Current:				
General government:				
Mayor and commissioners	597,382	189,185	187,280	1,905
Administration	621,919	562,975	556,179	6,796
Finance department	615,727	467,475	463,623	3,852
Legal	85,000	65,050	62,885	2,165
Building and zoning	581,520	681,325	670,645	10,680
General government	8,982,750	3,978,230	3,812,888	165,342
Vehicle maintenance	149,443	150,050	148,215	1,835
Total General Government	<u>11,633,741</u>	<u>6,094,290</u>	<u>5,901,715</u>	<u>192,575</u>
Public safety	4,216,899	4,523,900	4,493,136	30,764
Public works	2,762,002	2,876,450	2,845,111	31,339
Parks and recreation	387,236	277,200	275,051	2,149
Campersite	302,814	349,500	321,933	27,567
Debt service	--	--	--	--
Capital outlay	3,789,052	274,000	290,117	(16,117)
Total Expenditures	<u>23,091,744</u>	<u>14,395,340</u>	<u>14,127,063</u>	<u>268,277</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,946,083)</u>	<u>(1,050,395)</u>	<u>(819,288)</u>	<u>231,107</u>
Other Financing Sources (Uses)				
Prior year carryover	11,054,984	810,395	--	810,395
Sale of capital assets	--	240,000	23,465	216,535
Capital lease	--	--	32,465	(32,465)
Transfers out	(1,108,901)	--	--	--
Total Other Financing Sources	<u>9,946,083</u>	<u>1,050,395</u>	<u>55,930</u>	<u>994,465</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (763,358)</u>	<u>\$ (763,358)</u>

See notes to budgetary comparison schedule.

CITY OF FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
CRA FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 1,829,089	\$ 1,829,089	\$ 1,829,089	\$ --
Investment earnings	8,000	15,000	15,340	340
Other	<u>100,000</u>	<u>210,000</u>	<u>3,421</u>	<u>(206,579)</u>
Total Revenues	<u>1,937,089</u>	<u>2,054,089</u>	<u>1,847,850</u>	<u>(206,239)</u>
Expenditures				
Current:				
General government	1,314,416	4,039,967	892,898	3,147,069
Capital outlay	<u>2,652,000</u>	<u>1,139,000</u>	<u>873,972</u>	<u>265,028</u>
Total Expenditures	<u>3,966,416</u>	<u>5,178,967</u>	<u>1,766,870</u>	<u>3,412,097</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,029,327)</u>	<u>(3,124,878)</u>	<u>80,980</u>	<u>(3,618,336)</u>
Other Financing Sources				
Prior year carryover	2,029,327	3,124,878	--	3,124,878
Sale of capital assets	<u>--</u>	<u>--</u>	<u>161,370</u>	<u>(161,370)</u>
Total Other Financing Sources and Uses	<u>2,029,327</u>	<u>3,124,878</u>	<u>--</u>	<u>2,963,508</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 242,350</u>	<u>\$ (654,828)</u>

See notes to budgetary comparison schedule.

CITY OF FLORIDA CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted on a basis consistent with accounting principles generally accepted in the United States for the general fund and CRA, except for hurricane related expenditures.

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

- a. Management submits to the City Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature;
- b. Public hearings are conducted to obtain taxpayer comments;
- c. Prior to October 1st, the budget is legally enacted through passage of a resolution;
- d. The City Commission, by motion, may make supplemental appropriations for the year up to the amount of revenue in excess of those estimated appropriations. There were no supplemental appropriations in the General Fund and \$1,212,551 in supplemental appropriations in the CRA for the fiscal year ended September 30, 2018.
- e. Formal budgetary integration is employed as a management control device during the year for all funds;
- f. Amendments to the budget within a department can be authorized by the Mayor as the City's Chief administrator. Any amendments outside of a department must be approved by the City Commission. Therefore, the legal level of control is at the department level.
- g. Unencumbered appropriations lapse at year end.
- h. Budgeted amounts are as originally adopted or as amended. Individual type amendments were not material in relation to the original appropriations.

CITY OF FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND
RELATED RATIOS
POLICE OFFICERS' SUBSTITUTE PENSION TRUST FUND
LAST FIVE FISCAL YEARS**

September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Interest	\$ --	\$ 173,768	\$ 172,476	\$ 173,844	\$ 165,349
Differences between expected and actual experience	174,660	(165,811)	--	(10,934)	--
Changes of assumptions	--	85,463	--	(75,483)	--
Benefit payments, including refunds of member contributions	<u>(171,856)</u>	<u>(110,091)</u>	<u>(148,230)</u>	<u>(101,502)</u>	<u>(124,493)</u>
Net Change in Total Pension Liability	2,804	(16,671)	24,246	(14,075)	40,856
Total Pension Liability - Beginning	<u>2,917,378</u>	<u>2,934,049</u>	<u>2,909,803</u>	<u>2,923,878</u>	<u>2,883,022</u>
Total Pension Liability - Ending (a)	<u>\$2,920,182</u>	<u>\$2,917,378</u>	<u>\$2,934,049</u>	<u>\$2,909,803</u>	<u>\$2,923,878</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 141,876	\$ --	\$ --	\$ --	\$ 12,172
Net Investment income	322,065	336,736	237,609	(47,169)	272,251
Benefit payments, including refunds of member contributions	(171,856)	(110,091)	(284,400)	(101,502)	(99,584)
Administrative expense	<u>(35,292)</u>	<u>(35,525)</u>	<u>(36,760)</u>	<u>(42,938)</u>	<u>(36,091)</u>
Net Change in Plan Fiduciary Net Position	256,793	191,120	(83,551)	(191,609)	148,748
Plan Fiduciary Net Position - Beginning	<u>3,170,408</u>	<u>2,979,288</u>	<u>3,062,839</u>	<u>3,254,448</u>	<u>3,105,700</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$3,427,201</u>	<u>\$3,170,408</u>	<u>\$2,979,288</u>	<u>\$3,062,839</u>	<u>\$3,254,448</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (507,019)</u>	<u>\$ (253,030)</u>	<u>\$ (45,239)</u>	<u>\$ (153,036)</u>	<u>\$ (330,570)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	117.36%	108.67%	101.54%	105.26%	111.31%
Covered Payroll*	\$ --	\$ --	\$ --	\$ --	\$ --
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

* There are no active employees in this plan.

