



# CITY OF NORTH LAUDERDALE, FLORIDA

## Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2018



MAYOR Ana M. Ziade • VICE MAYOR Samson Borgelin  
COMMISSIONER Lorenzo Wood • COMMISSIONER Mario Bustamante  
COMMISSIONER Rich Moyle  
CITY MANAGER Ambreen Bhatti • CITY ATTORNEY Samuel S. Goren  
CITY CLERK Patricia Vancheri

# **Comprehensive Annual Financial Report**

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

**For the Fiscal Year Ended  
September 30, 2018**



**Prepared by  
The Finance Department**

**City of North Lauderdale, Florida  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2018**

**Table of Contents**

	PAGE
<b>INTRODUCTORY SECTION</b>	
Letter of transmittal	i – iii
Certificate of achievement	iv
Functional organizational chart	v
List of principal officials	vi
<b>FINANCIAL SECTION</b>	
Independent auditor's report	1 – 3
Management's discussion and analysis	4 – 14
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	15
Statement of activities	16
Fund financial statements:	
Governmental funds:	
Balance sheet	17
Reconciliation of governmental funds balance sheet to the statement of net position	18
Statement of revenues, expenditures, and changes in fund balances	19
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	20
Statement of revenues, expenditures, and changes in fund balance – budget to actual – general fund	21
Statement of revenues, expenditures, and changes in fund balance – budget to actual – special revenue funds – fire/rescue fund	22
Statement of revenues, expenditures, and changes in fund balance – budget to actual – special revenue funds - North Lauderdale Water Control District Fund	23
Proprietary funds:	
Statement of net position	24
Reconciliation of the statement of net position – proprietary funds to the statement of net position	25
Statement of revenues, expenses, and changes in net position	26
Reconciliation of the statement of revenues, expenses, and changes in net position to the statement of activities	27
Statement of cash flows	28 – 29
Notes to financial statements	30 – 59
Required Supplementary Information (unaudited):	
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	60
Schedule of Proportionate Share of Net Pension Liability – Defined Benefit Pension Plan	61
Schedule of Pension Contributions – Defined Benefit Pension Plan	62
Supplementary Information:	
Combining and individual fund statements and schedules:	
Nonmajor governmental funds:	
Combining balance sheet	63
Combining statement of revenues, expenditures and changes in fund balances	64
Internal service funds	
Combining statement of net position	65
Combining statement of revenues, expenses, and changes in net position	66
Combining statement of cash flows	67 - 68
Schedule of revenues, expenditures and changes in fund balance – budget to actual debt service fund	69

## Table of Contents (Continued)

STATISTICAL SECTION	PAGE
Financial Trends:	
Net position by components	70
Changes in net position	71– 72
Governmental activities tax revenues by source	73
Fund balance of governmental funds	74
Changes in fund balance of governmental funds	75–76
Revenue Capacity:	
Assessed value and estimated actual value of taxable property	77
Property tax rates – direct and overlapping governments	78
Principal property taxpayers	79
Property tax levies and collections	80
Debt Capacity:	
Ratio of outstanding debt by type	81
Ratio of general bonded debt outstanding	82
Direct and overlapping governmental activity debt	83
Legal debt margin information	84
Pledged revenue coverage	85
Demographic and Economic Information:	
Demographic and economic statistics	86
Principal employers	87
Operating and Other Information:	
Full-time equivalent city government employees by function	88
Operating indicators by function	89
Capital assets by function	90
 COMPLIANCE SECTION	
Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	91–92
Independent auditor’s report on compliance with the requirements of Section 218.415, Florida Statutes, required by rule 10.556(10) of the Auditor General of the state of Florida	93
Management letter pursuant to the rules of the Auditor General of the state of Florida	94 -95
Independent auditor’s report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	96–97
Schedule of expenditures of federal awards	98
Notes to schedule of expenditures of federal awards	99
Schedule of findings and questioned costs - federal awards	100





701 Southwest 71<sup>st</sup> Avenue, North Lauderdale, Florida 33068-2395  
954-722-0900 • Fax 954-720-2151 • [www.nlauderdale.org](http://www.nlauderdale.org)

**MAYOR**  
Ana M. Ziade

**COMMISSIONER**  
Rich Moyle

**COMMISSIONER**  
Mario Bustamante

**CITY ATTORNEY**  
Samuel S. Goren

**VICE MAYOR**  
Samson Borgelin

**COMMISSIONER**  
Lorenzo Wood

**CITY MANAGER**  
Ambreen Bhatty

**CITY CLERK**  
Patricia Vancheri

March 15, 2019

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (“CAFR”) of the City of North Lauderdale, Florida (the “City”), for the fiscal year ended September 30, 2018. The report fulfills the state requirements that all general-purpose local governments publish a complete set of audited financial statements. In addition to meeting legal requirements, the report presents full financial disclosure. This philosophy is demonstrated by the informative financial analysis provided herein.

Management assumes full responsibility for the completeness and reliability of all of the information contained in this report, based upon a comprehensive internal control framework that is designed for this purpose. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The City’s September 30, 2018 financial statements have been audited by a firm of certified public accountants licensed in the State of Florida. Their independent auditor report contains an unmodified opinion and is presented as the first component of the financial section of this report.

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

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

The City was incorporated on July 15, 1963 and is located in northwestern Broward County (the “County”), Florida, 8 miles northwest of Fort Lauderdale. The City was developed as a full service municipality serving a largely suburban residential community. In 2003 and 2004 the City annexed certain adjacent unincorporated properties into its municipal boundaries, bringing the City’s total land area to approximately 5.5 square miles. Today, the City’s population has reached approximately 44,000.

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

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

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

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

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

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

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

## **Local Economy**

Between 2009 and 2013, the City experienced an unprecedented reduction in property values which forced the City staff to review operations and institute innovative and proactive cost cutting measures that helped the City weather the effects of the recession. The City's healthy financial condition has been maintained through the prudent administration and balancing of revenues and expenditures.

Property values have slowly increased since 2013 but have not reached pre-recession levels. However, the City continues to provide a high level of service to residents of North Lauderdale. For the fiscal year 2018, the City set its operating millage rate at 7.400 mills, a decrease from the prior year's millage rate of 7.500 mills.

The City's unemployment rate (not seasonally adjusted) at September 30, 2018 was 2.8% as compared to the rates of the County of 2.8% and the State of Florida of 3.5%. The economic base of the City consists primarily of residential homes, condominiums and apartments. The City's commercial and light industrial areas, while modest in proportion to its residential base, are vitally important to the community. As the City matured toward build-out in the late 1990's, the economic focus transitioned away from developing infrastructure to maintaining it along with preserving the City's quality of life, safety and aesthetic appearance.

## **Major Initiatives**

The City will continue its initiative to expand citizen communications and resident focus. The City will engage residents and businesses through City events, meetings and boards. Communication will be enhanced through the use of the City's updated website, newsletters, and the automated communication system which greatly enhances citizen notification by enabling the City to notify specific areas in the City that may be affected by water line breaks, road closures, emergency evacuations, AMBER Alerts, etc. In addition, the system is used to notify residents of City events and special programs that greatly enhances residents' attendance at these events and encourages community pride and enthusiasm. The City will also utilize the City's marquee sign and cable channel to share information.

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

The City will continue efforts to contribute to neighborhood improvement, community image, economic development and quality of life. The City is committed to continuing its efforts to expand opportunities for home ownership, home repairs and mitigation of health and safety issues in commercial or residential areas. This goal is accomplished successfully by securing several grants to fund these efforts. Grant funds are available for both the residential and commercial sector. Homeowners and business owners who maintain and improve their properties continue to be recognized through the Community Improvement Award Program. The City will continue improving the aesthetics by adding more banners, new entryway signs and utility box wraps. Roadway median beautification projects will continue as well. The City recently partnered with the City of Tamarac to create the Tamarac North Lauderdale Chamber of Commerce. The Chamber provides a forum to bring the business community together with people with the aim to enhance the vitality of our city's business community.

The City plans include several current and future major capital improvement and repairs and maintenance programs to help upgrade and/or maintain infrastructure. This includes new exercise equipment and other Improvements at the parks, roadway and drainage improvements, city building improvements, fire equipment, utility water treatment plant improvements and more.

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

The risk of hurricane loss is a continual concern for the City. As a smaller local government located in South Florida immediate access to resources in an emergency is critical, therefore, City Administration has assigned \$3,500,000 of general fund balance for disaster recovery. In addition, aging infrastructure is in need of repair and replacement. Resources included in the general fund balance will help funding some of the costs of renovating the aging infrastructure.

### **Awards and Acknowledgements**


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

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2017. In order to qualify for the budget award, the budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



---

Ambreen Bhatti  
City Manager



---

Susan Nabors  
Director of Finance





Government Finance Officers Association

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

Presented to

**City of North Lauderdale  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

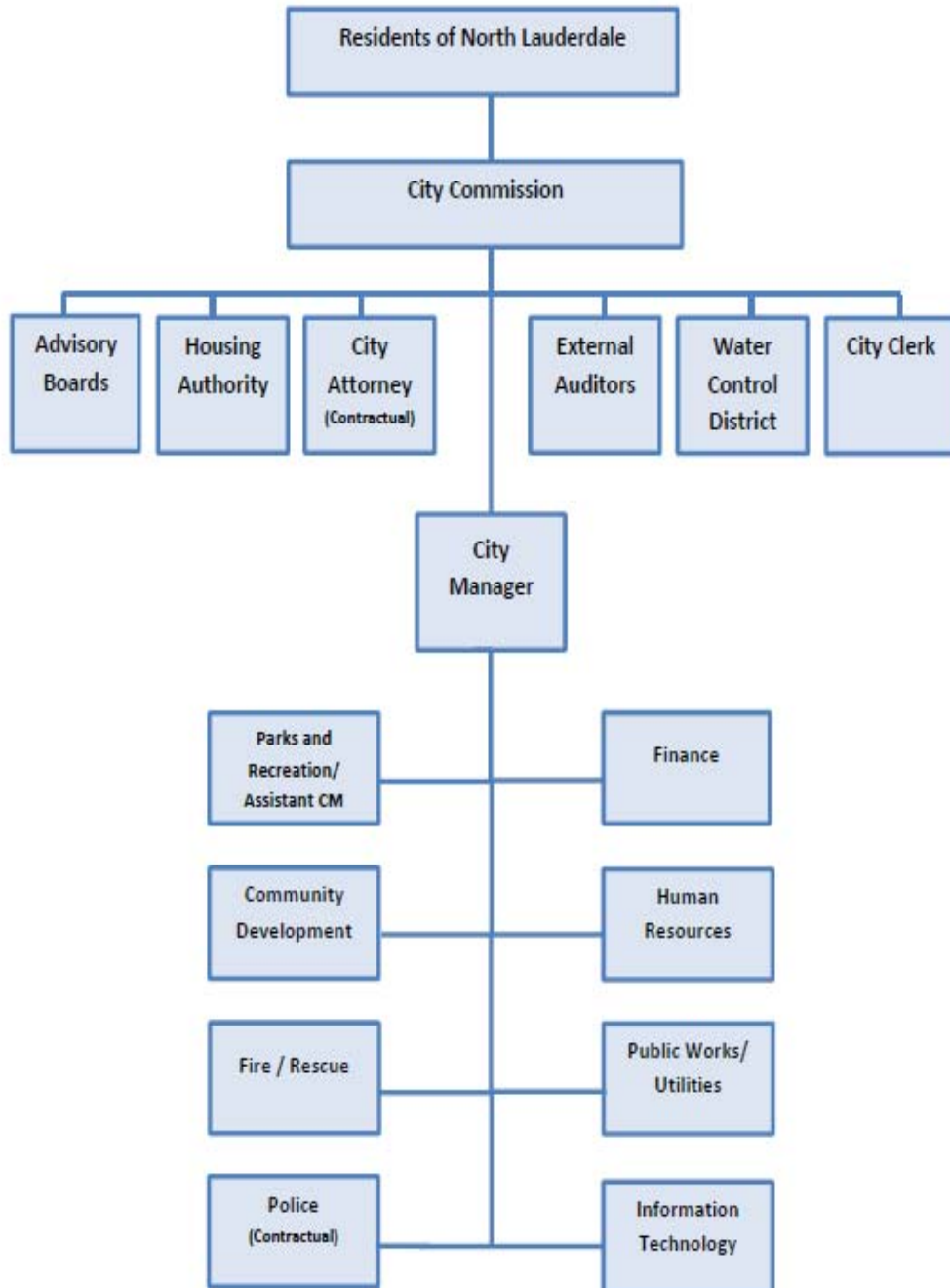
**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

CITY OF NORTH LAUDERDALE, FLORIDA

Functional Organizational Chart  
As of September 30, 2018



**CITY OF NORTH LAUDERDALE, FLORIDA**

**List of Principal Officials**

<b><u>Title</u></b>	<b><u>Name</u></b>
Mayor	Ana M. Ziade
Vice Mayor	Samson Borgelin
Commissioner (District A)	Lorenzo Wood
Commissioner (District B)	Mario Bustamante
Commissioner (District C)	Rich Moyle
City Manager	Ambreen Bhatti
City Attorney	Samuel S. Goren
City Clerk	Patricia Vancheri
Assistant City Manager	Michael Sargis
Community Development Director	Tammy Reed-Holguin
Finance Director	Susan Nabors
Human Resource Manager	Jennifer Yarmitzky
Fire Chief	Rodney Turpel
Parks and Recreation Director	Michael Sargis
Public Works Director	George Krawczyk
Chief Information Technology Officer	Michelet Williams



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road ▪ Suite 280  
Boca Raton, Florida 33431  
(561) 994-9299 ▪ (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

## **Emphasis of Matter**

As discussed in Note 1 to the accompanying financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The net position balance of the governmental activities and business-type activities as of October 1, 2017 have been restated. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the city's total OPEB liability and related ratios, and the schedules of proportionate share of net pension liability and pension contributions - defined benefit pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules – nonmajor governmental funds and internal service funds, the schedule of revenues, expenditures, and changes in fund balances - budget to actual - debt service fund, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules – nonmajor governmental funds and internal service funds, the schedule of revenues, expenditures, and changes in fund balances - budget to actual - debt service fund, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

We have also issued our report dated March 15, 2019, on our consideration of the City's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



March 15, 2019

## Management's Discussion and Analysis

The purpose of financial reporting is to provide financial statements readers with information that will help them make decisions about the entity. The following narrative overview and analysis of the City of North Lauderdale's (the "City") financial activities for the fiscal year ended September 30, 2018 has been prepared by City management for the readers' benefit. We encourage readers to consider the information presented herein in conjunction with the Letter of Transmittal, which can be found on pages i through iii of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$127,949,523 (net position). Of this amount, \$86,034,503 is unrestricted and may be utilized to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position, beginning was restated for the effect of adoption of Governmental Accounting Standards Board (GASB) Statement 75. The restatement is reflected in the current fiscal year's beginning net position. The restatement increased beginning net position by \$174,413. Additional information regarding GASB 75 can be found in the notes to the financial statements. The resulting change in net position for the fiscal year ended September 30, 2018 was \$5,426,389 due primarily to various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$54,154,413. Approximately \$37,891,212 is unassigned General fund balance and is available for spending at the City's discretion.
- During the fiscal year the City's outstanding governmental debt (excluding compensated absences) had a net decrease from the prior year of (\$643,503) or approximately (39%). This decrease was due to the payment of scheduled debt service for the 2003 Capital Improvement Refunding Bonds.

### Overview of the Financial Statements

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

#### Government-wide Financial Statements

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

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

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

## Overview of the Financial Statements (Continued)

### Government-wide Financial Statements (Continued)

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, physical environment, streets, parks and recreation, and interest. The business-type activities of the City include water and sewer utilities and storm-water management operations.

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

### Fund Financial Statements

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

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds which include the General Fund, the Fire/Rescue Special Revenue Fund, the North Lauderdale Water Control District Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements presented immediately following the notes to the financial statements.

The City is required to prepare annual budgets for all Departments for the ensuing fiscal year. The City adopts annual budgets for all of its governmental and proprietary fund types, except the Law Enforcement Special Revenue Fund and the Grants Special Revenue Fund.



## Overview of the Financial Statements (Continued)

### Fund Financial Statements (Continued)

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

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

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

*Fiduciary funds* are used to account for resources held in a trust or as an agent by the City for others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

### **Government-wide Financial Analysis**

#### Net Position

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year the City's assets exceeded its liabilities by \$127,949,523. The following table summarizes the City's net position at September 30, 2018 and 2017 and is followed by a comparative analysis between the two years.

## Government-wide Financial Analysis (Continued)

### Net Position (Continued)

City of North Lauderdale, Florida Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$63,318,310	\$59,821,992	\$38,010,294	\$33,981,549	\$101,328,604	\$ 93,803,541
Capital assets	28,896,047	29,619,759	11,369,400	11,990,542	40,265,447	41,610,301
Total assets	92,214,357	89,441,751	49,379,694	45,972,091	141,594,051	135,413,842
Total deferred outflows of resources	3,463,400	3,678,986	-	-	3,463,400	3,678,986
Noncurrent liabilities	11,359,005	12,231,319	264,541	90,688	11,623,546	12,322,007
Other liabilities	2,214,714	1,597,011	2,313,818	2,176,855	4,528,532	3,773,866
Total liabilities	13,573,719	13,828,330	2,578,359	2,267,543	16,152,078	16,095,873
Total deferred inflows of resources	955,850	648,234	-	-	955,850	648,234
Net position:						
Net investment in capital assets	27,872,339	27,952,548	11,369,400	11,990,542	39,241,739	39,943,090
Restricted	2,673,281	2,455,906	-	-	2,673,281	2,455,906
Unrestricted	50,602,568	48,235,719	35,431,935	31,714,006	86,034,503	79,949,725
Total net position	\$81,148,188	\$78,644,173	\$46,801,335	\$43,704,548	\$127,949,523	\$122,348,721

Of the City's net position, approximately 31% reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), net of accumulated depreciation and less any outstanding debt used to construct or acquire those assets. These capital assets are used to provide citizen services and are therefore not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position, \$2,673,281 or approximately 2% represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$86,034,503 or approximately 67% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. As of the end of both the current and prior fiscal year, the City reported an increase in its unrestricted net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

For **governmental activities**, beginning net position was restated for the effect of adoption of Governmental Accounting Standards Board (GASB) Statement 75. The restatement increased beginning net position by \$342,969. The resulting change in net position for the fiscal year ended September 30, 2018 was an increase of \$2,161,046 or approximately (3%) from the prior year resulting primarily from operating efficiencies and higher than anticipated revenues.

