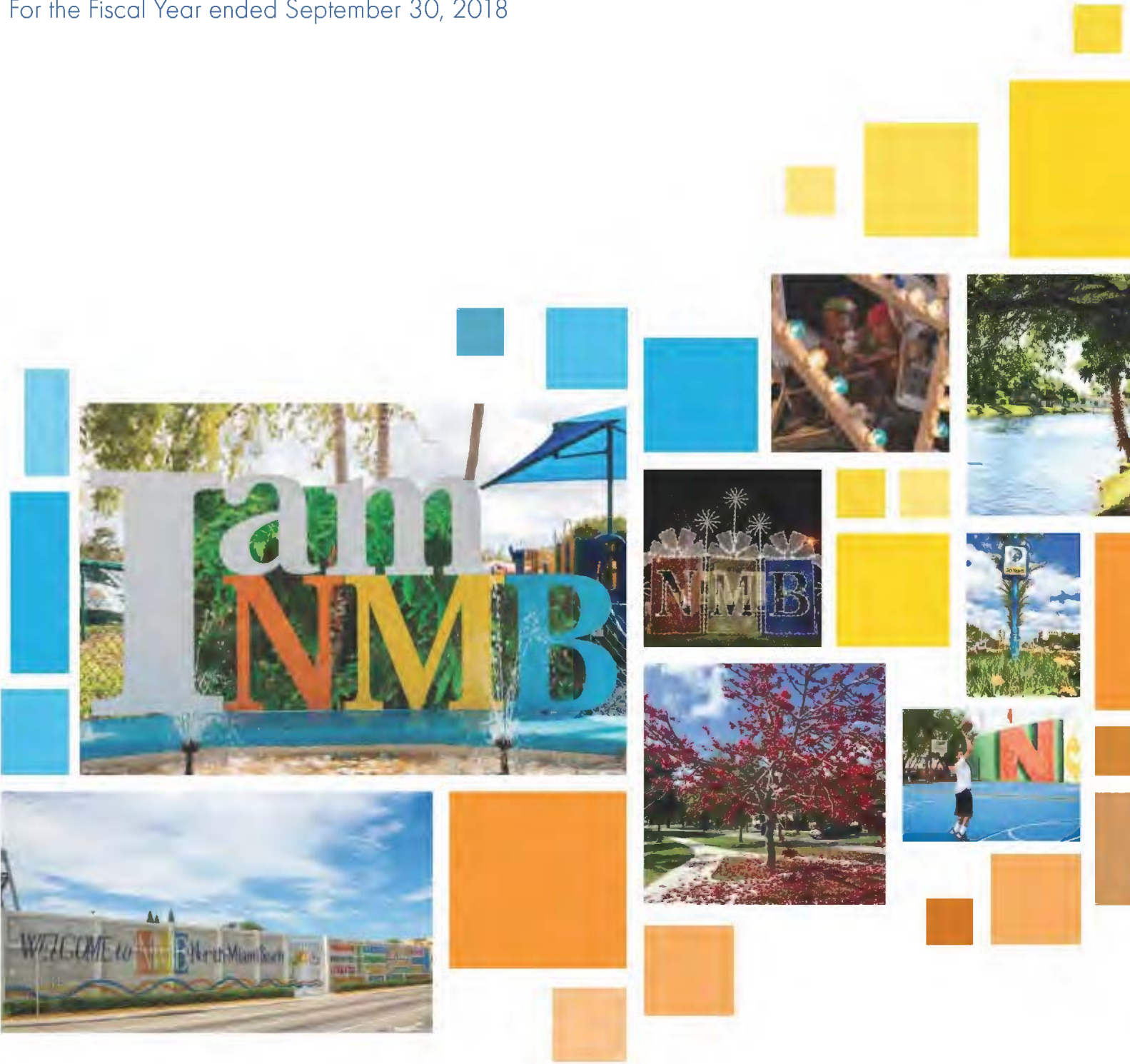


City of North Miami Beach, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended September 30, 2018



**CITY OF NORTH MIAMI BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Prepared by the Finance Department

Janette Smith, CPA, Finance Director
Marcia Fennell, Deputy Director of Finance
Racquel Lopez, Chief Accountant
Marc Maxy, Finance Coordinator
Karen Shields, Finance Coordinator