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 FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CITY CONTRIBUTIONS
POLICE OFFICERS' SUBSTITUTE PENSION TRUST FUND
LAST FIVE FISCAL YEARS**

September 30,	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 70,938	\$ 70,938	\$ --	\$ --	\$ 12,172
Contributions in relation to the actuarially determined contribution	141,876	--	--	--	12,172
Contribution deficiency (excess)	\$ (70,938)	\$ 70,938	\$ --	\$ --	\$ --
Covered payroll	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage or covered payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: October 1, 2016

Actuarially determined contribution rates are calculated as of October 1, 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	Aggregate
Amortization method	Level percentage, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.00%
Salary increases	N/A
Investment rate of return	6.08%
Retirement age	Age 55 with at least 10 years of service, or any age with at least 25 years of service.

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 FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF INVESTMENT RETURNS
POLICE OFFICERS' SUBSTITUTE PENSION TRUST FUND
LAST FIVE FISCAL YEARS**

September 30,	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.26%	9.29%	7.08%	-2.48%	7.92%

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 FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND
RELATED RATIOS
ELECTED OFFICIALS RETIREMENT PLAN
LAST FOUR FISCAL YEARS**

September 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 32,498	\$ 154,166	\$ 154,166	\$ 143,487
Interest	194,264	132,966	120,083	116,585
Differences between expected and actual experience	--	(661,206)	(640,932)	--
Changes of assumptions	--	(416,537)	--	--
Net Change in Total Pension Liability	226,762	(790,611)	(366,683)	260,072
Total Pension Liability - Beginning	2,845,469	3,636,080	4,002,763	3,742,691
Total Pension Liability - Ending (a)	<u>\$ 3,072,231</u>	<u>\$ 2,845,469</u>	<u>\$ 3,636,080</u>	<u>\$ 4,002,763</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 71,535	\$ 521,832	\$ 506,633	\$ 382,791
Net Investment income	144,934	--	--	59
Other	--	6,633	--	--
Net Change in Plan Fiduciary Net Position	216,469	528,465	506,633	382,850
Plan Fiduciary Net Position - Beginning	3,626,671	3,098,206	2,598,206	2,215,356
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,843,140</u>	<u>\$ 3,626,671</u>	<u>\$ 3,104,839</u>	<u>\$ 2,598,206</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (770,909)</u>	<u>\$ (781,202)</u>	<u>\$ 531,241</u>	<u>\$ 1,404,557</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	125.09%	127.45%	85.39%	64.91%
Covered Payroll	\$ 251,396	\$ 224,288	\$ 226,381	\$ 215,601
Net Pension Liability as a Percentage of Covered Payroll	-306.65%	-348.30%	234.67%	651.46%

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 FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CITY CONTRIBUTIONS
ELECTED OFFICIALS RETIREMENT PLAN
LAST FOUR FISCAL YEARS**

September 30,	2018	2017	2016	2015
Actuarially determined contribution	\$ 68,410	\$ 521,832	\$ 506,633	\$ 382,791
Contributions in relation to the actuarially determined contribution	71,535	521,832	500,000	382,791
Contribution deficiency (excess)	\$ (3,125)	\$ --	\$ 6,633	\$ --
Covered payroll	\$ 251,396	\$ 224,288	\$ 226,381	\$ 215,601
Contributions as a percentage of covered payroll	28.46%	232.66%	220.87%	177.55%

Notes to Schedule

Valuation date: October 1, 2016

Actuarially determined contribution rates are calculated as of October 1, two years prior to the beginning 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 Dollar, Closed
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	3.0%
Investment rate of return	6.8%
Retirement age	100% when first eligible for Normal Retirement

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 FLORIDA CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
ELECTED OFFICIALS RETIREMENT PLAN
LAST FOUR FISCAL YEARS

September 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return	4.53%	0.00%	0.00%	0.00%

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 FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2018	2017	2016	2015
City's proportion of the net pension liability	0.0228%	0.0234%	0.0223%	0.0204%
City's proportionate share of the FRS net pension liability	\$ 6,878,915	\$ 6,919,227	\$ 5,626,880	\$ 2,629,988
City's covered payroll	\$ 5,296,408	\$ 5,218,816	\$ 4,788,287	\$ 4,690,842
City's proportionate share of the FRS net pension liability as a percentage of its covered payroll	129.9%	132.6%	117.5%	56.1%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.3%	83.9%	84.9%	92%

*Note: The amounts presented above were determined as of **June 30th**.*

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2018	2017	2016	2015
Contractually required FRS contribution	\$ 650,864	\$ 608,954	\$ 543,466	\$ 496,436
FRS contribution in relation to the contractually required contribution	<u>650,864</u>	<u>608,954</u>	<u>543,466</u>	<u>496,436</u>
FRS contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
City's covered payroll	\$ 5,241,507	\$ 5,158,346	\$ 4,827,426	\$ 4,690,842
FRS contribution as a percentage of covered payroll	12.42%	11.81%	11.26%	10.58%

*Note: The amounts presented above were determined as of **September 30th**.*

The schedules presented above illustrate the requirements of GASB Statement No. 68. Currently, only data from fiscal year 2015 and forward are available.

CITY OF FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
RETIREE HEALTH INSURANCE SUBSIDY PROGRAM**

	2018	2017	2016	2015
City's proportionate share of the net pension liability	0.0162%	0.0164%	0.0155%	0.0154%
City's proportionate share of the HIS net pension liability	\$ 1,716,313	\$ 1,749,679	\$ 1,807,716	\$ 1,571,765
City's covered payroll	\$ 5,296,408	\$ 5,218,816	\$ 4,788,287	\$ 4,690,842
City's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.4%	33.5%	37.8%	33.5%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.5%

*Note: The amounts presented above were determined as of **June 30th**.*

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
RETIREE HEALTH INSURANCE SUBSIDY PROGRAM**

	2018	2017	2016	2015
Contractually required HIS contribution	\$ 87,939	\$ 86,601	\$ 79,503	\$ 58,914
HIS contribution in relation to the contractually required contribution	<u>87,939</u>	<u>86,601</u>	<u>79,503</u>	<u>58,914</u>
HIS contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
City's covered payroll	\$ 5,241,507	\$ 5,158,346	\$ 4,827,426	\$ 4,690,842
HIS contribution as a percentage of covered payroll	1.68%	1.68%	1.65%	1.26%

*Note: The amounts presented above were determined as of **September 30th**.*

The schedules presented above illustrate the requirements of GASB Statement No. 68. Currently, only data from fiscal year 2015 and forward are available.