For **business-type activities**, beginning net position was restated for the effect of adoption of Governmental Accounting Standards Board (GASB) Statement 75. The restatement decreased beginning net position by (\$168,556). The resulting change in net position for the fiscal year ended September 30, 2018 was an increase in net position of \$3,265,343 or approximately 7% from the prior year resulting primarily from various operational savings and the deferral of a sewer repair and maintenance project.

## Government-wide Financial Analysis (Continued)

### Changes in Net Position

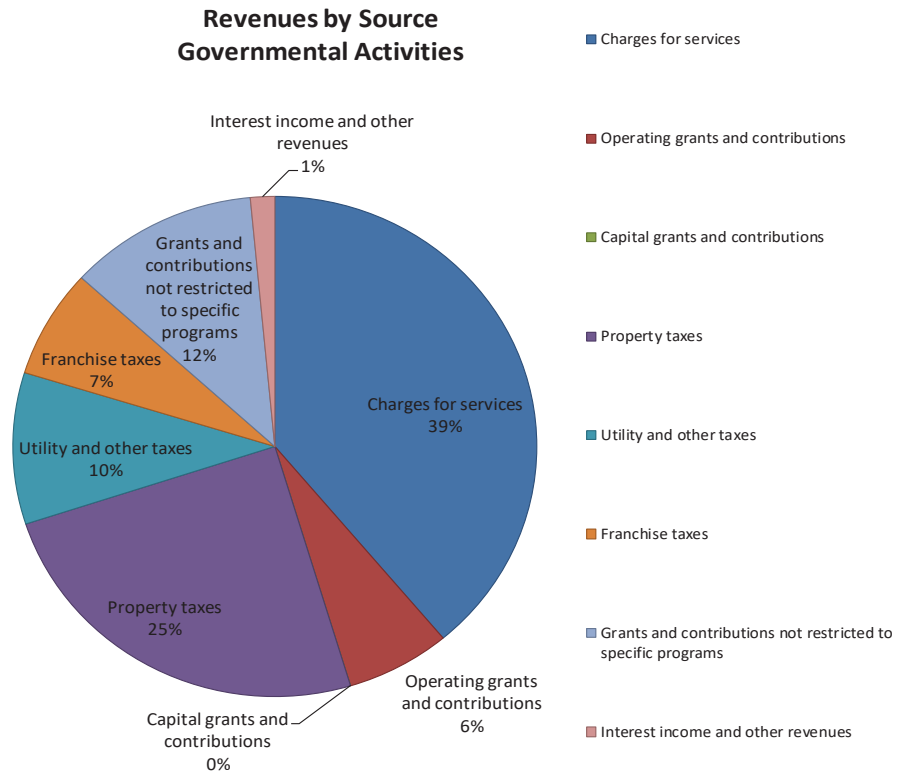
The following table summarizes the City's changes in net position for the years ended September 30, 2018 and 2017 and is followed by a comparative analysis between the two years.

City of North Lauderdale, Florida Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<i>Program revenues:</i>						
Charges for services	\$ 15,110,275	\$ 14,331,336	\$ 14,759,706	\$ 14,142,854	\$ 29,869,981	\$ 28,474,190
Operating grants and contributions	2,516,979	1,669,300	2,792	-	2,519,771	1,669,300
<i>General revenues:</i>						
Property taxes	9,640,147	8,948,443	-	-	9,640,147	8,948,443
Utility and other taxes	3,830,133	3,734,991	-	-	3,830,133	3,734,991
Franchise taxes	2,743,555	2,743,815	-	-	2,743,555	2,743,815
Grants and contributions not restricted to specific programs	4,581,594	4,372,585	-	-	4,581,594	4,372,585
Interest income	485,820	239,107	232,309	118,494	718,129	357,601
Other	100,039	100,958	-	-	100,039	100,958
Total revenues	39,008,542	36,140,535	14,994,807	14,261,348	54,003,349	50,401,883
<b>Expenses:</b>						
General government	3,277,951	3,243,229	-	-	3,277,951	3,243,229
Public safety	17,278,440	16,303,184	-	-	17,278,440	16,303,184
Community development	3,127,596	2,339,440	-	-	3,127,596	2,339,440
Public works	8,225,783	5,261,889	-	-	8,225,783	5,261,889
Parks and recreation	4,880,094	4,802,940	-	-	4,880,094	4,802,940
Interest on debt	57,632	87,784	-	-	57,632	87,784
Water and sewer	-	-	10,830,623	10,291,080	10,830,623	10,291,080
Stormwater	-	-	898,841	975,223	898,841	975,223
Total expenses	36,847,496	32,038,466	11,729,464	11,266,303	48,576,960	43,304,769
Change in net position	2,161,046	4,102,069	3,265,343	2,995,045	5,426,389	7,097,114
Net position, beginning, as previously stated	78,644,173	74,542,104	43,704,548	40,709,503	122,348,721	115,251,607
Effect of adoption of GASB No. 75	342,969	-	(168,556)	-	174,413	-
Net position, beginning, as restated	78,987,142	74,542,104	43,535,992	40,709,503	122,523,134	115,251,607
Net position, ending	\$ 81,148,188	\$ 78,644,173	\$ 46,801,335	\$ 43,704,548	\$ 127,949,523	\$ 122,348,721

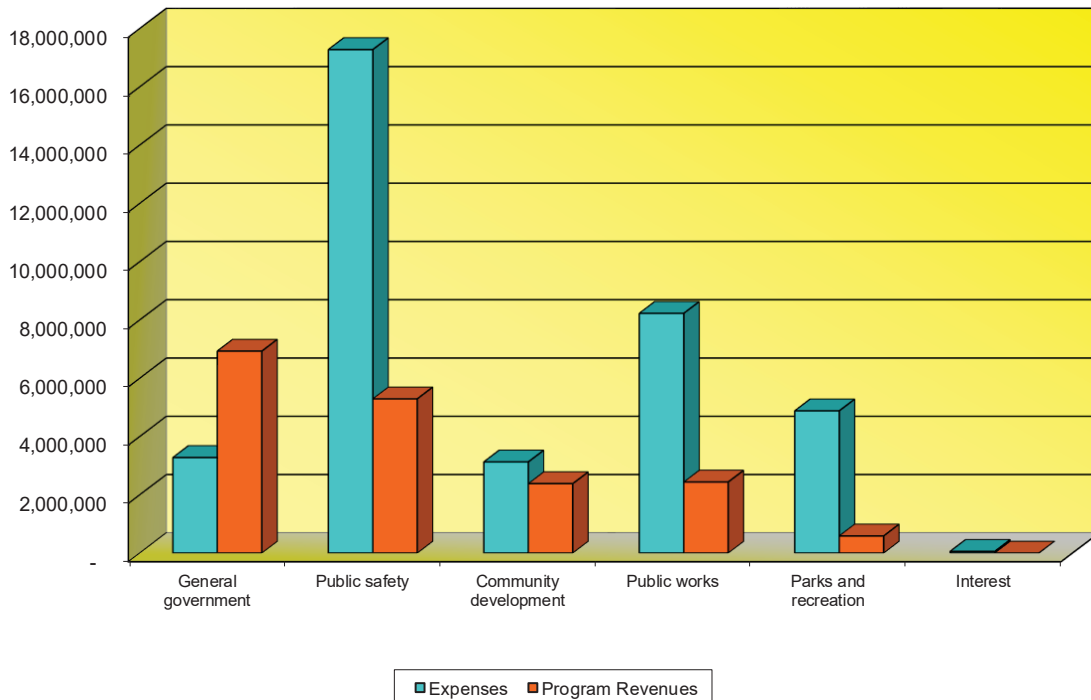
**Governmental Activities** – Governmental activities increased the City's net position by \$2,161,046 representing (40%) of the total increase in the City's net position. Program revenues of the City exceeded program costs as the City continues to experience operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.

## Government-wide Financial Analysis (Continued)

### Changes in Net Position - *Governmental Activities* (Continued)



**Expenses and Program Revenues  
Governmental Activities**

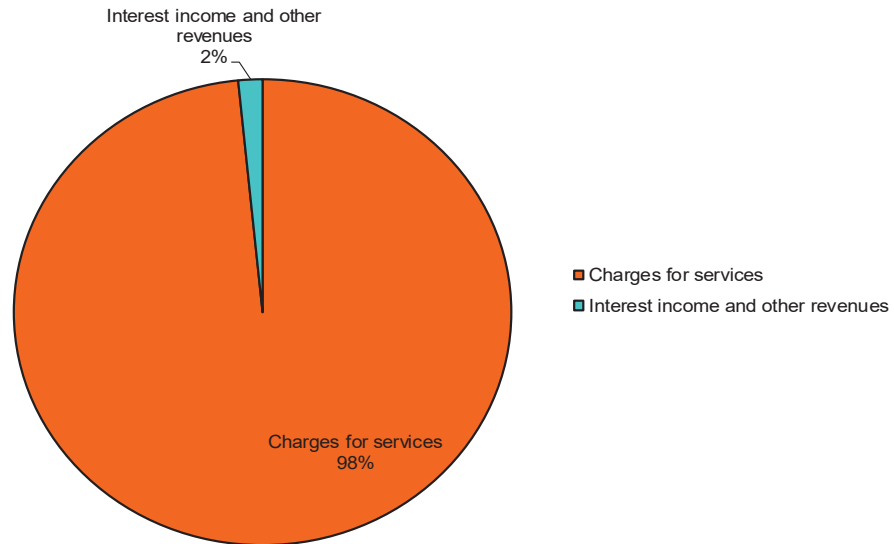


## Government-wide Financial Analysis (Continued)

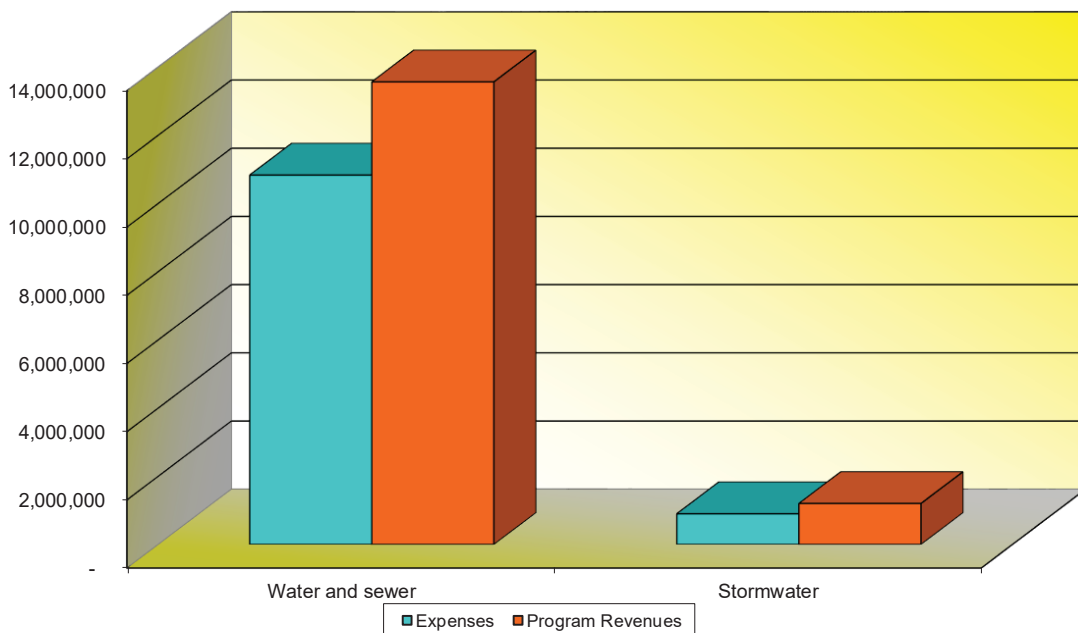
### Changes in Net Position (Continued)

**Business-type Activities** – Business-type activities increased the City's net position by \$3,265,343 representing 60% of the total increase in the City's net position. The increase resulted from a combination of continuing cost containment measures and an increase in utility service charges.

#### Revenues by Source Business-type Activities



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



## ***Financial Analysis of the Individual Major Funds***

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

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

At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$54,154,413, an increase of \$2,718,275 or approximately 5% from prior year. Of this amount, \$37,891,212 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particulate purposes.

The ***General Fund*** is the City's main operating fund. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$37,891,212 while the total fund balance reached \$46,929,882. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The fund balance of the City's General Fund increased by \$1,477,685 from the prior fiscal year resulting primarily from operating efficiencies and higher than anticipated revenues.

The fund balance of the City's ***Fire/Rescue Special Revenue Fund***, a major fund, increased by \$360,943 due to the transfer of resources from the general fund.

The fund balance of the ***North Lauderdale Water Control District Special Revenue Fund***, a major fund, decreased by (\$165,018) due to an increase in canal maintenance and repair costs resulting, in part, from hurricane damages.

The fund balance of the ***Debt Service Fund***, a major fund, decreased by (\$18,550) resulting primarily from the use of resources for debt service payments.

The fund balance of the ***Capital Projects Fund***, a major fund, increased by \$1,041,765 due to the transfer of resources from the general fund.

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

At the close of the most recent fiscal year, unrestricted net position for the Utilities Fund totaled \$32,468,009, an increase of \$3,282,659. Unrestricted net position for the Stormwater Fund totaled \$2,261,457, an increase of \$380,298. Other factors concerning the finances of both of these funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

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

- Higher than anticipated revenues, including intergovernmental revenues, building permit fees and code enforcement fines.
- Various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.

For the fiscal year 2018, \$81,104 of unexpended appropriations from the prior year was re-appropriated in the Capital Projects Fund for the purchase of vehicles and \$128,634 was re-appropriated for completion of the first phase of field court lights. In addition, the General Fund budget was amended to increase use of fund balance by \$1,000,000 due primarily to hurricane related costs. The General Fund budget was also amended to increase revenues and expenditures by \$375,000 for building inspection services and \$396,750 for grant related hurricane activity. The Debt Fund budget was amended to increase use of fund balance by \$4,125 for debt service related costs.

## Capital Assets and Debt Administration

### Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of September 30, 2018 and 2017 amounts to \$40,265,447 and \$41,610,301, respectively.

The following schedule summarizes the City's capital assets by category as of September 30, 2018 and 2017.

City of North Lauderdale, Florida						
Capital Assets						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,396,615	\$ 6,396,615	\$ 86,365	\$ 86,365	\$ 6,482,980	\$ 6,482,980
Residual interest in assets held by Broward County Sheriff's Office	489,626	489,626	-	-	489,626	489,626
Buildings	10,432,401	10,910,153	-	-	10,432,401	10,910,153
Improvements other than buildings	6,451,334	6,230,049	255,160	274,177	6,706,494	6,504,226
Machinery and equipment	1,829,038	2,025,443	8,582	11,061	1,837,620	2,036,504
Infrastructure	3,297,033	3,567,873	11,019,293	11,618,939	14,316,326	15,186,812
Total	\$ 28,896,047	\$ 29,619,759	\$ 11,369,400	\$ 11,990,542	\$ 40,265,447	\$ 41,610,301

The major capital asset activity that occurred during the 2018 fiscal year was comprised of vehicle and equipment additions of approximately \$357,340 and continued improvements to the park and recreational facilities and equipment of approximately \$798,915.

Additional information can be found in footnote 6 in the notes to the financial statements.

## Capital Assets and Debt Administration (Continued)

### Long-term Debt

At September 30, 2018, the City had \$1,023,708 in outstanding debt related to the 2003 Capital Improvement Revenue Refunding Bonds secured by specified revenue sources.

City of North Lauderdale, Florida						
Long-term Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
2003 Bonds	\$ 1,023,708	\$ 1,667,213	\$ -	\$ -	\$ 1,023,708	\$ 1,667,213
Total	\$ 1,023,708	\$ 1,667,213	\$ -	\$ -	\$ 1,023,708	\$ 1,667,213

The City's outstanding debt decrease from the prior year by (\$643,505) or approximately (39%). This decrease was due to the payment of scheduled debt service for the 2003 Bonds.

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

### Economic Factors and Next Year's Budget

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

In developing the fiscal year 2019 Budget and Capital Improvement Program, the following economic factors were considered:

- In the years since the economic downturn between 2009 and 2012 the City has seen slow but stable economic growth and has gradually returned to a reasonable level of financial stability. Despite the economic improvements, available resources are still strained relative to the cost of providing services. Construction costs for infrastructure projects, health care costs for employees and material and labor costs from vendors continue to grow.
- The City's operating millage rate for the 2019 tax year will remain at 7.400 mils.
- The City's Solid Waste special assessment rate for residential units will be \$222.00 per year.
- In fiscal year 2016 the City's Fire/Rescue Special Assessment program had a rate analysis conducted. The study's resulting rate table is being implemented over a five-year-period beginning in fiscal year 2017 and continuing through fiscal year 2021. The assessment for the fiscal year 2019 is the third year of the five-year plan.
- The City will continue to pay cash (rather than finance) vehicles and certain capital projects whenever feasible.



### **Economic Factors and Next Year's Budget (Continued)**

- A utility rate study was completed in fiscal year 2009 to ensure that the utility revenue keeps pace with the continually changing needs and costs of essential service. After performing a thorough analysis of the Utility Fund's operational and capital requirements, the engineers recommended a 5% annual increase (calendar year). For 2018, the City kept the cost of operating and maintaining the City's utility infrastructure level and maintained the current rate structure.