CITY OF NORTH MIAMI BEACH, FLORIDA

TABLE OF CONTENTS

	<u>PAGE(S)</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	1-14
Certificate of Achievement for Excellence in Financial Reporting	15
City Officials	16
Organization Chart	17
II. FINANCIAL SECTION	
Independent Auditors' Report	18-20
Management's Discussion and Analysis (unaudited)	21-37
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	38
Statement of Activities	39
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	40
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	41
Statement of Revenues, Expenditures and Changes in Fund Balances	42
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	43
Proprietary Funds Financial Statements	
Statement of Net Position	44
Statement of Revenues, Expenses and Changes in Net Position	45
Statement of Cash Flows	46
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	47
Statement of Changes in Fiduciary Net Position	48
Notes to Basic Financial Statements	49-98

CITY OF NORTH MIAMI BEACH, FLORIDA

TABLE OF CONTENTS

(Continued)

PAGE(S)

II. FINANCIAL SECTION (continued)

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund	99-100
Budgetary Comparison Schedule - Community Redevelopment Agency	101
Notes to Budgetary Comparison Schedule	102
Schedule of Changes in Net Pension Liability and Related Ratios	
Retirement Plan for General Employees	103
Retirement Plan for Police Officers and Firefighters	104
Retirement Plan for General Management Employees	105
Schedule of Changes in Net OPEB Liability and Related Ratios	106
Schedule of Employer Contributions	107
Schedule of the Proportionate Share of the Net Pension Liability - Florida Retirement System	108
Schedule of Contributions - Florida Retirement System	109
Schedule of Employer Contributions - Other Plans	110

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Non-major Governmental Funds

Fund Listing and Descriptions	111-112
Combining Balance Sheet	113-115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	116-118

Budgetary Comparison Schedules - Non-major Governmental Funds

Transit Surtax Fund	119
Debt Service Funds	120-121
Alley Restoration Program	122

Non-major Proprietary Funds

Fund Listing and Descriptions	123
Combining Statement of Net Position	124
Combining Statement of Revenues, Expenses and Changes in Net Position	125
Combining Statement of Cash Flows	126

Fiduciary and Agency Funds

Combining Statement of Fiduciary Net Position	127
Combining Statement of Changes in Fiduciary Net Position	128
Statement of Changes in Assets and Liabilities - Agency Fund	129

CITY OF NORTH MIAMI BEACH, FLORIDA

TABLE OF CONTENTS

(Continued)

PAGE(S)

III. STATISTICAL SECTION (unaudited)

Net Position by Component - Last Ten Fiscal Years	130
Changes in Net Position - Last Ten Fiscal Years	131
Fund Balances of Governmental Funds - Last Eight Fiscal Years	132
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	133
Net Assessed Value of Taxable Property - Last Ten Fiscal Years	134
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	135
Principal Property Taxpayers - Current and Nine Years Ago	136
Property Tax Levies and Collections - Last Ten Fiscal Years	137
Water Produced and Consumed - Last Ten Fiscal Years	138
Water Rate History - Last Ten Fiscal Years	139
Principal Water Customers - Current and Nine Years Ago	140
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	141
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	142
Direct and Overlapping Governmental Activities Debt	143
Pledged Revenue Coverage - Last Ten Fiscal Years	144
Demographic and Economic Statistics - Last Ten Fiscal Years	145
Principal Employers - Current and Nine Years Ago	146
Full-Time City Government Employees by Function - Last Ten Fiscal Years	147
Operating Indicators by Function/Program - Last Ten Fiscal Years	148
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	149

IV. COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	150-151
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance	152-153
Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	154
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	155
Summary Schedule of Prior Year Audit Findings	156
Schedule of Findings and Questioned Costs	157-159
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	160-161
Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes	162



I. INTRODUCTORY SECTION

City of North Miami Beach, Florida



April 29, 2019

To the Citizens, Mayor, and City Commission of the City of North Miami Beach:

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) of the City of North Miami Beach, Florida, for the fiscal year ended September 30, 2018. The CAFR is issued pursuant to Florida Statute 218.39(1) which requires municipalities meeting certain criteria to have an annual financial audit of its accounts and records by an independent certified public accountant in accordance with rules of the Auditor General within nine months of the close of each fiscal year.