CITY OF FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS**

LAST TEN FISCAL YEARS*

September 30, (Measurement Date)	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 39,266
Interest	16,102
Changes of benefit terms	--
Differences between expected and actual experience	--
Changes of assumptions or other inputs	(19,064)
Benefit payments	<u>(19,571)</u>
Net Change in Total OPEB Liability	16,733
Total OPEB Liability - Beginning	<u>489,954</u>
Total OPEB Liability - Ending	<u>\$ 506,687</u>
Covered-Employee Payroll	\$ 4,657,971
Total OPEB Liability as a Percentage of Covered-Employee Payroll	10.88%

** 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.*

COMBINING FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Law Enforcement Forfeiture – Federal. This fund accounts for assets received from the Federal Government (Department of Justice and Treasury Department) from federally forfeited cash, property, proceeds and any interest earned thereon, which are equitably shared with the participating agency and restricted to expenditure for law enforcement purposes under their Federal Equitable Sharing Agreement.

Law Enforcement Forfeiture – State. This fund accounts for assets acquired pursuant to Florida Statute 921.701, *Florida Contraband Forfeiture Act*. Proceeds from the sale of such forfeited property are restricted for expenditure for law enforcement purposes, which are those other than the normal law enforcement operating expenditures.

Florida City Foundation – This fund is a component unit of the City reflecting the activity of a non-profit organization, which provides activities to benefit the citizens of the City. This component unit has a December 31st year end and is reported as of and for the year ended December 31, 2017.

CITY OF FLORIDA CITY, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2018

	Law Enforcement Forfeiture - Federal	Law Enforcement Forfeiture - State	Florida City Foundation	Total Nonmajor Governmental Funds
Assets				
Cash	\$ --	\$ --	\$ 377,926	\$ 377,926
Accounts receivable	--	--	34,103	34,103
Due from other funds	--	3,200	--	3,200
Restricted cash	<u>19,503</u>	<u>202,863</u>	<u>--</u>	<u>222,366</u>
Total Assets	<u><u>\$ 19,503</u></u>	<u><u>\$ 206,063</u></u>	<u><u>\$ 412,029</u></u>	<u><u>\$ 637,595</u></u>
Liabilities and Fund Balances				
Accounts payable	\$ --	\$ 3,200	\$ --	\$ 3,200
Accrued liabilities	6,456	--	--	6,456
Due to other funds	13,047	--	--	13,047
Unearned revenue	<u>--</u>	<u>52,101</u>	<u>--</u>	<u>52,101</u>
Total Liabilities	<u>19,503</u>	<u>55,301</u>	<u>--</u>	<u>74,804</u>
Fund Balance				
Restricted	<u>--</u>	<u>150,762</u>	<u>412,029</u>	<u>562,791</u>
Total Liabilities and Fund Balances	<u><u>\$ 19,503</u></u>	<u><u>\$ 206,063</u></u>	<u><u>\$ 412,029</u></u>	<u><u>\$ 637,595</u></u>

CITY OF FLORIDA CITY, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Law Enforcement Forfeiture - Federal	Law Enforcement Forfeiture - State	Florida City Foundation	Total Nonmajor Governmental Funds
Revenues				
Investment earnings	\$ 65	\$ 1,126	\$ 13	\$ 1,204
Forfeitures	42,988	29,367	--	72,355
Other	<u>--</u>	<u>7,600</u>	<u>34,633</u>	<u>42,233</u>
Total Revenues	<u>43,053</u>	<u>38,093</u>	<u>34,646</u>	<u>115,792</u>
Expenditures				
Current:				
General government	--	--	35,862	35,862
Public safety	<u>43,053</u>	<u>20,500</u>	<u>--</u>	<u>63,553</u>
Total Expenditures	<u>43,053</u>	<u>20,500</u>	<u>35,862</u>	<u>99,415</u>
Excess (Deficiency) of Revenues over Expenditures	--	17,593	(1,216)	16,377
Fund Balances - Beginning	<u>--</u>	<u>133,169</u>	<u>413,245</u>	<u>546,414</u>
Fund Balances - Ending	<u>\$ --</u>	<u>\$ 150,762</u>	<u>\$ 412,029</u>	<u>\$ 562,791</u>

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Police Officers' Substitute Pension Trust Fund – This fund accounts for the accumulation of resources and for contributions and benefits of certain police officers.

Elected Officials Retirement Plan – This fund accounts for the accumulation of resources and for contributions and benefits for elected officials.

CITY OF FLORIDA CITY, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

SEPTEMBER 30, 2018

	Police Officers' Substitute Pension Trust Fund	Elected Officials Retirement Plan	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Investments			
Money market mutual funds	\$ 112,981	\$ 61,508	\$ 174,489
Common stock	2,149,361	2,282,682	4,432,043
Corporate bonds	469,860	732,185	1,202,045
Government securities	<u>687,381</u>	<u>757,068</u>	<u>1,444,449</u>
Total Investments	3,419,583	3,833,443	7,253,026
Receivables			
Accrued interest	<u>7,618</u>	<u>9,697</u>	<u>17,315</u>
Total Assets	<u>3,427,201</u>	<u>3,843,140</u>	<u>7,270,341</u>
Net Position Restricted for Pension Benefits	<u>\$ 3,427,201</u>	<u>\$ 3,843,140</u>	<u>\$ 7,270,341</u>

CITY OF FLORIDA CITY, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Police Officers' Substitute Pension Trust Fund	Elected Officials Retirement Plan	Total
Additions			
Contributions			
City	\$ 141,876	\$ 71,535	\$ 213,411
Investment Earnings			
Net appreciation in fair value of investments	261,039	115,106	376,145
Interest and dividends	61,026	45,060	106,086
Total Investments Earnings	322,065	160,166	482,231
Total Additions	463,941	231,701	695,642
Deductions			
Benefits paid	164,101	--	164,101
Administrative expenses	43,047	15,232	58,279
Total Deductions	207,148	15,232	222,380
Change in Net Position	256,793	216,469	473,262
Net Position Restricted for Pension Benefits - Beginning	3,170,408	3,626,671	6,797,079
Net Position Restricted for Pension Benefits - Ending	\$ 3,427,201	\$ 3,843,140	\$ 7,270,341

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	95-98
Revenue Capacity	
These schedules contain information to help the reader understand and assess the City's most significant local revenue source, the property tax.	99-102
Debt Capacity	
These schedules represent 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.	103-105
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	106-108
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.	109-110

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.