### **Requests for Information**

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

City of North Lauderdale, Florida

Statement of Net Position  
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash	\$ 5,449,718	\$ 4,582,553	\$ 10,032,271
Investments	55,272,434	31,466,722	86,739,156
Accounts receivable, net of allowances	2,596,158	957,234	3,553,392
Restricted assets:			
Cash and cash equivalents	-	1,003,785	1,003,785
Capital assets not being depreciated:			
Land	6,396,615	86,365	6,482,980
Residual interest in equipment	489,626	-	489,626
Capital assets, net of accumulated depreciation:			
Buildings	10,432,401	-	10,432,401
Improvements other than buildings	6,451,334	255,160	6,706,494
Machinery and equipment	1,829,038	8,582	1,837,620
Infrastructure	3,297,033	11,019,293	14,316,326
Total assets	<u>92,214,357</u>	<u>49,379,694</u>	<u>141,594,051</u>
<b>Deferred outflows of resources</b>			
Pension	3,463,400	-	3,463,400
Total deferred outflows of resources	<u>3,463,400</u>	<u>-</u>	<u>3,463,400</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities:</b>			
Accounts payable and other liabilities	1,955,026	1,310,033	3,265,059
Accrued interest	22,286	-	22,286
Unearned revenue	237,402	-	237,402
Deposits, payable from restricted assets	-	1,003,785	1,003,785
Noncurrent liabilities:			
Due within one year:			
Compensated absences	90,890	4,500	95,390
Bonds payable	674,430	-	674,430
Due in more than one year:			
Compensated absences	1,016,767	74,386	1,091,153
Total Other Post Employment Benefit (OPEB) liability	1,242,461	185,655	1,428,116
Net pension liability	7,985,179	-	7,985,179
Bonds payable	349,278	-	349,278
Total liabilities	<u>13,573,719</u>	<u>2,578,359</u>	<u>16,152,078</u>
<b>Deferred inflows of resources</b>			
Pension	955,850	-	955,850
Total deferred inflows of resources	<u>955,850</u>	<u>-</u>	<u>955,850</u>
<b>Net position:</b>			
Net investment in capital assets	27,872,339	11,369,400	39,241,739
Restricted for:			
Fire/Rescue	1,378,961	-	1,378,961
Water Control District	976,301	-	976,301
Law Enforcement	203,162	-	203,162
Grants	114,857	-	114,857
Unrestricted	50,602,568	35,431,935	86,034,503
Total net position	<u>\$ 81,148,188</u>	<u>\$ 46,801,335</u>	<u>\$ 127,949,523</u>

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Activities  
Fiscal Year Ended September 30, 2018

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 3,277,951	\$ 6,929,849	\$ -	\$ 3,651,898	\$ -	\$ 3,651,898
Public safety	17,278,440	5,141,606	149,163	(11,987,671)	-	(11,987,671)
Community development	3,127,596	1,829,095	552,709	(745,792)	-	(745,792)
Public works	8,225,783	622,529	1,815,107	(5,788,147)	-	(5,788,147)
Parks and recreation	4,880,094	587,196	-	(4,292,898)	-	(4,292,898)
Interest	57,632	-	-	(57,632)	-	(57,632)
Total government activities	36,847,496	15,110,275	2,516,979	(19,220,242)	-	(19,220,242)
Business-type activities:						
Water and sewer	10,830,623	13,562,922	-	-	2,732,299	2,732,299
Stormwater	898,841	1,196,784	2,792	-	300,735	300,735
Total business-type activities	11,729,464	14,759,706	2,792	-	3,033,034	3,033,034
Total primary government	\$ 48,576,960	\$ 29,869,981	\$ 2,519,771	\$ (19,220,242)	\$ 3,033,034	\$ (16,187,208)
General revenues:						
Property taxes				9,640,147	-	9,640,147
Utility and other taxes				3,830,133	-	3,830,133
Franchise taxes				2,743,555	-	2,743,555
Grants and contributions not restricted to specific programs				4,581,594	-	4,581,594
Interest income				485,820	232,309	718,129
Miscellaneous revenues				100,039	-	100,039
Total general revenues				21,381,288	232,309	21,613,597
Change in net position				2,161,046	3,265,343	5,426,389
Net position - beginning, previously stated				78,644,173	43,704,548	122,348,721
Effect of adoption of GASB No. 75 (Note 1)				342,969	(168,556)	174,413
Net position - beginning, as restated				78,987,142	43,535,992	122,523,134
Net position - ending				\$ 81,148,188	\$ 46,801,335	\$ 127,949,523

See Notes to Financial Statements

City of North Lauderdale, Florida

Balance Sheet  
Governmental Funds  
September 30, 2018

	Major Funds							Total Governmental Funds
	General Fund	Fire/Rescue Fund	North Lauderdale Water Control District Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Funds		
<b>Assets</b>								
Cash and equity in pooled cash	\$ 299,706	\$ 458,554	\$ 1,057,864	\$ 32,320	\$ 706,011	\$ 213,211	\$	2,767,666
Investments	46,491,311	348,457	75,686	-	3,829,180	-		50,744,634
Accounts receivable, net	1,831,796	645,457	-	-	-	118,905		2,596,158
Total assets	<u>\$ 48,622,813</u>	<u>\$ 1,452,468</u>	<u>\$ 1,133,550</u>	<u>\$ 32,320</u>	<u>\$ 4,535,191</u>	<u>\$ 332,116</u>	<u>\$</u>	<u>\$ 56,108,458</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable and other liabilities	\$ 1,469,626	\$ 73,507	\$ 157,249	\$ -	16,261	\$ -	\$	1,716,643
Unearned revenue	223,305	-	-	-	-	14,097		237,402
Total liabilities	<u>1,692,931</u>	<u>73,507</u>	<u>157,249</u>	<u>-</u>	<u>16,261</u>	<u>14,097</u>		<u>1,954,045</u>
<b>Fund balances:</b>								
Restricted for:								
Fire/Rescue	-	1,378,961	-	-	-	-		1,378,961
Water Control District	-	-	976,301	-	-	-		976,301
Law enforcement	-	-	-	-	-	203,162		203,162
Grants	-	-	-	-	-	114,857		114,857
Committed for:								
Debt service	-	-	-	32,320	-	-		32,320
Assigned to:								
Capital projects	750,000	-	-	-	4,518,930	-		5,268,930
Disaster assistance	3,500,000	-	-	-	-	-		3,500,000
Subsequent year's expenditures	4,788,670	-	-	-	-	-		4,788,670
Unassigned	37,891,212	-	-	-	-	-		37,891,212
Total fund balances	<u>46,929,882</u>	<u>1,378,961</u>	<u>976,301</u>	<u>32,320</u>	<u>4,518,930</u>	<u>318,019</u>		<u>54,154,413</u>
Total liabilities and fund balances	<u>\$ 48,622,813</u>	<u>\$ 1,452,468</u>	<u>\$ 1,133,550</u>	<u>\$ 32,320</u>	<u>\$ 4,535,191</u>	<u>\$ 332,116</u>	<u>\$</u>	<u>\$ 56,108,458</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
September 30, 2018**

Total fund balances - governmental funds		\$ 54,154,413
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation among the assets of the government as a whole.</p>		
Cost of capital assets	69,523,247	
Accumulated depreciation	<u>(40,627,200)</u>	28,896,047
<p>Deferred outflows of resources related to pensions are recorded in the statement of net position.</p>		
		3,463,400
<p>Deferred inflows of resources related to pensions are recorded in the statement of net position.</p>		
		(955,850)
<p>Liabilities not payable from current available resources are not reported as fund liabilities in governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.</p>		
Accrued interest	(22,287)	
Long-term liabilities	(1,023,708)	
Net pension liability	(7,985,179)	
Compensated absences	<u>(1,067,556)</u>	(10,098,730)
<p>Total Other Post Employment Benefit assets/obligations resulting from overfunding/underfunding are not reported in the funds as they are not payable from current available resources.</p>		
Total Other Post Employment Benefit obligation		(1,242,461)
<p>Internal service funds are used by management to charge the cost of vehicle maintenance, information technology, and insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.</p>		
		<u>6,931,369</u>
Net position of governmental activities		<u>\$ 81,148,188</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended September 30, 2018**

	Major Funds						
	North						Total Governmental Funds
	General Fund	Fire/Rescue Fund	Lauderdale Water Control District Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Funds	
Revenues:							
Taxes	\$ 13,470,211	\$ -	\$ -	\$ 69	\$ -	\$ -	\$ 13,470,280
Franchise taxes	2,743,555	-	-	-	-	-	2,743,555
Licenses and permits	1,720,838	-	-	-	-	-	1,720,838
Intergovernmental	6,517,974	16,874	-	-	-	552,709	7,087,557
Charges for services	4,209,303	750,049	-	-	-	-	4,959,352
Special assessments	1,423,714	4,391,557	622,529	-	-	-	6,437,800
Fines and forfeitures	868,590	-	-	-	-	21,284	889,874
Interest income	421,893	10,086	1,308	450	27,643	2,697	464,077
Other revenues	1,135,898	77,568	-	-	-	-	1,213,466
Total revenues	<u>32,511,976</u>	<u>5,246,134</u>	<u>623,837</u>	<u>519</u>	<u>27,643</u>	<u>576,690</u>	<u>38,986,799</u>
Expenditures:							
Current:							
General government	2,902,972	-	-	4,125	-	-	2,907,097
Public safety	9,988,009	6,421,268	-	-	-	3,379	16,412,656
Community development	2,584,550	-	-	-	-	542,972	3,127,522
Public works	6,452,442	-	851,055	-	-	-	7,303,497
Parks and recreation	4,541,384	-	-	-	-	-	4,541,384
Capital outlay	68,894	207,563	-	-	975,878	8,889	1,261,224
Debt service:							
Principal	-	-	-	643,503	-	-	643,503
Interest	-	-	-	71,641	-	-	71,641
Total expenditures	<u>26,538,251</u>	<u>6,628,831</u>	<u>851,055</u>	<u>719,269</u>	<u>975,878</u>	<u>555,240</u>	<u>36,268,524</u>
Excess (deficiency) of revenues over expenditures	<u>5,973,725</u>	<u>(1,382,697)</u>	<u>(227,218)</u>	<u>(718,750)</u>	<u>(948,235)</u>	<u>21,450</u>	<u>2,718,275</u>
Other financing sources (uses):							
Transfers in	-	1,743,640	62,200	700,200	1,990,000	-	4,496,040
Transfers out	(4,496,040)	-	-	-	-	-	(4,496,040)
Total other financing sources (uses)	<u>(4,496,040)</u>	<u>1,743,640</u>	<u>62,200</u>	<u>700,200</u>	<u>1,990,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,477,685	360,943	(165,018)	(18,550)	1,041,765	21,450	2,718,275
Fund balances, beginning	<u>45,452,197</u>	<u>1,018,018</u>	<u>1,141,319</u>	<u>50,870</u>	<u>3,477,165</u>	<u>296,569</u>	<u>51,436,138</u>
Fund balances, ending	<u>\$ 46,929,882</u>	<u>\$ 1,378,961</u>	<u>\$ 976,301</u>	<u>\$ 32,320</u>	<u>\$ 4,518,930</u>	<u>\$ 318,019</u>	<u>\$ 54,154,413</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Fiscal Year Ended September 30, 2018**

Net change in fund balances - total governmental funds		\$ 2,718,275
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of certain of those assets is eliminated and capitalized as capital assets.</p>		1,261,224
<p>Repayment of long-term liabilities are reported as expenditures in the governmental funds, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.</p>		643,503
<p>Internal Service Funds are used by management to charge the costs of Vehicle Maintenance, Information Technology, and Insurance to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities.</p>		299,460
<p>Any net increase or decrease in Internal Service Fund position associated with non-operating items should not be eliminated in the process of consolidation. These amounts would be added to the statement of activities.</p>		21,743
<p>Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds. The details of the differences are as follows:</p>		
Change in accrued interest		14,009
Change in compensated absences		(42,469)
Other Post Employment Benefit expense		(114,430)
Pension expense		(467,667)
Retirement of capital assets		(117,994)
Depreciation of capital assets		(2,054,608)
Change in net position of governmental activities		\$ 2,161,046

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual  
General Fund  
Fiscal Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 9,559,800	\$ 9,559,800	\$ 9,640,078	\$ 80,278
Utility and other taxes	3,665,900	3,665,900	3,830,133	164,233
Franchise taxes	2,613,600	2,613,600	2,743,555	129,955
Licenses and permits	1,001,200	1,376,200	1,720,838	344,638
Intergovernmental	5,562,900	5,959,650	6,517,974	558,324
Charges for services	4,193,920	4,193,920	4,209,303	15,383
Special assessments	1,363,490	1,363,490	1,423,714	60,224
Fines and forfeitures	656,000	656,000	868,590	212,590
Interest income	235,000	235,000	421,893	186,893
Other revenues	1,066,400	1,066,400	1,135,898	69,498
<b>Total revenues</b>	<b>29,918,210</b>	<b>30,689,960</b>	<b>32,511,976</b>	<b>1,822,016</b>
<b>Expenditures:</b>				
<b>Departmental:</b>				
City Commission	460,180	460,180	386,693	73,487
City Manager	444,480	444,480	440,403	4,077
City Attorney	284,300	284,300	237,133	47,167
City Clerk	299,060	299,060	268,256	30,804
Human Resources	412,590	412,590	312,764	99,826
Finance	861,130	911,130	759,312	151,818
Public Works	5,496,100	6,842,850	6,452,442	390,408
Parks and Recreation	4,705,730	4,705,730	4,610,278	95,452
Community Development	2,367,490	2,742,490	2,584,550	157,940
Police - Contractual	10,113,570	10,113,570	9,988,009	125,561
<b>Total departmental</b>	<b>25,444,630</b>	<b>27,216,380</b>	<b>26,039,840</b>	<b>1,176,540</b>
<b>Nondepartmental:</b>				
General fund nondepartmental	517,600	517,600	498,411	19,189
Contingency	292,570	292,570	-	292,570
<b>Total nondepartmental</b>	<b>810,170</b>	<b>810,170</b>	<b>498,411</b>	<b>311,759</b>
<b>Total expenditures</b>	<b>26,254,800</b>	<b>28,026,550</b>	<b>26,538,251</b>	<b>1,488,299</b>
<b>Excess of revenues over expenditures</b>	<b>3,663,410</b>	<b>2,663,410</b>	<b>5,973,725</b>	<b>3,310,315</b>
<b>Other financing sources (uses):</b>				
Use of fund balance	832,630	1,832,630	-	(1,832,630)
Transfers out	(4,496,040)	(4,496,040)	(4,496,040)	-
<b>Total other financing sources (uses)</b>	<b>(3,663,410)</b>	<b>(2,663,410)</b>	<b>(4,496,040)</b>	<b>(1,832,630)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,477,685</b>	<b>\$ 1,477,685</b>
Fund balance, beginning			45,452,197	
Fund balance, ending			<u>\$ 46,929,882</u>	

See Notes to Financial Statements



**City of North Lauderdale, Florida**

**Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
Special Revenue Funds – Fire/Rescue Fund  
Fiscal Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 17,200	\$ 17,200	\$ 16,874	\$ (326)
Charges for services	639,200	639,200	750,049	110,849
Special assessments	4,295,300	4,295,300	4,391,557	96,257
Interest income	2,900	2,900	10,086	7,186
Other revenues	100	100	77,568	77,468
Total revenues	<u>4,954,700</u>	<u>4,954,700</u>	<u>5,246,134</u>	<u>291,434</u>
<b>Expenditures:</b>				
Public safety:				
Operating division	5,474,160	5,474,160	5,550,032	(75,872)
Administrative	914,180	914,180	871,236	42,944
Capital outlay	310,000	310,000	207,563	102,437
Total expenditures	<u>6,698,340</u>	<u>6,698,340</u>	<u>6,628,831</u>	<u>69,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,743,640)</u>	<u>(1,743,640)</u>	<u>(1,382,697)</u>	<u>360,943</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,743,640	1,743,640	1,743,640	-
Total other financing sources (uses)	<u>1,743,640</u>	<u>1,743,640</u>	<u>1,743,640</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>360,943</u>	<u>\$ 360,943</u>
Fund balance, beginning			<u>1,018,018</u>	
Fund balance, ending			<u>\$ 1,378,961</u>	

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
Special Revenue Funds - North Lauderdale Water Control District Fund  
Fiscal Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 616,900	\$ 616,900	\$ 622,529	\$ 5,629
Interest income	300	300	1,308	1,008
Total revenues	<u>617,200</u>	<u>617,200</u>	<u>623,837</u>	<u>6,637</u>
Expenditures:				
Physical environment:				
Contractual services	694,220	851,470	851,055	415
Total expenditures	<u>694,220</u>	<u>851,470</u>	<u>851,055</u>	<u>415</u>
Excess (deficiency) of revenues over (under) expenditures	(77,020)	(234,270)	(227,218)	7,052
Other financing sources (uses):				
Transfers in	62,200	62,200	62,200	-
Use of fund balance	14,820	172,070	-	(172,070)
Total other financing sources (uses)	<u>77,020</u>	<u>234,270</u>	<u>62,200</u>	<u>(172,070)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(165,018)	<u>\$ (165,018)</u>
Fund balance, beginning			<u>1,141,319</u>	
Fund balance, ending			<u>\$ 976,301</u>	

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Net Position  
Proprietary Funds  
September 30, 2018