CITY OF FLORIDA CITY, FLORIDA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net investment in capital assets	\$ 21,476,661	\$ 21,188,465	\$ 21,277,007	\$ 21,568,418	\$ 21,097,350	\$ 20,600,344	\$ 18,618,782	\$ 15,445,091	\$ 13,265,395	\$ 11,738,467
Restricted	9,572,082	8,761,516	7,664,448	6,667,253	5,950,637	5,384,144	6,338,849	7,534,643	2,697,968	2,423,478
Unrestricted	3,617,789	4,227,545	6,304,336	7,612,827	11,987,073	11,772,235	12,635,960	12,408,125	18,368,238	18,036,360
Total Governmental Activities Net Position	<u>\$ 34,666,532</u>	<u>\$ 34,177,526</u>	<u>\$ 35,245,791</u>	<u>\$ 35,848,498</u>	<u>\$ 39,035,060</u>	<u>\$ 37,756,723</u>	<u>\$ 37,593,591</u>	<u>\$ 35,387,859</u>	<u>\$ 34,331,601</u>	<u>\$ 32,198,305</u>
Business-type Activities										
Net investment in capital assets	\$ 17,700,366	\$ 18,244,837	\$ 18,333,017	\$ 18,845,943	\$ 18,841,730	\$ 18,893,662	\$ 18,768,900	\$ 17,693,353	\$ 17,569,157	\$ 17,240,977
Restricted	727,393	723,059	779,698	775,428	770,866	446,818	442,669	436,975	432,135	424,144
Unrestricted	4,942,520	5,074,807	5,680,522	5,303,590	5,640,832	5,890,234	6,057,692	6,121,328	6,000,444	5,892,055
Total Business-type Activities Net Position	<u>\$ 23,370,279</u>	<u>\$ 24,042,703</u>	<u>\$ 24,793,237</u>	<u>\$ 24,924,961</u>	<u>\$ 25,253,428</u>	<u>\$ 25,230,714</u>	<u>\$ 25,269,261</u>	<u>\$ 24,251,656</u>	<u>\$ 24,001,736</u>	<u>\$ 23,557,176</u>
Primary government:										
Net investment in capital assets	\$ 39,177,027	\$ 39,433,302	\$ 39,610,024	\$ 40,414,361	\$ 39,939,080	\$ 39,494,006	\$ 37,387,682	\$ 33,138,444	\$ 30,834,552	\$ 28,979,444
Restricted	10,299,475	9,484,575	8,444,146	7,442,681	6,721,503	5,830,962	6,781,518	7,971,618	3,130,103	2,847,622
Unrestricted	8,560,309	9,302,352	11,984,858	12,916,417	17,627,905	17,662,469	18,693,652	18,529,453	24,368,682	23,928,415
Total Primary Government Net Position	<u>\$ 58,036,811</u>	<u>\$ 58,220,229</u>	<u>\$ 60,039,028</u>	<u>\$ 60,773,459</u>	<u>\$ 64,288,488</u>	<u>\$ 62,987,437</u>	<u>\$ 62,862,852</u>	<u>\$ 59,639,515</u>	<u>\$ 58,333,337</u>	<u>\$ 55,755,481</u>

Note: The City implemented GASB Statement No. 63 during the fiscal year ended September 30, 2013 and utilized the new terminology for all years presented.