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total	
<b>Assets</b>				
Current Assets				
Cash and equity in pooled cash	\$ 2,931,331	\$ 948,753	\$ 3,880,084	\$ 3,384,532
Investments	30,214,538	1,252,184	31,466,722	4,527,800
Restricted cash and cash equivalents				
Customer deposits	1,003,785	-	1,003,785	-
Accounts receivable, net of allowances for uncollectible accounts	856,785	100,449	957,234	-
Total current assets	<u>35,006,439</u>	<u>2,301,386</u>	<u>37,307,825</u>	<u>7,912,332</u>
Capital Assets				
Land	86,365	-	86,365	-
Buildings	296,910	-	296,910	-
Improvements	694,899	-	694,899	53,767
Machinery, equipment, furnishings and other	486,734	31,497	518,231	1,515,802
Infrastructure	24,895,184	2,986,744	27,881,928	-
Total capital assets	<u>26,460,092</u>	<u>3,018,241</u>	<u>29,478,333</u>	<u>1,569,569</u>
Less accumulated depreciation	<u>(15,524,791)</u>	<u>(2,584,142)</u>	<u>(18,108,933)</u>	<u>(928,411)</u>
Net capital assets	<u>10,935,301</u>	<u>434,099</u>	<u>11,369,400</u>	<u>641,158</u>
Total assets	<u>45,941,740</u>	<u>2,735,485</u>	<u>48,677,225</u>	<u>8,553,490</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts payable and other liabilities	1,303,740	6,293	1,310,033	238,383
Accrued compensated absences	1,500	3,000	4,500	-
Deposits, payable from restricted assets	1,003,785	-	1,003,785	-
Total current liabilities	<u>2,309,025</u>	<u>9,293</u>	<u>2,318,318</u>	<u>238,383</u>
Long-Term Liabilities				
Total Other Post Employment Benefit liability	185,655	-	185,655	-
Accrued compensated absences	43,750	30,636	74,386	40,101
Total long-term liabilities	<u>229,405</u>	<u>30,636</u>	<u>260,041</u>	<u>40,101</u>
Total Liabilities	<u>2,538,430</u>	<u>39,929</u>	<u>2,578,359</u>	<u>278,484</u>
<b>Net Position</b>				
Investment in capital assets	10,935,301	434,099	11,369,400	641,158
Unrestricted	32,468,009	2,261,457	34,729,466	7,633,848
Total net position	<u>\$ 43,403,310</u>	<u>\$ 2,695,556</u>	<u>\$ 46,098,866</u>	<u>\$ 8,275,006</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of the Statement of Net Position - Proprietary Funds  
to the Statement of Net Position  
September 30, 2018**

Total net position - Proprietary Fund Financial Statements \$ 46,098,866

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

702,469

Net position of business-type activities \$ 46,801,335

City of North Lauderdale, Florida

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Fiscal Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total	
Operating revenues:				
Charges for services:				
Water sales	\$ 6,285,434	\$ -	\$ 6,285,434	\$ -
Sewer sales	7,134,716	-	7,134,716	-
Other sales and services	142,772	1,196,784	1,339,556	1,928,328
Total operating revenues	<u>13,562,922</u>	<u>1,196,784</u>	<u>14,759,706</u>	<u>1,928,328</u>
Operating expenses:				
Personnel	937,615	576,498	1,514,113	268,674
Other operating expenses	8,219,140	263,008	8,482,148	1,251,955
General and administrative	1,167,033	-	1,167,033	-
Depreciation	557,837	63,305	621,142	53,266
Total operating expenses	<u>10,881,625</u>	<u>902,811</u>	<u>11,784,436</u>	<u>1,573,895</u>
Operating income / (loss)	<u>2,681,297</u>	<u>293,973</u>	<u>2,975,270</u>	<u>354,433</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	2,792	2,792	-
Interest income	212,081	20,228	232,309	21,743
Total nonoperating revenues (expenses)	<u>212,081</u>	<u>23,020</u>	<u>235,101</u>	<u>21,743</u>
Change in net position	2,893,378	316,993	3,210,371	376,176
Net position - beginning, previously stated	40,678,488	2,378,563	43,057,051	7,898,830
Effect of adoption of GASB No. 75 (Note 1)	(168,556)	-	(168,556)	-
Net position - beginning, as restated	<u>40,509,932</u>	<u>2,378,563</u>	<u>42,888,495</u>	<u>7,898,830</u>
Total net position, ending	<u>\$ 43,403,310</u>	<u>\$ 2,695,556</u>	<u>\$ 46,098,866</u>	<u>\$ 8,275,006</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds to the Statement of Activities  
Fiscal Year Ended September 30, 2018**

Change in net position - Proprietary Fund Financial Statements	\$ 3,210,371
Internal Service Funds are used by management to charge the costs of Vehicle Maintenance, Information Technology, and Insurance to individual funds. The portion of the net revenue attributable to business-type activities is reflected here.	54,972
Change in net position of business-type activities	<u>\$ 3,265,343</u>

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Cash Flows  
Proprietary Funds  
Fiscal Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 13,508,360	\$ 1,152,913	\$ 14,661,273	\$ 1,928,328
Payments to suppliers	(9,182,061)	(290,474)	(9,472,535)	(1,267,419)
Payments to employees	(920,516)	(588,300)	(1,508,816)	(255,880)
Net cash provided (used) by operating activities	3,405,783	274,139	3,679,922	405,029
Cash Flows From Capital and Related Financing Activities				
Intergovernmental	-	2,792	2,792	-
Purchase of capital assets	-	-	-	(240,932)
Net cash provided (used) by capital and related financing activities	-	2,792	2,792	(240,932)
Cash Flows From Investing Activities				
Purchase of investments	(18,662,859)	(448,821)	(19,111,680)	(3,556,111)
Sale of investments	6,504,123	441,479	6,945,602	547,105
Interest received	212,081	20,228	232,309	21,743
Net cash provided (used) by investing activities	(11,946,655)	12,886	(11,933,769)	(2,987,263)
Net increase (decrease) in cash and equity in pooled cash	(8,540,872)	289,817	(8,251,055)	(2,823,166)
Cash and equity in pooled cash, beginning	12,475,988	658,936	13,134,924	6,207,698
Cash and equity in pooled cash, ending	\$ 3,935,116	\$ 948,753	\$ 4,883,869	\$ 3,384,532
Reconciliation to the statement of net position:				
Cash and equity in pooled cash	\$ 2,931,331	\$ 948,753	\$ 3,880,084	\$ 3,384,532
Restricted assets, cash	1,003,785	-	1,003,785	-
Cash and equity in pooled cash, ending	\$ 3,935,116	\$ 948,753	\$ 4,883,869	\$ 3,384,532

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Cash Flows  
 Proprietary Funds  
 Fiscal Year Ended September 30, 2018  
 (Continued)

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Stormwater Fund	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities				
Operating income (loss)	\$ 2,681,297	\$ 293,973	\$ 2,975,270	\$ 354,433
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	557,837	63,305	621,142	53,266
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivable	(14,879)	(43,871)	(58,750)	-
(Decrease)/increase in accounts payable and other liabilities	204,112	(27,466)	176,646	(15,464)
(Decrease)/increase in compensated absences	-	(11,802)	(11,802)	12,794
(Decrease)/increase in Net Other Post Employment Benefit liability	17,099	-	17,099	-
(Decrease)/increase in payables from deposits	(39,683)	-	(39,683)	-
Total adjustments	724,486	(19,834)	704,652	50,596
Net cash provided (used) by operating activities	\$ 3,405,783	\$ 274,139	\$ 3,679,922	\$ 405,029

See Notes to Financial Statements





# CITY OF NORTH LAUDERDALE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

The Housing Authority of the City of North Lauderdale, Florida, Inc. (the "Authority") was formed in June 1993. The Authority's purpose is to address the shortage of safe or sanitary dwelling accommodations in the City available to persons of low income. The Housing Authority currently acts in an advisory capacity for the City of North Lauderdale to identify and oversee implementation of projects to improve the housing stock in North Lauderdale. The Authority is governed by a five-member board, one appointment from each of the Elected Officials. At least one (1) member shall be a North Lauderdale rental tenant, living in a public housing project or a person of low-income who is receiving a rental subsidy through the a program administered by the authority's public housing agency within North Lauderdale.

Although the Authority is a legally separate entity from the City, the fact that the governing board is the same as the City's defines the Authority as a blended component unit of the City of North Lauderdale. The Authority meets the financial accountability criteria under GASB Statements. For the fiscal year ended September 30, 2018, the Authority has no financial transactions, assets, liabilities, equity and there are no contracts, agreements, grants, loans or other obligations.

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all activities of the primary government and its component units, excluding fiduciary funds. The effect of interfund activity, with the exception of those that are immaterial, has been eliminated from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

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

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

The following major governmental funds are used by the City:

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

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

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

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

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

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

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

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

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

The following major proprietary fund is used by the City:

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

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

Additionally, the government reports the following fund type:

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

**C. Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when an enforceable lien exists and when levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

D. New Accounting Standards Adopted

During fiscal year 2018, the City adopted four new accounting standards as follows:

*GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The implementation of GASB 75 had the following effect on beginning net position in fiscal year 2018:

	<b>Utilities Fund</b>	
Net position, previously stated	\$ 43,588,965	
Adjustment for total OPEB liability	(168,556)	
Net position, restated	\$ 43,420,409	
	<b>Business-Type    Governmental Activities            Activities</b>	
Net position, previously stated	\$ 43,704,548	\$ 78,644,173
Adjustment for total OPEB liability	(168,556)	342,969
Net position, restated	\$ 43,535,992	\$ 78,987,142

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

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

D. New Accounting Standards Adopted (Continued)

*GASB Statement No. 81 - Irrevocable Split-Interest Agreements*

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

*GASB Statement No. 85 - Omnibus 2017*

The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

*GASB Statement No. 86 - Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

E. Capital Assets

Government-Wide and Proprietary Funds:

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

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

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

	<b>Years</b>
Buildings	50
Improvements other than buildings	20 - 40
Equipment	4 - 10
Drainage improvements/canals	50 - 75
Streets/roads/curbs	25 - 50
Water/sewer lines/mains/plant	50
System infrastructure	20 - 50

Governmental funds:

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

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

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

**F. Cash, Equity in Pooled Cash and Investments**

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

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

- a) Intergovernmental Investment Pools as provided in Florida Statute 163.01.
- b) Prime Institutional Money Market Funds (Variable Share Price) rated AAAm or AAaf by Standards & Poor's.
- c) Money Market Funds (Fixed Share Price) rated AAAm by Standards & Poor's.
- d) Mutual Funds & Private Placement Funds rated above AA-f by Standard & Poor's.
- e) Qualified Public Depositories as defined in Florida Statute 280.02.
- f) FDIC Swapped Deposits - Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Florida Statute. 218.415(23).
- g) Direct obligations of the United States Treasury, federal agencies and other instrumentalities of the United States.
- h) Debt Instruments Issued by the States, their Subdivisions, the Territories, their subdivisions, of the United States with a minimum long-term credit rating of A- by Standard & Poor's.
- i) Foreign Sovereign, Super Nationals and Debt of the State of Israel with a minimum long-term credit rating of A- by Standard & Poor's.
- j) Corporate Debt, Securitized Bank Instruments, Asset-Backed & Mortgage-Backed Securities with a minimum long-term credit rating of A- by Standard & Poor's, or if the security purchased is a money market instrument than a minimum of an A2 credit rating by Standard & Poor's.
- k) Repurchase Agreements with 102% collateralization.

The City records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or fair value as required by generally accepted accounting principles. Additional information regarding the fair value measurement of investments and amortized cost is disclosed in Note 5.

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

**G. Inventories and Prepaid Amounts**

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

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

**H. Unearned Revenue**

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

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

*(Continued)*

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

I. Compensated Absences

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

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

J. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs are recognized as an expensed in the period incurred.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Fund Equity/Net Position

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

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

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



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

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

L. Fund Equity/Net Position (Continued)

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

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

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

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

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

M. Property Tax Revenue Recognition

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

The millage rate levied by the City for the fiscal year ended September 30, 2018 was 7.4000.

N. Defined Benefit Pension Plan

In the government-wide statement of net position, liabilities are recognized for the City's proportionate share of the net pension liability for the Fire/Rescue Department. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System defined benefit pension plan (FRS Pension Plan) and the Retiree Health Insurance Subsidy Program defined benefit pension plan (HIS Program), and additions to/deductions from the FRS Pension Plan's and the HIS Program's fiduciary net position have been determined on the same basis as they are reported by the FRS Pension Plan and the HIS Program plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

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

O. Use of Estimates

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

**Note 2. Budget Information**

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

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

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

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

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

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

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

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

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

**Note 3. Receivables**

Receivables for the fiscal year ended September 30, 2018 for the City's major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Fire/Rescue Fund</b>	<b>Other Nonmajor Funds</b>	<b>Total</b>
Accounts receivable	\$ 398,642	\$ 6,054,900	\$ -	\$ 6,453,542
Taxes	693,336	-	-	693,336
Intergovernmental	868,767	-	118,905	987,672
Gross receivables	1,960,745	6,054,900	118,905	8,134,550
Allowance	(128,949)	(5,409,443)	-	(5,538,392)
Net	<u>\$ 1,831,796</u>	<u>\$ 645,457</u>	<u>\$ 118,905</u>	<u>\$ 2,596,158</u>

Receivables for the fiscal year ended September 30, 2018 for the City's major and nonmajor business-type activities are as follows:

	<b>Major Fund Utilities Fund</b>	<b>Nonmajor Fund Stormwater Fund</b>	<b>Total</b>
Accounts receivable	\$ 1,291,251	\$ 100,449	\$ 1,391,700
Allowance	(434,466)	-	(434,466)
Net	<u>\$ 856,785</u>	<u>\$ 100,449</u>	<u>\$ 957,234</u>

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

**Note 4. Interfund Transactions**

Interfund transfers for the year ended September 30, 2018 are as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ -	\$ 4,496,040
Fire/Rescue Special Revenue Fund	1,743,640	-
Water Control District Fund	62,200	-
Debt Service Fund	700,200	-
Capital Projects Fund	1,990,000	-
	<u>\$ 4,496,040</u>	<u>\$ 4,496,040</u>

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

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

**Note 5. Deposits and Investments**

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

Investments: The City's investments were held as follows at September 30, 2018:

Investments measured at fair value	Fair value	Credit Risk	Maturities
Federal Farm Credit Bank	\$ 1,976,955	Moody's AAA	January 10, 2020
Federal Farm Credit Bank	2,212,661	Moody's AAA	May 10, 2021
Federal Farm Credit Bank	2,006,087	Moody's AAA	June 21, 2021
Federal Farm Credit Bank	1,998,192	Moody's AAA	January 22, 2019
Federal Farm Credit Bank	1,965,840	Moody's AAA	November 25, 2020
Federal Farm Credit Bank	2,503,625	Moody's AAA	January 19, 2021
Federal Home Loan Bank	983,775	Moody's AAA	July 30, 2020
Federal Home Loan Bank	1,483,556	Moody's AAA	September 13, 2019
Federal Home Loan Bank	496,595	Moody's AAA	September 21, 2020
Federal Home Loan Bank	2,008,463	Moody's AAA	December 14, 2018
Federal Home Loan Bank	2,962,973	Moody's AAA	March 13, 2020
Federal Home Loan Bank	987,239	Moody's AAA	June 12, 2020
Federal Home Loan Mortgage Corporation	1,992,248	Moody's AAA	February 28, 2019
Federal Home Loan Mortgage Corporation	1,977,717	Moody's AAA	December 26, 2019
Federal Home Loan Mortgage Corporation	1,483,293	Moody's AAA	February 26, 2021
Federal Home Loan Mortgage Corporation	1,977,180	Moody's AAA	July 19, 2019
Federal National Mortgage Association	1,980,263	Moody's AAA	July 26, 2019
Federal National Mortgage Association	1,967,860	Moody's AAA	October 30, 2020
Apple	1,988,151	Moody's AA1	May 6, 2020
Chevron Corp	2,492,560	Moody's AA2	November 17, 2020
Connecticut State Taxable Bond	2,735,068	Moody's AA3	August 1, 2019
Microsoft Corporation	2,008,449	Moody's AAA	November 3, 2018
Texas State A&M University Taxable Bonds	994,422	Moody's AAA	May 15, 2019
United States Treasury Notes	2,460,185	Moody's AAA	April 30, 2020
United States Treasury Notes	2,008,459	Moody's AAA	March 31, 2019
United States Treasury Notes	1,964,479	Moody's AAA	October 31, 2021
United States Treasury Notes	1,989,962	Moody's AAA	November 30, 2019
United States Treasury Notes	965,309	Moody's AAA	July 31, 2022
	<u>\$ 52,571,566</u>		
<u>Investments measured at amortized cost</u>			
Wells Fargo Advantage 100% Treasury Money Market Fund	\$ 540,093	S&P AAAm	Weighted average of the fund portfolio: 36 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	33,627,497	S&P AAAm	Weighted average of the fund portfolio: 33 days
	<u>\$ 34,167,590</u>		

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

*(Continued)*

**Note 5. Deposits and Investments (Continued)**

Investments (Continued):

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The City has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

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

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

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

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

*Fair Value Measurement* – When applicable, the City measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the City has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

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

**Note 5. Deposits and Investments (Continued)**

Investments (Continued):

*Fair Value Measurement (Continued)* – Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool’s participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, some of the City’s investments have been reported at amortized cost above.

The following table summarizes the Plan’s investments within the fair value hierarchy at September 30, 2018:

	Fair Value	Level 1	Level 2
Federal Farm Credit Bank	\$ 12,663,360	\$ -	\$ 12,663,360
Federal Home Loan Bank	8,922,601	-	8,922,601
Federal Home Loan Mortgage Corporation	7,430,438	-	7,430,438
Federal National Mortgage Association	3,948,123	-	3,948,123
Apple	1,988,151	-	1,988,151
Chevron Corp	2,492,560	-	2,492,560
Connecticut State Taxable Bond	2,735,068	-	2,735,068
Microsoft Corporation	2,008,449	-	2,008,449
Texas State A&M University Taxable Bonds	994,422	-	994,422
United States Treasury Notes	9,388,394	9,388,394	-
	<u>\$ 52,571,566</u>	<u>\$ 9,388,394</u>	<u>\$ 43,183,172</u>

The investments were valued using the following approaches:

- U.S. Treasuries were valued using prices quoted in active markets by a third party pricing service based on actual trades in the securities.
- U.S. Agencies were valued using prices quoted in active markets by a third party pricing service based on actual trades in very similar securities.
- Investment grade corporate bonds and municipal bonds were valued by a third party pricing service based on a combination of matrix pricing, actual observable trades in similar securities, and yield curve analysis.