CITY OF FLORIDA CITY, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 6,709,640	\$ 7,479,011	\$ 5,142,885	\$ 5,504,388	\$ 4,639,915	\$ 5,185,940	\$ 4,842,342	\$ 5,051,175	\$ 5,020,179	\$ 4,651,826
Public works	2,892,554	2,811,150	2,781,545	2,498,493	2,584,261	2,586,344	2,516,237	2,471,340	2,751,993	2,504,853
Public safety	4,847,497	5,161,959	4,536,937	3,800,750	3,589,591	3,543,627	3,219,661	3,335,702	3,103,892	3,072,338
Parks and recreation	779,380	755,546	808,091	773,483	670,491	651,931	556,506	563,291	576,549	576,109
Interest on long-term debt	--	--	2,901	5,566	--	--	--	--	--	2,907
Total Governmental Activities Expenses	15,229,071	16,207,666	13,272,359	12,582,680	11,484,258	11,967,842	11,134,746	11,421,508	11,452,613	10,808,033
Business-type Activities										
Water and sewer	4,498,802	4,640,964	4,313,692	3,514,528	3,218,483	3,456,755	3,305,656	3,037,330	3,012,668	2,789,256
Total Business-type Activities Expenses	4,498,802	4,640,964	4,313,692	3,514,528	3,218,483	3,456,755	3,305,656	3,037,330	3,012,668	2,789,256
Total Primary Government Expenses	\$ 19,727,873	\$ 20,848,630	\$ 17,586,051	\$ 16,097,208	\$ 14,702,741	\$ 15,424,597	\$ 14,440,402	\$ 14,458,838	\$ 14,465,281	\$ 13,597,289
Program Revenue										
Governmental activities:										
Charge for services:										
Refuse collection	\$ 2,582,366	\$ 2,432,871	\$ 2,412,091	\$ 2,265,470	\$ 2,194,985	\$ 2,208,676	\$ 2,171,831	\$ 2,164,331	\$ 2,118,146	\$ 2,168,138
Recycling fees	57,158	69,607	82,166	74,239	60,751	50,358	64,933	66,197	63,324	68,572
Public safety	1,788,726	1,658,883	1,547,654	1,369,746	1,416,465	1,089,815	1,574,803	393,234	529,790	104,893
Parks and recreation	877,827	873,859	873,889	769,811	655,729	777,801	767,224	662,055	634,142	623,469
Other activities	1,470,257	1,176,091	1,087,410	637,226	719,881	624,835	447,734	488,028	510,199	418,830
Operating grants and contributions	128,973	33,379	33,050	90,551	38,011	174,183	357,988	568,881	390,603	244,052
Capital grants and contributions	1,884,902	2,049,186	1,756,154	1,986,078	2,055,216	2,440,842	3,959,800	2,800,895	2,009,897	5,918,099
Total Governmental Activities Programs Revenues	8,790,209	8,293,876	7,792,414	7,193,121	7,141,038	7,366,510	9,344,313	7,143,621	6,256,101	9,546,053
Business-type Activities										
Charge for services:										
Water and sewer	3,726,660	3,722,481	3,679,482	3,066,695	2,851,205	2,712,231	2,651,685	2,580,149	2,519,473	2,473,213
Operating grants and contributions	--	--	--	--	--	--	--	--	--	--
Capital grants and contributions	--	--	--	--	--	--	--	--	--	--
Total Business-type Activities Programs Revenues	3,726,660	3,722,481	3,679,482	3,066,695	2,851,205	2,712,231	2,651,685	2,580,149	2,519,473	2,473,213
Total Primary Government Program Revenues	\$ 12,516,869	\$ 12,016,357	\$ 11,471,896	\$ 10,259,816	\$ 9,992,243	\$ 10,078,741	\$ 11,995,998	\$ 9,723,770	\$ 8,775,574	\$ 12,019,266
Net (Expense) Revenue										
Governmental activities	(6,438,862)	(7,913,790)	(5,479,945)	(5,389,559)	(4,343,220)	(4,601,332)	(1,790,433)	(4,277,887)	(5,196,512)	(1,261,980)
Business-type activities	(772,142)	(918,483)	(634,210)	(447,833)	(367,278)	(744,524)	(653,971)	(457,181)	(493,195)	(316,043)
Total Primary Government Net (Expense) Revenue	\$ (7,211,004)	\$ (8,832,273)	\$ (6,114,155)	\$ (5,837,392)	\$ (4,710,498)	\$ (5,345,856)	\$ (2,444,404)	\$ (4,735,068)	\$ (5,689,707)	\$ (1,578,023)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,175,438	\$ 1,943,089	\$ 1,863,171	\$ 1,981,186	\$ 1,945,005	\$ 1,930,823	\$ 2,218,407	\$ 2,513,413	\$ 4,390,868	\$ 5,834,352
Utility Taxes	915,021	879,706	840,030	820,057	808,197	737,749	698,784	650,087	629,105	605,045
Communication services tax	200,855	201,457	219,444	232,298	230,135	257,366	265,274	275,703	320,014	326,375
Franchise fees based on gross receipts	729,006	736,789	708,833	712,573	702,210	650,210	659,738	601,814	637,019	742,064
Unrestricted intergovernmental revenue	1,936,700	1,844,120	1,730,376	1,751,141	1,630,558	1,546,817	1,412,896	1,254,721	1,195,745	534,167
Unrestricted state shared revenues	394,226	372,226	336,926	314,056	262,786	224,173	177,259	157,197	145,554	--
Unrestricted investment earnings	85,495	74,838	50,103	58,642	29,723	70,800	136,182	401,293	706,281	735,173
Miscellaneous	206,356	481,405	175,222	141,494	366,025	--	71,972	35,700	98,969	237,062
Sale of Capital Assets	210	435,884	--	--	--	--	--	--	--	--
Settlement Proceeds	--	--	411,015	--	--	--	--	--	--	--
Transfers	(11,252)	(123,989)	(456,313)	(406,023)	(353,082)	(653,474)	(1,644,347)	(555,783)	(793,747)	(4,287,906)
Extraordinary Item										
Claims Proceeds	--	--	--	746,881	--	--	--	--	--	--
Total Governmental Activities	6,632,055	6,845,525	5,878,807	6,352,305	5,621,557	4,764,464	3,996,165	5,334,145	7,329,808	4,726,332
Business-type Activities										
Unrestricted Investment earnings	34,613	43,960	46,173	35,355	36,910	52,503	27,229	151,318	144,008	220,580
Transfers	11,252	123,989	456,313	406,023	353,082	653,474	1,644,347	555,783	793,747	4,287,906
Total Business-type Activities	45,865	167,949	502,486	441,378	389,992	705,977	1,671,576	707,101	937,755	4,508,486
Total Primary Government	\$ 6,677,920	\$ 7,013,474	\$ 6,381,293	\$ 6,793,683	\$ 6,011,549	\$ 5,470,441	\$ 5,667,741	\$ 6,041,246	\$ 8,267,563	\$ 9,234,818
Change in Net Position										
Governmental activities	\$ 193,193	\$ (1,068,265)	\$ 398,862	\$ 962,746	\$ 1,278,337	\$ 163,132	\$ 2,205,732	\$ 1,056,258	\$ 2,133,296	\$ 3,464,352
Business-type activities	(726,277)	(750,534)	(131,724)	(6,455)	22,714	(38,547)	1,017,605	249,920	444,560	4,192,443
Total Primary Government	\$ (533,084)	\$ (1,818,799)	\$ 267,138	\$ 956,291	\$ 1,301,051	\$ 124,585	\$ 3,223,337	\$ 1,306,178	\$ 2,577,856	\$ 7,656,795

Note: The City implemented GASB Statement No. 63 during the fiscal year ended September 30, 2013 and utilized the new terminology for all years presented.

CITY OF FLORIDA CITY, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,944,008	\$ 1,606,214	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	12,662,817	13,214,399	--	--	--	--	--	--	--	--
Non-Spendable	--	--	252	54,202	56,605	4,182	2,182	134,407	137,657	69,284
Restricted	--	--	1,554,119	1,400,862	1,941,151	2,700,205	3,508,603	4,243,607	4,549,830	5,214,732
Committed	--	--	218,692	358,373	392,394	717,806	880,994	761,565	586,854	758,333
Unassigned	--	--	13,114,469	13,299,783	12,677,903	12,408,676	11,964,363	11,800,144	9,737,560	8,206,194
Total General Fund	<u>\$ 14,606,825</u>	<u>\$ 14,820,613</u>	<u>\$ 14,887,532</u>	<u>\$ 15,113,220</u>	<u>\$ 15,068,053</u>	<u>\$ 15,830,869</u>	<u>\$ 16,356,142</u>	<u>\$ 16,939,723</u>	<u>\$ 15,011,901</u>	<u>\$ 14,248,543</u>
All Other Governmental Funds										
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved, reported in:										
Special revenue funds	6,393,842	6,983,660	--	--	--	--	--	--	--	--
Restricted	--	--	5,980,524	4,937,981	3,442,993	3,250,432	3,158,653	3,338,068	4,130,607	4,267,984
Unassigned	--	--	--	--	(17,579)	(2,977)	--	--	--	--
Total All Other Governmental Funds	<u>\$ 6,393,842</u>	<u>\$ 6,983,660</u>	<u>\$ 5,980,524</u>	<u>\$ 4,937,981</u>	<u>\$ 3,425,414</u>	<u>\$ 3,247,455</u>	<u>\$ 3,158,653</u>	<u>\$ 3,338,068</u>	<u>\$ 4,130,607</u>	<u>\$ 4,267,984</u>

Note: The City implemented GASB Statement No. 54 for the fiscal year ended September 30, 2011.

CITY OF FLORIDA CITY, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$7,507,836	\$5,977,006	\$4,041,017	\$3,842,203	\$3,576,149	\$3,685,547	\$3,746,114	\$4,643,481	\$4,903,113	\$5,129,221
Intergovernmental	2,379,640	2,457,943	3,730,546	3,301,572	3,517,619	3,584,423	3,630,545	2,730,126	2,958,092	3,051,114
Charges for services	2,955,335	2,980,585	3,067,264	3,100,203	3,069,658	2,927,599	3,168,385	3,482,795	3,617,649	3,733,708
Program income	--	--	--	--	--	--	--	--	--	--
Interest/Investment Earnings	735,173	706,281	401,293	136,182	70,800	29,723	58,642	50,103	74,838	85,495
Impact fees	46,526	88,865	35,700	71,972	--	366,025	141,494	175,222	481,405	206,356
Licenses and permits	285,958	355,720	386,001	278,495	277,841	349,120	345,898	474,597	368,639	442,937
Donations	--	--	--	--	--	--	--	--	--	--
Confiscated property	--	--	--	--	--	--	--	--	--	--
Fines and forfeitures	96,083	263,003	157,679	1,405,419	1,089,815	1,416,465	1,325,006	1,525,604	1,658,883	1,788,726
Grants	4,073,802	945,725	632,528	2,553,273	718,773	387,648	444,241	56,449	159,207	52,392
Settlement Proceeds	--	--	--	--	--	--	--	411,015	--	78,400
Other revenues	479,938	604,528	581,521	295,506	463,793	369,127	313,546	484,182	649,258	762,331
Total Revenues	18,560,291	14,379,656	13,033,549	14,984,825	12,784,448	13,115,677	13,173,871	14,033,574	14,871,084	15,330,680
Expenditures										
General government	5,516,655	4,589,607	4,554,946	4,298,963	4,714,663	4,046,725	4,872,313	4,584,942	7,517,787	6,980,513
Public safety	2,928,761	2,908,019	3,136,898	3,060,753	3,382,184	3,466,200	3,865,141	4,048,097	4,390,317	4,556,689
Public works	2,564,748	2,440,690	2,407,302	2,461,659	2,566,960	2,573,820	2,499,820	2,737,680	2,767,732	2,845,111
Parks and recreation	459,774	451,007	441,081	434,114	471,430	506,526	606,996	628,338	577,058	596,984
Capital outlay	5,445,725	3,186,728	3,429,539	5,546,185	3,506,951	1,937,549	1,604,449	1,133,617	1,093,433	1,194,664
Debt service:										
Principal	49,269	--	--	--	--	--	30,000	135,000	135,000	--
Interest	2,907	--	--	--	--	--	5,566	2,901	--	--
Total Expenditures	16,967,839	13,576,051	13,969,766	15,801,674	14,642,188	12,530,820	13,484,285	13,270,575	16,481,327	16,173,961
Excess of Revenues Over (Under) Expenditures	1,592,452	803,605	(936,217)	(816,849)	(1,857,740)	584,857	(310,414)	762,999	(1,610,243)	(843,281)
Extraordinary Item										
Claims Proceeds	--	--	--	--	--	--	746,881	--	--	--
Other Financing Sources (Uses)										
Transfer in	2,031,361	1,998,075	37,816	109,573	--	--	--	--	--	--
Transfer out	(2,031,361)	(1,998,075)	(37,816)	(109,573)	--	--	--	--	--	--
Other financing source	--	--	--	--	300,000	--	--	--	474,960	217,300
Total Other Financing Sources (Uses)	--	--	--	--	300,000	--	--	--	474,960	217,300
Net Change in Fund Balances	\$1,592,452	\$ 803,605	\$ (936,217)	\$ (816,849)	\$ (1,557,740)	584,857	436,467	762,999	(1,135,283)	(625,981)
Debt service as a percentage of noncapital expenditures*	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*See page 17 for capital expenditures

CITY OF FLORIDA CITY, FLORIDA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)**

Fiscal Year	Real Property				Personal Property		Less Tax Exempt Property	Total		Assessed Value as a Percentage of Estimated Value	Total Direct Tax Rate
	Commercial		Residential		Assessed Value	Estimated Value		Total Taxable Assessed Value	Estimated Actual Value		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value							
2009	\$ 586,664	\$ 766,492	\$ 202,672	\$ 313,428	\$ 39,995	\$ 45,075	\$ 83,862	\$ 745,469	\$ 1,124,995	66.26%	7.7500
2010	499,708	696,426	154,640	244,370	40,419	45,551	88,483	606,284	986,347	61.47%	7.7500
2011	409,445	582,038	98,227	144,406	41,215	46,306	86,152	548,887	772,750	71.03%	7.7500
2012	353,890	504,597	69,038	95,980	36,876	42,145	81,867	459,804	642,722	71.54%	7.7500
2013	346,047	500,735	50,139	80,010	39,202	44,887	83,512	435,388	625,632	69.59%	7.5899
2014	362,989	524,167	10,602	46,003	36,492	42,852	87,193	410,083	613,022	66.90%	7.5899
2015	455,702	518,823	37,878	47,362	41,504	41,504	126,927	408,158	607,689	67.17%	7.1858
2016	475,552	542,433	38,383	55,792	46,240	46,240	133,546	426,629	644,465	66.20%	7.1858
2017	503,546	585,944	39,992	72,485	48,246	48,246	137,584	454,199	706,675	64.27%	7.1858
2018	529,233	611,247	40,767	82,886	47,080	47,080	145,674	471,406	741,212	63.60%	7.1858

(1) Information obtained from Miami-Dade County Department of Property Appraiser, form DR-403\

CITY OF FLORIDA CITY, FLORIDA

**PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Florida City Direct Rates		Overlapping Rates				Total Millage
	Operating Millage	Total City Millage	School District Millage	State Millage	Miami- Dade County	Special District Millages	
2009	7.7500	7.7500	7.9950	0.6585	5.1229	3.1093	24.6357
2010	7.7500	7.7500	8.2490	0.6585	5.8725	3.3793	25.9093
2011	7.7500	7.7500	8.0050	0.4708	5.0900	3.1422	24.4580
2012	7.7500	7.7500	7.9980	0.4634	4.9885	3.1352	24.3351
2013	7.5899	7.5899	7.9770	0.4455	5.1255	3.1348	24.2727
2014	7.5899	7.5899	7.9740	0.4187	5.1169	3.2161	24.3156
2015	7.1858	7.1858	7.6120	0.3871	5.1169	3.2133	23.5151
2016	7.1858	7.1858	7.3220	0.3627	5.0669	3.2122	23.1496
2017	7.1858	7.1858	6.9940	0.3420	5.0669	3.1795	22.7682
2018	7.1858	7.1858	6.7330	0.3256	5.1313	3.1462	22.5219