*External Investment Pool* – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

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

**Note 5. Deposits and Investments (Continued)**

Investments (Continued):

*Fair Value Measurement (Continued)*

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

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% of their account value.

**Note 6. Capital Assets**

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

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,396,615	\$ -	\$ -	\$ 6,396,615
Residual interest in assets held by Broward County Sheriff's Office	489,626	-	-	489,626
Total capital assets, not being depreciated	6,886,241	-	-	6,886,241
Capital assets, being depreciated:				
Buildings	18,951,526	-	(5,400)	18,946,126
Improvements other than buildings	15,960,859	903,883	(312,162)	16,552,580
Machinery and equipment	8,271,358	598,273	(949,691)	7,919,940
Infrastructure	19,218,360	-	-	19,218,360
Total capital assets being depreciated	62,402,103	1,502,156	(1,267,253)	62,637,006
Less accumulated depreciation for:				
Buildings	(8,041,373)	(477,529)	5,177	(8,513,725)
Improvements other than buildings	(9,730,810)	(670,297)	299,861	(10,101,246)
Machinery and equipment	(6,245,915)	(689,208)	844,221	(6,090,902)
Infrastructure	(15,650,487)	(270,840)	-	(15,921,327)
Total accumulated depreciation	(39,668,585)	(2,107,874)	1,149,259	(40,627,200)
Total capital assets, being depreciated, net	22,733,518	(605,718)	(117,994)	22,009,806
Governmental activities capital assets, net	\$ 29,619,759	\$ (605,718)	\$ (117,994)	\$ 28,896,047

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

The North Lauderdale Water Control District maintains property, equipment and infrastructure with a cost of \$4,471,404 and accumulated depreciation of \$1,539,892 as of September 30, 2018. Net property, equipment and infrastructure in the amount of \$2,931,512 are included in capital assets being depreciated.

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

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

**Note 6. Capital Assets (Continued)**

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 86,365	\$ -	\$ -	\$ 86,365
Total capital assets, not being depreciation	86,365	-	-	86,365
Capital assets, being depreciated:				
Buildings	296,910	-	-	296,910
Improvements other than buildings	694,899	-	-	694,899
Machinery and equipment	518,231	-	-	518,231
Infrastructure	27,881,928	-	-	27,881,928
Total capital assets being depreciated	29,391,968	-	-	29,391,968
Less accumulated depreciation for:				
Buildings	(296,910)	-	-	(296,910)
Improvements other than buildings	(420,722)	(19,017)	-	(439,739)
Machinery and equipment	(507,170)	(2,479)	-	(509,649)
Infrastructure	(16,262,989)	(599,646)	-	(16,862,635)
Total accumulated depreciated	(17,487,791)	(621,142)	-	(18,108,933)
Total capital assets, being depreciated, net	11,904,177	(621,142)	-	11,283,035
Business-type activities capital assets, net	\$ 11,990,542	\$ (621,142)	\$ -	\$ 11,369,400

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

Governmental activities:	
General government	\$ 449,195
Public safety	336,996
Community development	-
Public works, including depreciation of general infrastructure assets	926,950
Culture and recreation	341,467
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	53,266
Total depreciation expense, governmental activities	<u>\$ 2,107,874</u>
Business-type activities:	
Utilities	\$ 557,837
Stormwater	63,305
Total depreciation expense, business-type activities	<u>\$ 621,142</u>



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

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

Restricted assets include cash and cash equivalents that are restricted for the payment of customer security deposits recorded in the Utilities Fund in the aggregate amount of \$1,003,785.

**Note 8. Long-Term Liabilities**

At September 30, 2018, long-term liabilities consisted of the following for governmental activities:

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

Pledged Revenues - Non-ad valorem revenues were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,072,716, payable through 2020. For the current year, principal and interest paid and non-ad valorem revenues were \$715,144 and \$12,704,907, respectively.

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

Year Ending September 30,	Principal	Interest	Total
2019	\$ 674,430	\$ 40,712	\$ 715,142
2020	349,278	8,296	357,574
	<u>\$ 1,023,708</u>	<u>\$ 49,008</u>	<u>\$ 1,072,716</u>

The City is in compliance with the requirements of the Bond Indenture as of September 30, 2018.

The City had the following changes in long-term liabilities for the year ended September 30, 2018 for governmental activities:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Bonds:					
2003 Capital Improvement Bonds,					
Series 2003A	\$ 1,667,211	\$ -	\$ (643,503)	\$ 1,023,708	\$ 674,430
Other Outstanding Debt:					
Compensated Absences	1,052,394	808,882	(753,619)	1,107,657	90,890
Total Long-Term Liabilities	<u>\$ 2,719,605</u>	<u>\$ 808,882</u>	<u>\$ (1,397,122)</u>	<u>\$ 2,131,365</u>	<u>\$ 765,320</u>

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

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

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

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

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Compensated Absences	\$ 90,688	\$ 78,709	\$ (90,511)	\$ 78,886	\$ 4,500
Total Long-Term Liabilities	\$ 90,688	\$ 78,709	\$ (90,511)	\$ 78,886	\$ 4,500

**Note 9. Defined Contribution Pension Plan**

All permanent full-time employees are covered by a defined contribution retirement plan. Vesting requirements, as well as contribution amounts, are determined by group classification within the plan. The plan was established, and the provisions of the plan, including contribution rates, may be amended by Resolution of the City Commission. Non-vested plan forfeitures, classified as investments with plan agent, are restricted by the plan and may only be used toward the City's payment of its future contributions. The plan is administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's policy is to fund the annual pension costs in the annual budget. The City has no fiduciary responsibility for the plan and therefore does not report the balances or activities in its financial statements. At September 30, 2018 there were 90 active plan members. The City's contributions to the plan were either 14% or 25% of each eligible employee's regular base pay depending on group classification. Participating eligible employees are required to contribute 5% of their base pay.

The City's total payroll in fiscal year 2018 was approximately \$5,691,010 (excluding firefighters not covered by this plan). The City's contributions were calculated using wages subject to retirement plan contributions (covered payroll) in the amount of approximately \$4,907,550. The City and eligible employees made their respective contributions during the fiscal year. The amount contributed by the City for the fiscal year ended September 30, 2018 was approximately \$707,720. Eligible employees contributed approximately \$259,240 during fiscal year ended September 30, 2018.

**Note 10. Deferred Compensation Plan**

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

**Note 11. Defined Benefit Pension Plan**

General Information – The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Provisions relating to the FRS are also contained in Chapter 112, Florida Statutes which established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

*(Continued)*

**Note 11. Defined Benefit Pension Plan (Continued)**

General Information (Continued) – On November 1, 2003, the City's full-time firefighters joined FRS. All of the City's full-time firefighters are eligible to enroll as members of the FRS. All rates, benefits and amendments are established by the State of Florida through its legislative body. 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 (DMS), Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**FRS Pension Plan**

Plan Description – The FRS Pension Plan (Plan) is a state-administered retirement system that is a multiple-employer cost sharing defined benefit plan. The FRS has various classes of memberships. The City's firefighters fall under the Special Risk Class. All certified firefighters/paramedics and certified firefighters/emergency medical technicians are covered by this class.

Employees enrolled in the Plan beginning July 1, 2001 through June 30, 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. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

- For members initially enrolled in the Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.
- For members initially enrolled in the Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment (COLA) each July and earn monthly interest equivalent to an annual rate of 1.3%. DROP participants with an effective DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

**Note 11. Defined Benefit Pension Plan (Continued)**

**FRS Pension Plan (Continued)**

Benefits Provided – Benefits 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 plan and/or 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:

<b>Class, Initial Enrollment, and Years of Service</b>	<b>% Value</b>
<b>Special Risk Class</b>	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00
Service on and after Oct. 1, 1974	3.00

The benefits received by retirees and beneficiaries are increased by a COLA each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan. The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3% per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3%. Each pension plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011 will not have a COLA after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018 fiscal year were as follows:

<b>Class</b>	<b>Percent of Gross Salary July 1, 2017 to June 30, 2018</b>		<b>Percent of Gross Salary July 1, 2018 to June 30, 2019</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Special Risk	3%	21.55%	3%	22.78%

An additional administrative/educational fee of 0.06 percent is also paid by the City, which has not been included in the contribution rates reported above. The City contributed 100% of its statutorily required contributions for the current and preceding three years. The City's contributions to the Plan totaled \$689,004 for the fiscal year ended September 30, 2018. This excludes the Retiree Health Insurance Subsidy Program defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported a liability of \$6,960,948 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. At June 30, 2018, the City's proportionate share was .0231%, which was a decrease of .0006% from its proportionate share measured as of June 30, 2017.

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

**Note 11. Defined Benefit Pension Plan (Continued)**

**FRS Pension Plan (Continued)**

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 \$437,675 related to the FRS Pension Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 589,697	\$ (21,403)
Change of assumptions	2,274,499	-
Net difference between projected and actual earnings on FRS Pension Plan investments	-	(537,818)
Changes in proportion and differences between City's FRS Pension Plan contributions and proportionate share of FRS Pension Plan contributions	248,455	(284,305)
City's FRS Pension Plan contributions subsequent to the measurement date	175,976	-
<b>Total</b>	<u>\$ 3,288,627</u>	<u>\$ (843,526)</u>

The deferred outflows of resources related to pensions, totaling \$175,976, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2019	\$ 797,924
2020	614,883
2021	135,890
2022	425,863
2023	260,901
Thereafter	33,664
<b>Total</b>	<u>\$ 2,269,125</u>

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

**Note 11. Defined Benefit Pension Plan (Continued)**

**FRS Pension Plan (Continued)**

Actuarial Assumptions – The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2018
Measurement date	June 30, 2018
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%
Municipal bond rate (1)	N/A

(1) The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The following changes in actuarial assumptions occurred in 2018: The long-term expected rate of return was decreased from 7.10% to 7%. In 2017, the long-term expected rate of return was decreased from 7.6% to 7.10%. In 2016, the long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.

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

The long-term expected rate of return on pension 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 annual rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.0%
Global equity	54.0%	7.6%	6.3%	17.0%
Real estate	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic investments	6.0%	6.0%	5.7%	8.6%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - mean			2.6%	1.9%

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

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

**Note 11. Defined Benefit Pension Plan (Continued)**

**FRS Pension Plan (Continued)**

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
City's proportionate share of net pension liability	\$ 12,704,023	\$ 6,960,948	\$ 2,190,986

FRS Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**Retiree Health Insurance Subsidy Program**

Plan Description – The Retiree Health Insurance Subsidy Program (HIS Program) 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 Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Program benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions – The HIS Program 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 contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program 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 Program totaled \$52,168 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported a net pension liability of \$1,024,231 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. At June 30, 2018, the City's proportionate share was .00968%, which was an increase of .0001% from its proportionate share measured as of June 30, 2017.

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

**Note 11. Defined Benefit Pension Plan (Continued)**

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

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 a pension expense of \$29,992 related to the HIS Program. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,681	\$ (1,740)
Change of assumptions	113,907	(108,290)
Net difference between projected and actual earnings on HIS Program pension plan investments	618	-
Changes in proportion and differences between City's HIS Program contributions and proportionate share of HIS Program contributions	31,299	(2,294)
City's HIS Program contributions subsequent to the measurement date	13,268	-
Total	<u>\$ 174,773</u>	<u>\$ (112,324)</u>

The deferred outflows of resources related to pensions, totaling \$13,268, resulting from City contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September</u>	<u>Amount</u>
2019	\$ 19,978
2020	19,926
2021	15,235
2022	7,030
2023	(8,568)
Thereafter	(4,420)
<b>Total</b>	<u><u>\$ 49,181</u></u>



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

**Note 11. Defined Benefit Pension Plan (Continued)**

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

Actuarial Assumptions – The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2018
Measurement date	June 30, 2018
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	3.87%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index (1)	3.87%

(1) In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The following changes in actuarial assumptions has occurred: the discount rate used at June 30, 2015 was 3.8%, at June 30, 2016 was 2.85%, at June 30, 2017 was 3.58%, and at June 30, 2018 was 3.87%. The discount rates used at the different dates differ due to changes in the applicable municipal bond rate.

The following change in actuarial assumptions occurred in 2018: The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%. In 2017, the municipal rate used to determine total pension liability was increased from 2.85% to 3.58%. In 2016, the rate was decreased from 3.80% to 2.85%.

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
City's proportionate share of net pension liability	\$ 1,166,539	\$ 1,024,231	\$ 905,609

HIS Program Pension Plan Fiduciary Net Position – Detailed information about the HIS Program's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

The aggregate pension expense for the Plan was \$467,667 in the current fiscal year.

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

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

**Plan Description**

The City provides a single employer defined benefit health care plan (OPEB plan). The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 65, to continue to obtain medical, dental, vision, and life insurance benefits upon retirement under the same fully-insured plan that covers active employees. No explicit subsidy is provided to retirees. The benefits of the plan conform to Florida Statutes, which are the legal authority of the plan. The plan has no assets accumulated in a GASB-compliant trust. The plan does not issue a separate financial report and required supplementary information. There are no minimum required employer contributions.

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to, but not yet receiving benefits	-
Active employees	<u>141</u>
	<u>153</u>

**Changes in Total OPEB Liability**

Sources of changes in the total OPEB liability were as follows:

	<b>Total OPEB Liability</b>
Beginning balance	\$ 1,296,587
Changes due to:	
Service cost	152,290
Expected interest growth	47,405
Benefit payments and refunds	<u>(68,166)</u>
Ending balance	<u>\$ 1,428,116</u>

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

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

**Actuarial Assumptions**

Significant actuarial assumptions used to calculate the total OPEB liability were as follows:

Measurement date	September 30, 2017
Actuarial valuation date	October 1, 2016
Actuarial assumptions:	
Investment rate of return	3.35% per year; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3% per year
Cost-of-living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 8.00% for the 2016/17 fiscal year graded down by 0.50% per year to 5.00% for the 2022/23 and later fiscal years.
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied health subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$225.00 for the retiree and \$275.00 for the retiree's spouse has been assumed at age 60 for the 2016/17 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Other subsidies:	No implied subsidy is assumed with respect to dental, vision, or life insurance benefits; dental and vision claims are not assumed to increase with age; life insurance premiums are assumed to be age-based.
Mortality basis	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table (firefighters), both with full generational improvements in mortality using Scale BB.
Retirement	Retirement is assumed to occur at age 60
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and Class 1 rates were used for all other employees).
Health coverage election	50% of eligible employees are assumed to elect medical coverage upon retirement or disability coverage is assumed to end at age 65.
Spouses and dependents	Husbands are assumed to be three years older than wives; of those electing coverage, 80% of males and 50% of females are assumed to elect coverage for themselves and their spouses; retirees are not assumed to have any dependent children.
COBRA:	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes:	No assumptions were changed since the prior measurement date.

**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 (2.35%) or 1-percentage-point higher (4.35%) than the current discount rate:

1%	Current	1%
Decrease	Discount Rate	Increase
(2.35%)	(3.35%)	(4.35%)
\$1,573,366	\$ 1,428,116	\$1,299,391

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

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

**Sensitivity of the Total OPEB Liability Using Alternative 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 (7% decreasing to 4%) or 1-percentage-point higher (9% increasing to 6%) than the current healthcare cost trend rates:

1% Decrease (7% decreasing to 4%)	Healthcare Cost Trend Rates (8% Graded Down to 5%)	1% Increase (9% increasing to 6%)
\$ 1,243,578	\$ 1,428,116	\$ 1,653,797

**OPEB Expense**

For the year ended September 30, 2018, the City recognized OPEB expense of \$131,529.

**Note 13. Commitments and Contingencies**

Interlocal agreement: The Utilities fund is a party to a large user agreement with Broward County (the "County") for wastewater disposal. The City is responsible for all construction, operation and maintenance of facilities up to the point of connection with the County system. Under the agreement, the City pays the County for wastewater transmission, treatment and disposal services on a monthly basis. The monthly charges include operation and maintenance, repair and replacement and debt service. The charges for operation and maintenance are based on actual flow and debt service charges are computed based on the ratio of reserved capacity of facility usage by the City to the total usage by all customers or users. The County imposes a penalty charge to customers exceeding their reserved treatment capacity for three consecutive months. During fiscal year 2003, the City purchased .4 MGD of additional sanitary sewer capacity from Broward County to avoid any such penalties. In addition, a surcharge, limited to a maximum of 10% on each monthly bill, is assessed in order to contribute to a repair and replacement fund maintained by the County. Expenditures totaled approximately \$2,716,838 related to the agreement for the fiscal year ended September 30, 2018.

Agreement to provide police services: The City has an agreement with BSO to provide police services to the City through September 2021. The agreement requires monthly payments with increases up to 5% and 9% per year, for certain categories of expenses, through the end of the agreement. Under the agreement, BSO has assumed the obligation for accrued compensated absences relating to police officers of the City as of the effective date of the agreement and will administer and make retirement plan contributions on behalf of such employees. See Note 6 for assets transferred to BSO under the agreement. Expenditures totaled approximately \$9,637,325 related to the agreement for the fiscal year ended September 30, 2018.

Agreement to provide utilities plant services: The City has an agreement with U.S. Water Services to provide operation and maintenance services for the City's Utilities plant and also to provide customer utility billing services. The agreement commenced January 1, 2014 for a term of five (5) years with an option for one (1) five (5) year renewal. The agreement provides for monthly payments with annual increases up to 5% per year and for the payment of certain categories of expenses. City expenditures totaled approximately \$1,543,696 related to the agreement for the fiscal year ended September 30, 2018.