(1) Information Obtained from Miami-Dade County Department of Property Appraiser

CITY OF FLORIDA CITY, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

**AS OF SEPTEMBER 30, 2018 AND NINE YEARS AGO
(DOLLARS IN THOUSANDS)**

Taxpayer	Type of Business	2018 (1)			2009 (2)		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Store	Retail Shopping	\$ 22,366	1	4.24%	\$ 27,921	2	4.02%
Florida Keys Factory Shops	Mall	16,000	2	3.03%	8,000	8	1.15%
Largo Motors Co LTD	Car Dealership	12,500	3	2.37%	--		0.00%
Home Depot USA, Inc.	Retail Shopping	11,747	4	2.23%	13,825	4	1.99%
Floridian Key Homes	Real Estate	7,071	5	1.34%	--		0.00%
South Florida Motel Corp.	Motel	6,500	6	1.23%	--		0.00%
RD & RD Corporation	Real Estate	6,400	7	1.21%	--		0.00%
Bonita Pointe Associates	Real Estate	6,221	8	1.18%	--		0.00%
RA & RE Inc.	Motel	6,100	9	1.16%	--		0.00%
ATJ Corporation	Real Estate	5,200	10	0.99%	--		0.00%
GREC Homes IX, LLC	Real Estate	--		0.00%	58,671	1	8.44%
FRS Holdings, Inc	Real Estate	--		0.00%	25,535	3	3.68%
Delmar Homes IV, LLC	Real Estate	--		0.00%	11,503	5	1.66%
Zamora Corporation	Real Estate	--		0.00%	9,225	6	1.33%
Strano Brothers	Real Estate	--		0.00%	8,900	7	1.28%
Meritt Place Ltd.	Real Estate	--		0.00%	6,800	9	0.98%
Dolphin Enterprises, LLC	Real Estate	--		0.00%	6,781	10	0.98%
Total		<u>\$ 100,105</u>		<u>18.98%</u>	<u>\$ 177,161</u>		<u>25.50%</u>

(1) The total assessed valuation of taxable property for 2018 is \$ 527,509

(2) The total assessed valuation of taxable property for 2009 is \$ 694,770

CITY OF FLORIDA CITY, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	(2) Delinquent Tax Collections	Total Tax Collections	Ratio of Collection Total Tax Collection to Total Tax Levy	(3) Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2009	\$ 6,102,410	\$ 5,560,785	91.1%	\$ 273,567	\$ 5,834,352	95.6%	N/A	0.0%
2010	5,579,798	4,109,922	73.7%	280,946	4,390,868	78.7%	N/A	0.0%
2011	2,934,969	2,934,969	100.0%	--	2,934,969	100.0%	913,986	31.1%
2012	3,189,744	3,040,397	95.3%	149,347	3,189,744	100.0%	92,794	2.9%
2013	3,112,481	2,609,331	83.8%	415,019	3,024,350	97.2%	N/A	0.0%
2014	3,097,876	2,509,987	81.0%	82,616	2,592,603	83.7%	N/A	0.0%
2015	3,065,672	2,372,031	77.4%	205,177	2,577,207	84.1%	N/A	0.0%
2016	3,263,787	2,513,343	77.0%	12,652	2,525,995	77.4%	N/A	0.0%
2017	3,387,426	2,523,410	74.5%	161,425	2,684,835	79.3%	N/A	0.0%
2018	3,790,571	2,693,530	71.1%	202,096	2,895,626	76.4%	N/A	0.0%

(1) Information taken from Florida Municipal Ad Valorem Tax Profile.

(2) Information obtained from City of Florida City's financial statements.

(3) Information obtained from Miami-Dade County Tax Collector.

N/A - Not available.

CITY OF FLORIDA CITY, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Household Income*	Per Capita Household Income*
	Notes Payable	Capital Lease	Notes Payable	Water Bonds	State Revolving Loan			
2009	\$ --	\$ --	\$ 1,200,000	\$ 517,200	\$ --	\$ 1,717,200	N/A	N/A
2010	--	--	1,000,000	462,300	--	1,462,300	N/A	N/A
2011	--	--	1,000,000	403,800	--	1,403,800	0.67%	9,337
2012	--	--	800,000	342,700	--	1,142,700	0.58%	6,637
2013	300,000	--	500,000	279,100	--	1,079,100	0.62%	6,637
2014	300,000	--	100,000	211,800	--	611,800	1.08%	6,637
2015	270,000	--	--	139,900	--	409,900	2.06%	8,426
2016	135,000	--	--	125,200	--	260,200	2.55%	6,637
2017	--	--	--	109,800	--	109,800	9.22%	10,122
2018	--	32,465	--	93,700	136,720	262,885	3.72%	9,778

N/A: Not Available

*Information obtained from American Fact Finder

CITY OF FLORIDA CITY, FLORIDA

**COMPUTATION OF OVERLAPPING BONDED DEBT
GENERAL OBLIGATIONS BONDS
(DOLLARS IN THOUSANDS)**

SEPTEMBER 30, 2018

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Florida City (2)	Amount Applicable to City of Florida City
School Board of Miami-Dade County	\$ 980,501	0.47%	\$ 4,613
Miami-Dade County (1)	<u>1,837,515</u>	0.47%	<u>8,645</u>
	<u>\$ 2,818,016</u>		<u>\$ 13,258</u>

(1) Information obtained from Miami-Dade County, Finance Department for 2018

(2) Percentage based upon population of Florida City v Miami-Dade County

CITY OF FLORIDA CITY, FLORIDA

**WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)**

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2009	\$ 2,370	\$ 2,738	\$ (368)	\$ 55	\$ 26	\$ 81	(4.54)
2010	2,505	2,944	(439)	59	23	82	(5.37)
2011	2,537	2,992	(455)	61	20	81	(5.60)
2012	2,507	3,277	(770)	64	17	81	(9.54)
2013	2,600	3,511	(911)	67	14	81	(11.25)
2014	2,714	3,242	(528)	72	11	83	(6.36)
2015	2,888	3,526	(637)	15	7	22	(29.38)
2016	3,520	3,833	(313)	15	6	22	(14.44)
2017	3,582	3,354	228	16	5	22	10.57
2018	3,575	3,226	349	17	5	22	16.09

(1) Total revenue (including interest) exclusive of tap fees.

(2) Total operating expenses.

(3) Includes principal and interest of revenue bonds only.