Infrastructure projects: As of September 30, 2018, the City had ongoing infrastructure repair and maintenance projects, of which approximately \$559,031 had not been completed.

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

**Note 13. Commitments and Contingencies (Continued)**

Other agreement: The City has an agreement with the Metro Broward Professional Fire Fighters (MBPFF) that upon establishment of a Voluntary Employees Beneficiary Association (VEBA) Benefit Trust Fund for eligible Firefighters, the City will provide a one-time contribution of \$100,000. As of September 30, 2018 the Fund has not yet been established.

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

**Note 14. Risk Management**

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

The Insurance Fund provides coverage up to a \$25,000 maximum for each general liability and \$2,500 for each property damage claim for the policy year ended September 30, 2018. The City purchases commercial insurance for claims in excess of coverage above the individual claim aggregate (presently \$1 million) and for all other risk losses.

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

All funds, except certain special revenue, debt service and capital projects funds, of the City participate in the program and make payments to the Insurance Fund based on management's estimate of amounts needed to pay the full cost of commercial insurance premiums, current year claims and payments to a reserve for catastrophe losses. The total net position balance was \$4,477,561 at September 30, 2018. A liability for claims incurred but not reported is recognized when it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the Insurance Fund's claims liability are as follows:

<b>Fiscal Year Ended September 30,</b>	<b>Balance at Beginning of Fiscal Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Fiscal Year</b>
2016	\$ 207,682	\$ 13,099	\$ (5,387)	\$ 215,394
2017	215,394	2,905	(8,622)	209,677
2018	209,677	13,803	(8,086)	215,394

**Note 15. Operating Leases**

On May 18, 2010, the City entered into a 10 year lease agreement with Somerset Academy, Inc., for the purpose of operating a charter school. The lease agreement, which expires June 30, 2020, has three additional five year renewal options.

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

**Note 15. Operating Leases (Continued)**

Minimum future rental payments on this lease as of September 30, 2018 are as follows:

<b>Fiscal Year Ended September 30,</b>	<b>Annual Minimum Payments</b>
2019	\$ 845,835
2020	639,122

The agreement calls for minimum monthly rentals of \$33,333 with fixed increases in the first four years. Beginning in years 2014 through 2019 the annual rent shall be increased (but not decreased) by the percentage of change in the Consumer Price Index for all Urban Consumers for the Miami-Fort Lauderdale area for the 12 months ended May of each year. The increase is effective the following July 1<sup>st</sup>. The lessee has the option to purchase the property for the fair market value from the City at any time during the lease term and during any renewal periods thereafter, subject to consent from the City. For the fiscal year ended September 30, 2018, rental income received from the lease was approximately \$822,000.

The City had a lease with 2-1-1 Broward for local operations, which commenced on April 1, 2016. The lease was month-to-month and called for monthly rental payments of \$1,400. The agreement was terminated in June 2018.

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

*GASB Statement No. 83 - Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

*GASB Statement No. 84 - Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

*GASB Statement No. 87 - Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

**Note 16. Pronouncements Issued, But Not Yet Adopted (Continued)**

*GASB Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. If application for prior periods presented is not practicable, the reason for not applying this Statement to prior periods presented should be disclosed.

*GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

*GASB Statement No. 90 - Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Except as discussed in paragraph 11, in the period this Statement is first applied, changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. Also, the reason for not restating prior periods presented should be disclosed. In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect.

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

**City of North Lauderdale, Florida**

**Required Supplementary Information**

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

	<u>2018</u>
<b>Total OPEB Liability</b>	
Beginning balance	\$ 1,296,587
Service cost	152,290
Expected interest growth	47,405
Benefit payments and refunds	<u>(68,166)</u>
Ending balance	<u>\$ 1,428,116</u>
Covered payroll	\$ 7,089,467
Total OPEB liability as a percentage of covered payroll	20.14%

There are no assets in a trust compliant with GASB codification P22.101 or P52.101.



City of North Lauderdale, Florida

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability – Defined Benefit Pension Plan

Florida Retirement System Pension Plan

	2018	2017	2016	2015	2014
City's proportion of the FRS Pension Plan net pension liability	0.023110320%	0.023706399%	0.023071422%	0.020655326%	0.020794278%
City's proportionate share of the FRS Pension Plan net pension liability	\$ 6,960,948	\$ 7,012,194	\$ 5,825,552	\$ 2,667,912	\$ 1,268,757
City's covered payroll	3,160,692	3,066,064	2,825,316	2,246,501	2,012,145
City's proportionate share of the FRS Pension Plan net pension liability as a percentage of its covered payroll	220.23%	228.70%	206.19%	118.76%	63.05%
FRS Pension Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

FRS: The following changes in actuarial assumptions occurred in 2018: The long-term expected rate of return was decreased from 7.1% to 7%. In 2017, the long-term expected rate of return was decreased from 7.6% to 7.10%. In 2016, the long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.

Retiree Health Insurance Subsidy Program

	2018	2017	2016	2015	2014
City's proportion of the HIS Program net pension liability	0.009677062%	0.009619112%	0.009294624%	0.009336494%	0.009290828%
City's proportionate share of the HIS Program net pension liability	\$ 1,024,231	\$ 1,028,520	\$ 1,083,250	\$ 952,175	\$ 868,715
City's covered payroll	3,160,692	3,066,064	2,825,316	2,246,501	2,012,145
City's proportionate share of the HIS Program net pension liability as a percentage of its covered payroll	32.41%	33.55%	38.34%	42.38%	43.17%
HIS Program fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

Note: The amounts presented for each fiscal year were determined as of June 30. Information is only available for the years presented.

HIS: The following changes in actuarial assumptions occurred in 2018: The long-term expected rate of return was increased from 3.58% to 3.87%. In 2017, the long-term expected rate of return was increased from 2.85% to 3.58%. In 2016, the long-term expected rate of return was decreased from 3.8% to 2.85%.

**City of North Lauderdale, Florida**

**Required Supplementary Information**

**Schedule of Pension Contributions – Defined Benefit Pension Plan**

Florida Retirement System Pension Plan

	2018	2017	2016	2015	2014
Contractually required FRS Pension Plan contributions	\$ 689,004	\$ 644,805	\$ 601,955	\$ 539,114	\$ 455,483
FRS Pension Plan contributions in relation to the contractually required contributions	(689,004)	(644,805)	(601,955)	(539,114)	(455,483)
FRS Pension Plan contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,142,626	\$ 3,065,005	\$ 2,938,839	\$ 2,948,160	\$ 2,077,184
FRS Pension Plan contributions as a percentage of covered payroll	21.92%	21.04%	20.48%	18.29%	21.93%

Retiree Health Insurance Subsidy Program

	2018	2017	2016	2015	2014
Contractually required HIS Program contributions	\$ 52,168	\$ 50,879	\$ 48,785	\$ 40,250	\$ 31,827
HIS Program contributions in relation to the contractually required contributions	(52,168)	(50,879)	(48,785)	(40,250)	(31,827)
HIS Program contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,142,626	\$ 3,065,005	\$ 2,938,839	\$ 2,948,160	\$ 2,077,184
HIS Program contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.37%	1.53%

Note: The amounts presented for each fiscal year were determined as of September 30. Information is only available for the years presented.

A publicly available financial statement for the Plan can be obtained from the Florida Department of Management Services (DMS), Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website ([www.dms.myflorida.com](http://www.dms.myflorida.com)) which includes additional financial reporting requirements, including the annual money-weighted rate of return on pension plan investments.



**City of North Lauderdale, Florida**

**Supplementary Information**

**Nonmajor Governmental Funds**

**Special Revenue Funds**

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

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

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

City of North Lauderdale, Florida

Supplementary Information

Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2018

	<u>Special Revenue Funds</u>		Total
	Law Enforcement Fund	Grants Fund	Nonmajor Governmental Funds
<b>Assets</b>			
Cash and equity in pooled cash	\$ 203,162	\$ 10,049	\$ 213,211
Accounts receivable	-	118,905	118,905
Total assets	<u>\$ 203,162</u>	<u>\$ 128,954</u>	<u>\$ 332,116</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Unearned revenue	\$ -	\$ 14,097	\$ 14,097
Total liabilities	<u>-</u>	<u>14,097</u>	<u>14,097</u>
<b>Fund balances:</b>			
Restricted for:			
Law enforcement	203,162	-	203,162
Grants	-	114,857	114,857
Total fund balances	<u>203,162</u>	<u>114,857</u>	<u>318,019</u>
Total liabilities and fund balances	<u>\$ 203,162</u>	<u>\$ 128,954</u>	<u>\$ 332,116</u>

City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Fiscal Year Ended September 30, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Law Enforcement Fund	Grants Fund	
Revenues:			
Intergovernmental	\$ -	\$ 552,709	\$ 552,709
Fines and forfeitures	21,284	-	21,284
Interest income	2,697	-	2,697
Total revenues	<u>23,981</u>	<u>552,709</u>	<u>576,690</u>
Expenditures:			
Current:			
Public safety	3,379	-	3,379
Community development	-	542,972	542,972
Capital outlay	8,889	-	8,889
Total expenditures	<u>12,268</u>	<u>542,972</u>	<u>555,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,713</u>	<u>9,737</u>	<u>21,450</u>
Fund balances, beginning	<u>191,449</u>	<u>105,120</u>	<u>296,569</u>
Fund balances, ending	<u>\$ 203,162</u>	<u>\$ 114,857</u>	<u>\$ 318,019</u>



**City of North Lauderdale, Florida**

**Supplementary Information**

**Internal Service Funds**

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

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

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

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



**City of North Lauderdale, Florida**

**Supplementary Information**

**Combining Statement of Net Position  
Internal Service Funds  
September 30, 2018**

	<b>Vehicle Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
<b>Assets</b>				
Current Assets				
Cash and equity in pooled cash	\$ 1,594,394	\$ 1,624,983	\$ 165,155	\$ 3,384,532
Investments	-	-	4,527,800	4,527,800
Total current assets	<u>1,594,394</u>	<u>1,624,983</u>	<u>4,692,955</u>	<u>7,912,332</u>
Capital Assets				
Improvements other than buildings	-	53,767	-	53,767
Machinery, equipment, furnishings and other	-	1,515,802	-	1,515,802
Less accumulated depreciation	-	(928,411)	-	(928,411)
Net capital assets	-	641,158	-	641,158
Total assets	<u>\$ 1,594,394</u>	<u>\$ 2,266,141</u>	<u>\$ 4,692,955</u>	<u>\$ 8,553,490</u>
<b>Liabilities and Net Position</b>				
Current Liabilities				
Accounts payable and other liabilities	\$ 5,467	\$ 17,522	\$ 215,394	\$ 238,383
Total current liabilities	<u>5,467</u>	<u>17,522</u>	<u>215,394</u>	<u>238,383</u>
Long-Term Liabilities				
Accrued compensated absences	-	40,101	-	40,101
Total long-term liabilities	-	40,101	-	40,101
Total liabilities	<u>5,467</u>	<u>57,623</u>	<u>215,394</u>	<u>278,484</u>
Net Position				
Investment in capital assets	-	641,158	-	641,158
Unrestricted	1,588,927	1,567,360	4,477,561	7,633,848
Total net position	<u>\$ 1,588,927</u>	<u>\$ 2,208,518</u>	<u>\$ 4,477,561</u>	<u>\$ 8,275,006</u>

**City of North Lauderdale, Florida**

**Supplementary Information**

**Combining Statement of Revenues, Expenses  
and Changes in Net Position**

**Internal Service Funds**

**Fiscal Year Ended September 30, 2018**

	<b>Vehicle Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
Operating revenues:				
Charges for services	\$ 207,699	\$ 1,014,729	\$ 705,900	\$ 1,928,328
Total operating revenues	207,699	1,014,729	705,900	1,928,328
Operating expenses:				
Personnel	-	268,674	-	268,674
Other operating expenses	185,820	423,836	642,299	1,251,955
Depreciation	-	53,266	-	53,266
Total operating expenses	185,820	745,776	642,299	1,573,895
Operating income	21,879	268,953	63,601	354,433
Nonoperating revenues (expenses):				
Interest income	5,994	3,746	12,003	21,743
Total nonoperating revenues (expenses)	5,994	3,746	12,003	21,743
Change in net position	27,873	272,699	75,604	376,176
Net position, beginning	1,561,054	1,935,819	4,401,957	7,898,830
Net position, ending	\$ 1,588,927	\$ 2,208,518	\$ 4,477,561	\$ 8,275,006

**City of North Lauderdale, Florida**

**Supplementary Information**

**Combining Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended September 30, 2018**

	<b>Vehicle Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 207,699	\$ 1,014,729	\$ 705,900	\$ 1,928,328
Payments to suppliers	(187,857)	(437,263)	(642,299)	(1,267,419)
Payments to employees	-	(255,880)	-	(255,880)
Net cash provided (used) by operating activities	19,842	321,586	63,601	405,029
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of capital assets	-	(240,932)	-	(240,932)
Net cash provided (used) by capital and related financing activities	-	(240,932)	-	(240,932)
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	-	-	(3,556,111)	(3,556,111)
Sale of investments	-	-	547,105	547,105
Interest received	5,994	3,746	12,003	21,743
Net cash provided (used) by investing activities	5,994	3,746	(2,997,003)	(2,987,263)
Net increase (decrease) in cash and equity in pooled cash	25,836	84,400	(2,933,402)	(2,823,166)
Cash and equity in pooled cash, beginning	1,568,558	1,540,583	3,098,557	6,207,698
Cash and equity in pooled cash, ending	\$ 1,594,394	\$ 1,624,983	\$ 165,155	\$ 3,384,532

City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended September 30, 2018  
(Continued)

	Vehicle Maintenance Fund	Information Technology Fund	Insurance Fund	Total
Reconciliation of Operating Income to Net				
Cash Provided (Used) By Operating Activities				
Operating income (loss)	\$ 21,879	\$ 268,953	\$ 63,601	\$ 354,433
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	53,266	-	53,266
Changes in assets and liabilities:				
(Decrease)/increase in accounts payable and other liabilities	(2,037)	(13,427)	-	(15,464)
(Decrease)/increase in compensated absences	-	12,794	-	12,794
Total adjustments	(2,037)	52,633	-	50,596
Net cash provided (used) by operating activities	\$ 19,842	\$ 321,586	\$ 63,601	\$ 405,029

**City of North Lauderdale, Florida**

**Supplementary Information**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
Debt Service Fund  
Fiscal Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 69	\$ 69
Interest income	-	-	450	450
Total revenues	-	-	519	519
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal	643,550	643,550	643,503	47
Interest	71,650	71,650	71,641	9
Bond costs	-	4,125	4,125	-
Total expenditures	715,200	719,325	719,269	56
Excess (deficiency) of expenditures over revenue	(715,200)	(719,325)	(718,750)	575
<b>Other financing sources:</b>				
Use of fund balance	15,000	19,125	-	(19,125)
Transfers in	700,200	700,200	700,200	-
Total other financing sources	715,200	719,325	700,200	(19,125)
Net change in fund balance	\$ -	\$ -	(18,550)	\$ (18,550)
Fund balance, beginning			50,870	
Fund balance, ending			\$ 32,320	

# STATISTICAL SECTION

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

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

Net position by components	70
Changes in net position	71-72
Governmental activities tax revenues by source	73
Fund balance of governmental funds	74
Changes in fund balance of governmental funds	75-76

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

Assessed value and estimated actual value of taxable property	77
Property tax rates – direct and overlapping governments	78
Principal property taxpayers	79
Property tax levies and collections	80

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

Ratio of outstanding debt by type	81
Ratio of general bonded debt outstanding	82
Direct and overlapping governmental activity debt	83
Legal debt margin information	84
Pledged-revenue coverage	85

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

Demographic and economic statistics	86
Principal employers	87

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

Full-time equivalent city government employees by function	88
Operating indicators by function	89

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

Capital assets by function	90
----------------------------	----



North Lauderdale, Florida

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

	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$26,280,134	\$24,823,293	\$24,717,314	\$ 29,336,243	\$ 29,370,533	\$ 28,437,257	\$ 29,479,670	\$ 28,289,783	\$ 27,952,548	\$ 27,872,339
Restricted		-	-	3,607,006	3,750,171	3,102,370	2,508,833	2,643,475	2,455,906	2,673,281
Unrestricted	33,684,932	39,866,992	42,704,543	37,162,673	38,855,033	40,993,868	39,955,045	43,608,846	48,235,719	50,602,568
Total governmental activities net position	\$59,965,066	\$64,690,285	\$67,421,857	\$ 70,105,922	\$ 71,975,737	\$ 72,533,495	\$ 71,943,548	\$ 74,542,104	\$ 78,644,173	\$ 81,148,188
<b>Business-type activities</b>										
Net investment in capital assets	\$11,287,874	\$11,512,769	\$13,717,225	\$ 14,083,183	\$ 14,305,201	\$ 13,238,794	\$ 12,779,308	\$ 12,632,221	\$ 11,990,542	\$ 11,369,400
Unrestricted	10,932,251	13,356,240	13,668,668	16,660,089	20,202,572	23,148,544	25,876,593	28,077,282	31,714,006	35,431,935
Total business-type activities net position	\$22,220,125	\$24,869,009	\$27,385,893	\$ 30,743,272	\$ 34,507,773	\$ 36,387,338	\$ 38,655,901	\$ 40,709,503	\$ 43,704,548	\$ 46,801,335
<b>Primary government</b>										
Net investment in capital assets	\$37,568,008	\$36,336,062	\$38,434,539	\$ 43,419,426	\$ 43,675,734	\$ 41,676,051	\$ 42,258,978	\$ 40,922,004	\$ 39,943,090	\$ 39,241,739
Restricted		-	-	3,607,006	3,750,171	3,102,370	2,508,833	2,643,475	2,455,906	2,673,281
Unrestricted	44,617,183	53,223,232	56,373,211	53,822,762	59,057,605	64,142,412	65,831,638	71,686,128	79,949,725	86,034,503
Total primary government net position	\$82,185,191	\$89,559,294	\$94,807,750	\$100,849,194	\$106,483,510	\$108,920,833	\$110,599,449	\$115,251,607	\$122,348,721	\$127,949,523

<sup>1</sup> The City's beginning net position was restated for the effect of adoption of GASB No. 68 and 71, the restatement decreased beginning net position by (\$4,718,803).