CITY OF FLORIDA CITY, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Population	Household Income (Thousands of Dollars)	Per Capita Household Income	Unemployment Rate
2009	10,217	\$ 18,285	N/A	18.6%
2010	10,568	23,888	N/A	26.2%
2011	11,704	25,132	\$ 9,337	18.2%
2012	11,850	21,635	6,637	20.9%
2013	12,222	21,635	6,637	20.9%
2014	12,430	21,635	6,637	20.9%
2015	12,577	26,539	8,426	28.7%
2016	12,832	26,539	8,426	28.7%
2017	12,993	32,096	10,122	18.8%
2018	13,076	34,545	9,778	18.6%

N/A - Information not available for year indicated.

(1) Population for City of Florida City obtained from Bureau of Economic and Business Research, University of Florida.

(2) All other information for the City of Florida City obtained from American Fact Finder.

CITY OF FLORIDA CITY, FLORIDA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2018			2009		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (1)	Rank	Percentage of Total City Employment
Wal-Mart	479	1	15.97%	775	1	30.80%
Home Depot (Home Depot USA)	213	2	7.10%	213	2	8.47%
Cracker Barrel	142	3	4.73%	200	3	7.95%
Texas Roadhouse	130	4	4.33%	--	--	0.00%
Tolbert Produce, Inc.	100	5	3.33%	--	--	0.00%
KFC/Taco Bell	66	6	2.20%	--	--	0.00%
Pollo Tropical	65	7	2.17%	--	--	0.00%
Best Buy	64	8	2.13%	100	4	3.97%
McDonald's	60	9	2.00%	60	7	2.38%
Patches	60	10	2.00%	--	--	0.00%
Golden Corral	--	--	0.00%	75	6	2.98%
Applebee's Neighborhood Grill & Bar	--	--	0.00%	85	5	3.38%
Largo Honda	--	--	0.00%	50	9	1.99%
Capri Restaurant	--	--	0.00%	50	10	1.99%
Mutineer Restaurant	--	--	0.00%	55	8	2.19%
	<u>1,486</u>		<u>49.53%</u>	<u>1,663</u>		<u>66.10%</u>

(1) Estimated area employment

Note: Obtained from City of Florida City Building and Zoning

CITY OF FLORIDA CITY, FLORIDA

**CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	6	5	5	5	5	5	5	5	5	5
Finance	8	6	6	6	6	6	6	6	6	6
Police	46	41	39	40	42	42	42	44	44	44
Building and zoning	6	6	6	6	6	6	6	6	6	6
Public works	17	17	16	16	16	16	16	15	15	15
Park and recreation	6	5	6	5	5	5	5	6	6	7
Campersite	2	2	2	1	1	1	1	1	1	1
Water	16	15	14	15	14	14	14	14	14	15
Sewer	1	1	1	1	1	2	2	2	2	2
Vehicle maintenance	2	2	2	2	2	2	2	2	2	2
Housing	--	--	--	--	--	--	--	--	--	--
Grants	<u>14</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total Employees	<u>124</u>	<u>108</u>	<u>105</u>	<u>105</u>	<u>106</u>	<u>105</u>	<u>105</u>	<u>107</u>	<u>107</u>	<u>109</u>

Note: Obtained from City of Florida City Human Resources

CITY OF FLORIDA CITY, FLORIDA

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrest	1,635	1,617	1,312	978	994	824	818	821	610	570
Juvenile arrest	194	167	175	186	155	135	100	87	48	35
Traffic violations	1,770	2,048	1,327	1,047	913	1,087	1,337	1,184	1,153	696
Water										
Number of service connections	1,481	1,167	1,618	752	612	322	667	1,168	1,115	927
Average monthly consumption (thousands of dollar)	\$ 69,438	\$ 67,550	\$ 72,320	\$ 71,665	\$ 75,039	\$ 80,384	\$ 81,449	\$ 89,419	\$ 95,199	\$ 84,331
Sewer										
Number of service connections	1,711	1,498	1,708	844	663	308	904	993	1,115	927
Average monthly sewage treatment (thousands of dollar)	\$ 109,791	\$ 113,672	\$ 120,905	\$ 121,322	\$ 127,715	\$ 137,677	\$ 143,778	\$ 185,119	\$ 196,200	\$ 175,052
Electric Distribution System										
Number of customers	3,196	3,196	3,196	3,196	3,196	3,196	3,196	4,678	4,678	4,736
Facilities and Services not Included in the Primary Government										
Cable television system:										
Number of customers	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Miles of service	37.57	37.57	37.57	37.57	37.57	37.57	37.57	37.57	37.57	37.57
Education:										
Number of elementary schools	1	1	1	1	1	1	1	1	1	1
Number of instructors	88	88	88	88	88	88	88	88	88	88

N/A - Not Available

Note: Obtained from City of Florida City Records

CITY OF FLORIDA CITY, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	22	23	22	25	25	25
Other Public Works										
Streets (miles)	42	42	42	42	42	42	42	42	42	42
Streetlights	460	460	460	460	460	460	466	474	479	479
Traffic signals	6	6	6	6	6	6	10	10	10	10
Park and Recreation										
Acreage	40	40	40	40	40	40	40	40	40	40
Playgrounds	4	4	4	4	4	4	4	4	4	4
Tennis court	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	2	2	2	2	2	2
Water										
Water mains (miles)	43	43	43	43	43	43	58	58	58	58
Fire hydrants	662	662	662	662	662	662	665	667	667	667
Store capacity (thousands of gallons)	4,000	4,000	4,000	4,000	4,000	4,000	5,800	5,800	5,800	5,800
Sewer										
Sanitary sewer (miles)	23	23	23	23	23	23	38	38	38	38
Storm sewers (miles)	4	4	4	4	4	4	5	5.2	5.2	5.2

N/A - Not Available

Note: Obtained from City of Florida City Records

REPORTING SECTION

**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor and City Commission
City of Florida City, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Florida City, Florida (the City) as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2019.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Marcum LLP

Miami, Florida
June 21, 2019

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

To the Honorable Mayor and City Commission
City of Florida City, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Florida City, Florida (the City) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 21, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes (AICPA Professional Standards AT-C 315), regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 21, 2019, 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. There were no audit findings made in the preceding financial audit report, however, prior year recommendations are addressed in Appendix A.

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. The City has made these disclosures in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires 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 identify of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.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 the review of financial information provided by same. This assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our current year audit, we did not have any such recommendations. Prior year recommendations were properly implemented.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate 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 determined that the special district component unit provided 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such recommendations. Prior year recommendations were properly implemented.

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, State and other granting agencies, the Honorable Mayor, City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, Florida
June 21, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

To The Honorable Mayor and City Commission
City of Florida City, Florida

We have examined the City of Florida City's (the City) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2018. Management of the City is responsible for the City's compliance with the specified 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 does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2018.

This report is intended solely to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 21, 2019