<sup>2</sup> The City's beginning net position was restated for the effect of adoption of GASB No. 75, the restatement increased beginning net position by \$174,413.



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

	Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,160,473	\$ 5,401,838	\$ 4,144,034	\$ 3,242,231	\$ 3,600,906	\$ 4,125,255	\$ 3,817,505	\$ 4,131,349	\$ 3,243,229	\$ 3,277,951
Public safety	13,287,524	13,749,268	13,974,052	13,442,631	14,084,825	14,694,392	14,709,447	15,933,483	16,303,184	17,278,440
Community development	1,812,065	1,549,526	1,766,528	1,918,200	2,163,929	2,393,815	2,267,229	2,710,887	2,339,440	3,127,596
Public works	3,255,454	3,548,315	3,656,620	3,932,227	5,341,344	5,142,223	4,912,282	5,443,427	5,261,889	8,225,783
Parks and recreation	3,459,330	3,607,099	3,762,106	3,955,195	4,017,915	4,227,353	4,279,431	4,620,787	4,802,940	4,880,094
Interest	519,276	454,370	416,784	623,976	195,189	170,199	144,006	116,555	87,784	57,632
Total governmental activities expenses	25,494,122	28,310,416	27,720,124	27,114,460	29,404,108	30,753,237	30,129,900	32,956,488	32,038,466	36,847,496
Business-type activities:										
Water and sewer	7,182,873	8,494,313	8,284,589	8,522,861	8,146,215	9,702,130	9,836,738	10,452,429	10,291,080	10,830,623
Stormwater	587,483	527,059	554,848	630,768	748,361	880,443	862,338	829,416	975,223	898,841
Total business-type activities expenses	7,770,356	9,021,372	8,839,437	9,153,629	8,894,576	10,582,573	10,699,076	11,281,845	11,266,303	11,729,464
Total primary government expenses	\$ 33,264,478	\$ 37,331,788	\$ 36,559,561	\$ 36,268,089	\$ 38,298,684	\$ 41,335,810	\$ 40,828,976	\$ 44,238,333	\$ 43,304,769	\$ 48,576,960
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 4,130,899	\$ 4,248,877	\$ 4,767,973	\$ 5,514,121	\$ 6,752,084	\$ 6,300,605	\$ 6,818,617	\$ 6,861,483	\$ 6,825,007	\$ 6,929,849
Public safety	5,224,752	5,377,865	5,428,986	4,616,682	4,233,652	3,895,699	3,897,660	4,857,471	4,591,936	5,141,606
Community development	522,416	531,372	782,019	854,039	912,723	869,502	1,169,361	1,256,543	1,668,909	1,829,095
Public works	-	-	-	-	585,468	619,799	1,480,707	674,820	626,954	622,529
Parks and recreation	386,722	403,475	484,522	420,433	439,309	510,667	596,460	581,489	618,530	587,196
Operating grants and contributions	1,089,239	2,968,839	1,569,651	686,303	2,588,430	1,872,935	2,015,663	2,137,553	1,669,300	2,516,979
Capital grants and contributions	-	-	-	116,124	62,421	-	103,261	-	-	-
Total governmental activities program revenues	11,354,028	13,530,428	13,033,151	12,207,702	15,574,087	14,069,207	16,081,729	16,369,359	16,000,636	17,627,254
Business-type activities:										
Charges for services:										
Water and sewer	9,308,074	10,728,291	10,622,041	11,664,425	11,333,236	11,655,427	12,121,274	12,474,499	13,096,724	13,562,922
Stormwater	734,878	479,211	687,717	730,767	723,343	732,435	730,508	715,438	1,046,130	1,196,784
Operating grants and contributions	-	-	-	-	-	-	-	-	-	2,792
Capital grants and contributions	-	-	-	-	600,388	-	-	-	-	-
Total business-type activities program revenues	10,042,952	11,207,502	11,309,758	12,395,192	12,656,967	12,387,862	12,851,782	13,189,937	14,142,854	14,762,498
Total primary government program revenues	\$ 21,396,980	\$ 24,737,930	\$ 24,342,909	\$ 24,602,894	\$ 28,231,054	\$ 26,457,069	\$ 28,933,511	\$ 29,559,296	\$ 30,143,490	\$ 32,389,752

City of North Lauderdale, Florida

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

Fiscal Year Ended September 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (14,140,094)	\$ (14,779,988)	\$ (14,686,973)	\$ (14,906,758)	\$ (13,830,021)	\$ (16,684,030)	\$ (14,048,171)	\$ (16,587,129)	\$ (16,037,830)	\$ (19,220,242)
Business-type activities	2,272,596	2,186,130	2,470,321	3,241,563	3,762,391	1,805,289	2,152,706	1,908,092	2,876,551	3,033,034
Total primary government net expense	\$ (11,867,498)	\$ (12,593,858)	\$ (12,216,652)	\$ (11,665,195)	\$ (10,067,630)	\$ (14,878,741)	\$ (11,895,465)	\$ (14,679,037)	\$ (13,161,279)	\$ (16,187,208)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 10,142,849	\$ 9,460,614	\$ 7,196,498	\$ 7,154,480	\$ 6,789,514	\$ 7,197,457	\$ 7,463,714	\$ 8,126,482	\$ 8,948,443	\$ 9,640,147
Utility and other taxes	3,409,503	3,576,677	3,538,827	3,546,402	2,421,234	2,616,319	3,716,436	3,707,452	3,734,991	3,830,133
Franchise fee tax	2,661,513	2,500,959	2,512,409	2,509,174	2,373,523	2,233,873	2,605,797	2,603,229	2,743,815	2,743,555
Unrestricted grants and contributions	3,998,584	3,978,758	4,058,165	4,174,950	4,067,481	4,941,693	4,048,772	4,216,995	4,372,585	4,581,594
Interest income	76,544	338,199	112,646	205,817	22,325	192,222	303,942	295,715	239,107	485,820
Miscellaneous	-	-	-	-	25,759	58,287	38,366	235,812	100,958	100,039
Transfers	-	(350,000)	-	-	-	1,937	-	-	-	-
Total governmental activities	20,288,993	19,505,207	17,418,545	17,590,823	15,699,836	17,241,788	18,177,027	19,185,685	20,139,899	21,381,288
Business-type activities:										
Interest income	18,327	112,753	46,563	115,816	2,110	74,276	115,857	145,510	118,494	232,309
Transfers	-	350,000	-	-	-	-	-	-	-	-
Total business-type activities	18,327	462,753	46,563	115,816	2,110	74,276	115,857	145,510	118,494	232,309
Total primary government	\$ 20,307,320	\$ 19,967,960	\$ 17,465,108	\$ 17,706,639	\$ 15,701,946	\$ 17,316,064	\$ 18,292,884	\$ 19,331,195	\$ 20,258,393	\$ 21,613,597
<b>Change in Net Position</b>										
Government activities	\$ 6,148,899	\$ 4,725,219	\$ 2,731,573	\$ 2,684,065	\$ 1,869,815	\$ 557,758	\$ 4,128,856	\$ 2,598,556	\$ 4,102,069	\$ 2,161,046
Business-type activities	2,290,923	2,648,883	2,516,883	3,357,379	3,764,501	1,879,565	2,268,563	2,053,602	2,995,045	3,265,343
Total primary government	\$ 8,439,823	\$ 7,374,102	\$ 5,248,456	\$ 6,041,444	\$ 5,634,316	\$ 2,437,323	\$ 6,397,419	\$ 4,652,158	\$ 7,097,114	\$ 5,426,389

**City of North Lauderdale, Florida**

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

<b>Fiscal Year Ended September 30</b>	<b>Tax Roll Year</b>	<b>Property Tax</b>	<b>Utility and Other Taxes</b>	<b>Franchise Fee Tax</b>	<b>Total</b>
2009	2008	\$ 10,142,849	\$ 3,409,503	\$ 2,661,513	\$ 16,213,865
2010	2009	9,460,614	3,576,677	2,500,959	15,538,250
2011	2010	7,196,498	3,538,827	2,512,409	13,247,734
2012	2011	7,154,480	3,546,402	2,509,174	13,210,056
2013	2012	6,789,514	2,421,234	2,373,523	11,584,271
2014	2013	7,197,457	2,616,319	2,233,873	12,047,649
2015	2014	7,463,714	3,716,436	2,605,797	13,785,947
2016	2015	8,126,482	3,707,452	2,603,229	14,437,163
2017	2016	8,948,443	3,734,991	2,743,815	15,427,249
2018	2017	9,640,147	3,830,133	2,743,555	16,213,835

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

	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,725,861	\$ 109,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	21,621,646	27,320,079	-	-	-	-	-	-	-	-
Nonspendable	-	-	115,544	-	-	-	-	-	-	-
Assigned	-	-	3,258,113	3,207,311	3,207,311	3,207,311	3,207,311	3,677,100	5,082,630	9,038,670
Unassigned	-	-	26,621,314	24,686,743	27,145,191	29,915,736	34,667,673	37,892,325	40,369,567	37,891,212
<b>Total governmental activities net assets</b>	<b>\$ 24,347,507</b>	<b>\$ 27,429,222</b>	<b>\$ 29,994,971</b>	<b>\$ 27,894,054</b>	<b>\$ 30,352,502</b>	<b>\$ 33,123,047</b>	<b>\$ 37,874,984</b>	<b>\$ 41,569,425</b>	<b>\$ 45,452,197</b>	<b>\$ 46,929,882</b>
All other governmental funds										
Reserved	<sup>1</sup> \$ 1,040,375	\$ 20,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	<sup>1</sup>									
Special revenue funds	1,635,201	2,553,534	-	-	-	-	-	-	-	-
Capital projects funds	4,553,840	6,058,441	-	-	-	-	-	-	-	-
Nonspendable	-	-	24,390	-	-	-	-	-	-	-
Restricted	-	-	3,607,006	3,750,171	3,750,171	3,102,370	2,508,833	2,643,675	2,455,906	2,673,281
Committed	-	-	162,866	88,186	88,186	88,851	89,477	89,515	50,870	32,320
Assigned	-	-	9,198,807	5,248,756	4,580,304	3,844,564	2,366,277	2,395,462	3,477,165	4,518,930
<b>Total all other governmental funds</b>	<b>\$ 7,229,416</b>	<b>\$ 8,632,815</b>	<b>\$ 9,223,198</b>	<b>\$ 9,018,628</b>	<b>\$ 8,418,661</b>	<b>\$ 7,035,785</b>	<b>\$ 4,964,587</b>	<b>\$ 5,128,652</b>	<b>\$ 5,983,941</b>	<b>\$ 7,224,531</b>

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

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

	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$13,957,109	\$13,202,427	\$10,950,784	\$10,894,402	\$10,365,810	\$10,883,518	\$11,180,150	\$11,833,934	\$12,683,434	\$13,470,280
Franchise taxes	2,661,513	2,500,959	2,512,409	2,509,174	2,373,523	2,448,927	2,605,797	2,603,229	2,743,815	2,743,555
Licenses and permits	465,683	391,810	453,634	572,767	750,529	759,257	1,035,250	1,137,756	1,558,156	1,720,838
Intergovernmental	5,113,556	6,991,670	5,688,117	4,926,460	5,586,535	5,764,168	5,787,874	6,360,644	6,102,081	7,087,557
Charges for services	3,814,539	4,067,775	4,216,491	4,359,006	4,612,666	3,827,377	4,246,963	5,028,494	4,847,116	4,959,352
Special assessments	4,869,795	4,912,893	5,186,833	4,447,773	5,330,699	5,922,203	5,647,817	6,162,793	6,003,188	6,437,800
Fines and forfeitures	718,207	762,239	732,502	1,009,700	737,346	660,794	1,320,583	1,049,231	777,024	889,874
Interest income	76,543	338,202	112,646	181,535	20,542	190,372	302,076	283,438	228,935	464,077
Other revenues	152,574	265,113	598,280	712,580	1,494,161	823,474	2,055,379	1,158,247	1,186,614	1,213,466
<b>Total revenues</b>	<b>31,829,519</b>	<b>33,433,088</b>	<b>30,451,696</b>	<b>29,613,397</b>	<b>31,271,811</b>	<b>31,280,090</b>	<b>34,181,889</b>	<b>35,617,766</b>	<b>36,130,363</b>	<b>38,986,799</b>
<b>Expenditures</b>										
General government	2,865,633	2,738,782	2,851,698	2,870,885	2,910,166	2,868,094	2,911,343	2,802,833	2,906,125	2,907,097
Public safety	13,122,415	13,558,293	13,577,320	13,886,431	13,946,203	14,658,311	14,820,887	15,437,503	15,634,072	16,412,656
Community development	1,860,045	1,592,982	1,724,272	1,930,200	2,157,239	2,368,781	2,244,279	2,711,150	2,362,485	3,127,522
Public works	2,504,109	2,756,299	2,730,254	3,287,397	4,471,555	3,897,288	3,945,954	4,520,053	4,520,250	7,303,497
Parks and recreation	3,385,773	3,530,280	3,555,359	3,850,456	3,858,987	3,976,262	4,083,792	4,483,137	4,536,221	4,541,384
Human Services	-	2,646,429	566,283	-	-	-	-	-	-	-
Capital outlay	1,359,186	117,971	1,265,239	1,278,429	1,354,037	1,410,478	2,779,752	1,089,441	718,005	1,261,224
Debt service:										
Principal	1,566,601	1,192,945	598,271	4,180,538	508,875	533,334	558,968	585,834	613,992	643,503
Interest	520,951	463,993	426,869	634,547	206,268	181,810	156,175	129,309	101,152	71,641
<b>Total expenditures</b>	<b>27,184,713</b>	<b>28,597,974</b>	<b>27,295,565</b>	<b>31,918,883</b>	<b>29,413,330</b>	<b>29,894,358</b>	<b>31,501,150</b>	<b>31,759,260</b>	<b>31,392,302</b>	<b>36,268,524</b>

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

	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess of revenues over / (under) expenditures	4,644,806	4,835,114	3,156,131	(2,305,486)	1,858,481	1,385,732	2,680,739	3,858,506	4,738,061	2,718,275
<b>Other financing sources (uses)</b>										
Transfers in	5,862,374	2,548,233	2,158,393	6,134,614	2,463,542	2,488,862	2,655,164	3,180,839	4,005,257	4,496,040
Transfers out	(5,862,374)	(2,898,233)	(2,158,393)	(6,134,614)	(2,463,542)	(2,486,925)	(2,655,164)	(3,180,839)	(4,005,257)	(4,496,040)
Total other financing sources (uses)	-	(350,000)	-	-	-	1,937	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 4,644,806</b>	<b>\$ 4,485,114</b>	<b>\$ 3,156,131</b>	<b>\$ (2,305,486)</b>	<b>\$ 1,858,481</b>	<b>\$ 1,387,669</b>	<b>\$ 2,680,739</b>	<b>\$ 3,858,506</b>	<b>\$ 4,738,061</b>	<b>\$ 2,718,275</b>
Debt service as a percentage of non-capital expenditures	8.08%	5.82%	3.94%	16.00%	2.55%	2.49%	2.46%	2.27%	2.33%	2.04%

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

**City of North Lauderdale, Florida**

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

Fiscal Year	Tax Roll Year	Real Property Value	Personal Property Value	Less:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
				Tax Exempt Real Property	Tax Exempt Real Property				
2009	2008	\$ 2,406,273,070	\$ 56,207,371	\$ 814,845,716	\$ 1,647,634,725	6.4323	\$ 2,836,596,436	58.085%	
2010	2009	1,888,697,840	54,433,046	557,660,249	1,385,470,637	7.1548	2,245,216,720	61.708%	
2011	2010	1,523,477,610	52,486,193	540,420,981	1,035,542,822	7.2347	1,826,653,999	56.691%	
2012	2011	1,401,570,920	57,928,630	505,508,668	953,990,882	7.7504	1,698,019,009	56.183%	
2013	2012	1,356,046,280	57,198,461	487,969,448	925,275,293	7.6078	1,644,958,884	56.249%	
2014	2013	1,399,967,990	61,898,558	478,036,649	983,829,899	7.6078	1,703,415,549	57.756%	
2015	2014	1,462,183,390	63,421,854	469,517,321	1,056,087,923	7.5000	1,776,884,496	59.435%	
2016	2015	1,539,363,010	64,151,122	472,672,718	1,130,841,414	7.5000	1,865,914,551	60.605%	
2017	2016	1,645,792,050	67,004,890	472,391,232	1,240,405,708	7.5000	1,992,045,311	62.268%	
2018	2017	1,765,076,040	68,529,127	480,655,801	1,352,949,366	7.4000	2,130,366,640	63.508%	

Source: Broward County Property Appraiser Form DR-403

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

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

City of North Lauderdale, Florida

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

Fiscal Year	Tax Roll Year	City of North Lauderdale				Overlapping Rates							Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total City Millage	Broward County Millage	Broward County Millage	School District Millage	Water Management District	North Broward Hospital District	Children's Services Board	Florida Inland Navigational District		
2009	2008	6.1875	0.2448	6.4323	5.3145	7.4170	0.6240	1.7059	0.3754	0.0345	0.0345	21.9036	
2010	2009	6.9185	0.2363	7.1548	5.3889	7.4310	0.6240	1.7059	0.4243	0.0345	0.0345	22.7634	
2011	2010	6.9185	0.3162	7.2347	5.5530	7.6310	0.6240	1.8750	0.4696	0.0345	0.0345	23.4218	
2012	2011	7.4066	0.3438	7.7504	5.5530	7.4180	0.4363	1.8750	0.4789	0.0345	0.0345	23.5461	
2013	2012	7.6078	0.0000	7.6078	5.5530	7.4560	0.4289	1.8564	0.4902	0.0345	0.0345	23.4268	
2014	2013	7.6078	0.0000	7.6078	5.7230	7.4800	0.4110	1.7554	0.4882	0.0345	0.0345	23.4999	
2015	2014	7.5000	0.0000	7.5000	5.7230	7.4380	0.3842	1.5939	0.4882	0.0345	0.0345	23.1618	
2016	2015	7.5000	0.0000	7.5000	5.7230	7.2740	0.3551	1.4425	0.4882	0.0320	0.0320	22.8148	
2017	2016	7.5000	0.0000	7.5000	5.6690	6.9063	0.3307	1.3462	0.4882	0.0320	0.0320	22.2724	
2018	2017	7.4000	0.0000	7.4000	5.6690	6.5394	0.3100	1.2483	0.4882	0.0320	0.0320	21.6869	



City of North Lauderdale, Florida

Principal Property Taxpayers  
Current and Nine Years Ago

Taxpayer	Type of Business	2018			2009		
		Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Parrots Landing LLC	Rental Apartments	\$ 43,300,000	1	3.20%			
GC North Lauderdale LLC	Rental Apartments	39,813,840	2	2.94%			
Florida Power & Light Company	Public Utility Company	27,858,209	3	2.06%			
PRCP-Lauderdale LLC	Rental Apartments	27,410,190	4	2.03%			
Hampton Lakes Associates	Rental Apartments	26,699,640	5	1.97%	21,146,976	6	1.28%
Hampton Place Joint Venture	Rental Apartments	22,056,420	6	1.63%	25,882,465	4	1.57%
Village Mobile Home Park LLC	Mobile Home Park	20,624,410	7	1.52%			
Wal-Mart Stores East LP	Commercial	18,237,100	8	1.35%	16,405,381	7	1.00%
One Park Plaza LLC	Rental Apartments	17,571,730	9	1.30%			
Sanctuary Cove Associates Ltd	Rental Apartments	17,300,450	10	1.28%	12,772,982	9	0.78%
The Answer Group Inc.	Call Service Center				26,418,647	3	1.60%
Parrots Landing Florida Phase II	Rental Apartments				12,298,155	10	0.75%
Lakeview Cove, LLC	Rental Apartments				24,459,121	5	1.48%
CC Cypress Associates	Rental Apartments				27,628,110	1	1.68%
Hampton Lakes II Associates	Rental Apartments				12,841,034	8	0.78%
Parrots Landing Florida Phase I LLC	Rental Apartments				26,726,652	2	1.62%
<b>Totals</b>		<b>\$260,871,989</b>		<b>19.28%</b>	<b>\$206,579,523</b>		<b>12.54%</b>

<sup>1</sup> These taxes are from the 2017 tax roll.  
Source: Broward County Revenue Collector.

**City of North Lauderdale, Florida**

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

<b>Fiscal Year Ended September 30</b>	<b>Tax Roll Year</b>	<b>Total Tax Levy for Fiscal Year<sup>1,2</sup></b>	<b>Collected within the Fiscal Year of the Levy Amount</b>	<b>% of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Total Collections to Date Amount</b>	<b>% of Levy</b>
2009	2008	\$ 10,257,764	\$ 9,873,437	96.25%	\$ 38,953	\$ 9,912,390	96.63%
2010	2009	9,922,797	9,421,661	94.95%	117,049	9,538,710	96.13%
2011	2010	7,538,417	7,079,449	93.91%	52,347	7,131,796	94.61%
2012	2011	7,412,732	7,102,133	95.81%	23,347	7,125,480	96.12%
2013	2012	7,051,660	6,766,167	95.95%	1,581	6,767,748	95.97%
2014	2013	7,507,105	7,195,876	95.85%	20,973	7,216,849	96.13%
2015	2014	7,971,958	7,463,714	93.62%	4,360	7,468,074	93.68%
2016	2015	8,484,311	8,122,122	95.73%	13,171	8,135,293	95.89%
2017	2016	9,318,608	8,935,273	95.89%	13,568	8,948,841	96.03%
2018	2017	10,054,003	9,626,579	95.75%	-	9,626,579	95.75%

<sup>1</sup> Source: Florida Department of Revenue DR-420s.

<sup>2</sup> Includes general and debt service funds net of an allowable discount of approximately 4% for early payment. However, not all collections include available early payment 4% discount.

City of North Lauderdale, Florida

Ratio of Outstanding Debt by Type  
Last Ten Years

Fiscal Year Ended September 30	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Capital Improvement Revenue Bonds	Capital Leases	Other Debt Payable	Water and Sewer Revenue Bonds						
2009	\$ 3,960,000	\$ 6,479,968	\$ -	\$ -	\$ 75,530			\$ 10,515,498	2.29%	261.05	
2010	3,830,000	5,417,023	-	-	-			9,247,023	2.02%	229.56	
2011	3,695,000	4,953,752	-	-	-			8,648,752	1.26%	210.83	
2012	<sup>2</sup>	4,468,213	-	-	-			4,468,213	0.65%	108.92	
2013	-	3,959,339	-	-	-			3,959,339	0.58%	96.52	
2014	-	3,426,005	-	-	-			3,426,005	0.50%	83.51	
2015	-	2,867,037	-	-	-			2,867,037	0.42%	69.89	
2016	-	2,281,203	-	-	-			2,281,203	0.33%	55.61	
2017	-	1,667,211	-	-	-			1,667,211	0.24%	40.64	
2018	-	1,023,708	-	-	-			1,023,708	0.15%	24.95	

<sup>1</sup> See Table 15 for Schedule of Demographics and Economic Statistics for personal income and population data.

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

City of North Lauderdale, Florida

Ratio of General Bonded Debt Outstanding  
Last Ten Years

Fiscal Year Ended September 30	Population <sup>1</sup>	Assessed Value (in thousands)	General Bonded Debt <sup>2</sup>	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	41,310	\$ 1,647,634	\$ 3,960,000	\$ 19,116	\$ 3,940,884	0.24%	95.40
2010	41,023	1,385,471	3,830,000	20,839	3,809,161	0.27%	92.85
2011	41,248	1,035,543	3,695,000	24,390	3,670,610	0.35%	88.99
2012	41,832	953,991	-	-	-	0.00%	-
2013	42,413	925,275	-	-	-	0.00%	-
2014	42,312	983,830	-	-	-	0.00%	-
2015	42,829	1,056,088	-	-	-	0.00%	-
2016	43,232	1,130,841	-	-	-	0.00%	-
2017	44,064	1,240,406	-	-	-	0.00%	-
2018	44,408	1,352,949	-	-	-	0.00%	-

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

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

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

**City of North Lauderdale, Florida**

**Direct and Overlapping Governmental Activity Debt  
September 30, 2018**

<b>Governmental Unit</b>	<b>Net Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable to City of North Lauderdale</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Debt repaid with property taxes:			
Broward County	\$ 192,594,000 <sup>1</sup>	0.764%	\$ 1,471,291
Broward County School District	144,430,000 <sup>2</sup>	0.700%	<u>1,010,639</u>
Subtotal, Overlapping Debt			<u>2,481,930</u>
City of North Lauderdale Direct Debt		<sup>4</sup>	<u>\$ 1,023,708</u>
Total Direct and Overlapping Debt			<u><u>\$ 3,505,638</u></u>

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

<sup>2</sup> Source: School Board of Broward County Financial Reporting Division. As of June 30, 2018.

<sup>3</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using net assessed valuation of the City and dividing it by the County's and the School District's net assessed valuation, as applicable.

<sup>4</sup> Paid from non-ad valorem revenue sources.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property tax payers should be taken into account.

**City of North Lauderdale, Florida**  
**Legal Debt Margin Information**  
**Last Ten Years**

	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$246,248,044	\$194,313,089	\$157,596,380	\$145,949,955	\$141,324,474	\$146,186,655	\$152,560,524	\$160,351,413	\$171,279,694	\$183,360,517
Total net debt applicable to limit	3,940,884	3,809,161	3,670,610	-	-	-	-	-	-	-
Legal debt margin	\$242,307,160	\$190,503,928	\$153,925,770	\$145,949,955	\$141,324,474	\$146,186,655	\$152,560,524	\$160,351,413	\$171,279,694	\$183,360,517

Total net debt applicable to the limit as a percentage of debt limit	1.60%	1.96%	2.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

	Legal Debt Margin Calculation
Assessed Value	\$ 1,352,949,366
Add back: exempt real property	480,655,801
	<u>\$ 1,833,605,167</u>

Debt limit (10% of total assessed value)	\$ 183,360,517
Debt applicable to limit:	
General obligation bonds	-
Less: Amounts set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 183,360,517</u>

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

**City of North Lauderdale, Florida**

**Pledged Revenue Coverage  
Last Ten Years**

Fiscal Year Ended September 30	Sewer Revenue Bonds						
	Water Charges And Other <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2009	\$ 9,324,205	\$ 6,807,997	\$ 2,516,208	\$ 75,530	\$ 702	3301%	
2010	10,930,410	8,118,714	2,811,696	<sup>3</sup>	<sup>3</sup>	N/A	
2011	-	-	-	-	-	N/A	
2012	-	-	-	-	-	N/A	
2013	-	-	-	-	-	N/A	
2014	-	-	-	-	-	N/A	
2015	-	-	-	-	-	N/A	
2016	-	-	-	-	-	N/A	
2017	-	-	-	-	-	N/A	
2018	-	-	-	-	-	N/A	

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

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

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

City of North Lauderdale, Florida

Demographic and Economic Statistics  
Last Ten Years

Fiscal Year Ended	Population <sup>1</sup>	Personal Income (amounts expressed in thousands) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Median Age <sup>2</sup>	School Enrollment <sup>3</sup>	Broward County Unemployment Rate <sup>4</sup>
September 30						
2009	40,281	\$ 458,332	\$ 15,557	30.5	5,360	9.6%
2010	40,281	458,332	15,557	30.5	5,654	10.2%
2011	41,023	687,587	16,667	30.9	5,948	9.0%
2012	41,023	687,587	16,667	30.9	8,086	7.7%
2013	41,023	687,587	16,667	30.9	5	6.5%
2014	41,023	687,587	16,667	30.9	5	5.8%
2015	41,023	687,587	16,667	30.9	5	4.9%
2016	41,023	687,587	16,667	30.9	5	4.6%
2017	41,023	687,587	16,667	30.9	5	3.3%
2018	41,023	687,587	16,667	30.9	5	2.8%

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

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

<sup>4</sup> Source: Bureau of Labor Statistics.

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

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



City of North Lauderdale, Florida

Principal Employers  
Current and Nine Years Ago

Employer	Type of Business	2018				2009			
		Employees	Rank	Percentage of Total County		Employees	Rank	Percentage of Total County	
				Employment	Employment			Employment	Employment
Broward County School Board	Government	33,864	1	3.24%	28,134	1	2.79%		
Memorial Healthcare Systems	Healthcare	13,137	2	1.26%	10,000	4	0.99%		
Broward County Government	Government	11,771	3	1.13%	12,448	2	1.24%		
Broward Health	Healthcare	8,219	4	0.79%	8,062	5	0.80%		
Nova Southeastern University	Education	7,102	5	0.68%	3,028	8	0.30%		
AutoNation	Service	4,100	6	0.39%					
American Express	Financial	3,500	7	0.33%	5,800	6	0.58%		
City of Fort Lauderdale	Government	2,749	8	0.26%	2,647	10	0.26%		
Spirit Airlines	Carrier	1,800	9	0.17%					
Citrix	Service	1,700	10	0.16%					
Tenet Healthcare Corp.	Service				10,156	3	1.01%		
The Continental Group	Property Management				3,900	7	0.39%		
PRC	Business Services				2,700	9	0.27%		
<b>Totals</b>		<b>87,942</b>		<b>8.41%</b>	<b>86,875</b>		<b>8.63%</b>		

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

Source: Broward County Comprehensive Annual Financial Report for 2018.

City of North Lauderdale, Florida

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

Function	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Legislative *	9	9	9	9	9	8	8	8	8	8
Administrative **	12	12	12	12	12	12	12	12	12	15
Public Works/Utilities	39	43	43	45	45	43	44	42	42	39
Parks & Recreation	25	22	22	25	25	25	26	26	25	25
Community Development	16	16	16	16	16	15	17	17	18	19
Police ***	70	70	70	64	64	61	63	63	63	65
Fire/Rescue	45	42	42	45	45	43	43	44	43	43
Total	216	214	214	216	216	207	213	212	211	214

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

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

\*\*\* Police includes BSO (Contract).

**City of North Lauderdale, Florida**

**Operating indicators by Function  
Last Ten Years**

Function	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrest	1,605	1,798	2,065	1,569	1,610	1,567	1,613	1,052	857	864
Parking violations	69	29	235	132	34	65	42	6	12	9
Traffic violations	7,781	6,259	9,362	5,830	4,465	5,748	6,070	6,442	7,178	7,336
Fire rescue										
Number of calls answered	4,097	4,311	4,291	4,850	5,255	5,543	5,528	5,399	5,532	5,528
Inspections	555	618	575	630	682	1,293	1,440	1,249	1,252	1,503
Community development										
Building permits issued	2,252	2,546	2,968	2,936	2,527	1,849	2,282	2,155	2,495	3,108
Culture and recreations										
Athletic programs (participants)	609	731	804	802	784	812	809	810	810	871
Youth camps (participants)	1,040	2,107	1,467	1,505	1,521	2,159	2,496	2,555	2,641	2,701
Club memberships	42	75	62	70	75	75	75	70	73	89
Facility rentals	521	1,356	506	859	871	894	862	870	881	918
Pool admissions	30,110	34,080	34,080	39,754	35,574	38,994	39,157	37,895	37,548	36,028
Water										
Number of water meters operating	8,198	8,248	8,012	8,198	8,291	8,360	8,340	8,226	8,254	8,290
Average daily consumption (in thousands of gallons)	2,184	2,167	2,426	2,031	2,010	2,177	2,073	2,180	2,220	2,230
Sewer										
Average daily consumption (in thousands of gallons)	2,171	2,108	2,240	2,006	1,997	2,025	2,100	1,992	2,073	2,085

Note: Indicators not available for the general government function.

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

**City of North Lauderdale, Florida**

**Capital Assets by Function  
Last Ten Years**

Function	September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Police stations <sup>1</sup>	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Highway and streets										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Number of street lights	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,353	1,353	1,353
Culture and recreations										
Number of parks <sup>2</sup>	18	18	18	18	18	18	18	18	18	18
Number of libraries <sup>3</sup>	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	54	58	58	58	58	58	58	58	58	58
Fire hydrants	776	776	776	776	789	795	795	796	796	796
Maximum daily capacity (in thousands of gallons)	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.48
Sewer										
Sanitary sewers (miles)	56	56	56	56	56	56	56	56	56	56
Storm sewers (miles)	25	25	25	25	25	25	25	25	25	25
Maximum daily treatment capacity (in millions of gallons per day - MGD)	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20

Note: Indicators not available for the general government function.

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

<sup>2</sup> The City has a 99 year lease agreement with Broward County for approximately 16.2 acres of Hamptons Pines Park, the land is adjacent to that owned by the City.

<sup>3</sup> Broward County Library-North Lauderdale Branch.

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





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Lauderdale, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our opinion thereon dated March 15, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "B. Han & Associates".

March 15, 2019



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

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

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

We have examined the City of North Lauderdale, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2018. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 in Section 218.415, Florida Statutes. 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 the aforementioned requirements for the fiscal year ended September 30, 2018.

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

*Grau & Associates*

March 15, 2019





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

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

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the City of North Lauderdale, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued a report thereon dated March 15, 2019.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 15, 2019, should be considered in conjunction with this management letter.

**Purpose of this Letter**

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

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

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

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

*Grau & Associates*

March 15, 2019

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2017.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2018.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2018.

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

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

6. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited the City of North Lauderdale, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

**Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



March 15, 2019

**City of North Lauderdale, Florida**

**Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2018**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass- Through Number</b>	<b>Federal Expenditures</b>
U.S. Department of Housing and Urban Development			
Passed through Broward County, Florida:			
Community Development Block Grants (CDBG)			
42th Year Purchase Assistance	14.218		\$ 192,614
43rd Year Purchase Assistance	14.218		118,905
U.S. Department of Agriculture			
Emergency Watershed Protection Program	10.923		489,117
U.S. Department of Homeland Security direct program			
Passed through the State of Florida			
Florida Division of Emergency Management	97.036		2,393
Total Expenditures of Federal Awards			<u>\$ 803,029</u>

See Notes to Schedule of Expenditures Federal Awards

**City of North Lauderdale, Florida**

**Notes to Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2018**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the city of North Lauderdale, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Since the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Additionally, it should be noted the City did not elect to use the 10 percent *de minimis* indirect cost rate.

**City of North Lauderdale, Florida**

**Schedule of Findings and Questioned Costs – Federal Awards  
Fiscal Year Ended September 30, 2018**

**SUMMARY OF AUDIT RESULTS**

1. The auditor’s report expresses an unmodified opinion on the financial statements of the City.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards programs are reported in the independent auditor’s report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The independent auditor’s report on compliance for each major federal awards program of the City expresses an unmodified opinion.
6. There were no audit findings relative to the major federal awards tested for the City.
7. The programs/projects tested as major include:

<b>Federal Award Program</b>	<b>CFDA#</b>	<b>Amount</b>
Emergency Watershed Protection Program	10.923	\$489,117

8. The dollar threshold used to distinguish between Type A and Type B federal programs was \$750,000.
9. The City did not qualify to be a low-risk auditee for the fiscal year ended September 30, 2018.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

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

None

**OTHER ISSUES**

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

No corrective action plan is required because there were no findings required to be reported under the Federal Single Audit Act.