This report consists of management's representations concerning the finances of the City of North Miami Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of North Miami Beach's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). 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 will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Caballero Fierman Llerena + Garcia, LLP, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2018, were free of material misstatement. An independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City of North Miami Beach's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The report of the independent certified public accountants is presented as the first component of the financial section of this report.

The CAFR is used to assist in making economic decisions, and to assist citizens in assessing accountability and transparency by:

- Assessing financial condition and results of operations;
- Comparing actual financial results with legally adopted budgets, where appropriate;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of City operations.

This report includes all funds of the City as well as criteria for defining the financial reporting entity of the City as promulgated by the Governmental Accounting Standards Board (GASB). The GASB is the official standard setting body of the accounting principles generally accepted in the United States of America as it applies to local governmental units.

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

Profile of the Government

The City of North Miami Beach was incorporated on October 4, 1926 and operates under a Commission - Manager form of government. The City Commission is comprised of the Mayor and six Commission members. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances; appointing and supervising the department directors of the City; submitting the proposed annual budget; advising Commission as to the financial condition of the City; and overseeing the day-to-day operations of the City.

The City of North Miami Beach is a first-tier suburb covering an area of five and a third square miles located in northeastern Miami-Dade County, which is in the southeast part of Florida. The City is strategically located midway between Fort Lauderdale and Miami. 163rd Street is the most heavily traveled east to west corridor in Miami-Dade County as it is the gateway to both the Oleta River State Park and the beaches, and the Golden Glades Interchange: the convergence of five major roadways serving eastern and southern Florida, including Florida's Turnpike, the Palmetto Expressway (State Road 826), and Interstate 95 (I-95). 163rd Street also intersects with Biscayne Boulevard and U.S. Route 1 (US1). In the immediate vicinity of the City are two large higher education campuses: Florida International University's (FIU) Biscayne Bay Campus and Nova Southeastern University's Fischler Graduate School.

Based on the number of parcels, the City is primarily a residential and shopping community. Single-family and multi-family residential uses amount to 79 % and 10 %, respectively. Commercial uses and industrial development represents 9 % and 1 %, respectively, of the City's land parcels. Actual manufacturing activities are limited to a few small fabricating enterprises. Recreational uses represent 1 % of the City's land parcels. The remaining land area is occupied by schools, churches and other related establishments.

The City of North Miami Beach provides a full range of municipal services for its citizens. These include public safety (fire protection is provided by Miami-Dade County), water, sewer, and stormwater utilities, public works, parks and recreation facilities, public library, code compliance, planning and zoning, economic development, and general and administrative services. A franchise contractor provides the City's sanitation services.

The *North Miami Beach Community Redevelopment Agency (the CRA)* was created by the Mayor and City Commission on December 21, 2004 by adoption of Resolution R2004-86 accepting a delegation of powers from the Miami-Dade Board of County Commissioners and declaring the Mayor and City Commission to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. Miami-Dade County retains the final authority to approve the annual CRA budget, redevelopment plan and amendments, and the issuance of long-term debt. The City Commission acts as the CRA's Board of Directors, the Mayor is the Chairman and the City Manager is the Executive Director. The purpose of the CRA is the elimination and prevention of blight conditions within the designated community redevelopment area. The CRA is a special revenue fund of the City of North Miami Beach and, therefore, has been included as a blended component unit and integral part of the attached financial statements. Additional information on this component unit can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City of North Miami Beach's financial planning and control. All departments of the City submit requests for appropriation to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Commission for review. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may make transfers of appropriations within a department and to a department from the contingency account. The City Commission approves supplemental appropriations; however, the City Manager is granted authority to amend, modify, or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence. Budget-to-actual comparisons are provided in this report for the general fund and for each non-major governmental fund for which an appropriated annual budget has been adopted. For the General Fund and CRA, this comparison is presented as part of the required supplementary information.

Factors Affecting Financial Condition

Local economy. The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City of North Miami Beach operates. From a global perspective, the Congressional Budget Office (CBO) projects real GDP (gross domestic product) to decline over the next several years from the current rate of 2.3% to around 1.7% over the next ten years. Inflation is expected to creep up from 2.2% currently to around 2.5 % over the next ten years. Likewise, the unemployment rate is projected to grow from the current level of 3.5% to as much as 4.8% over the same period. The Florida Economic Estimating Conference published statistics in November 2018 indicating GDP for the State to decrease from the current rate of 3.5% to between 1.5% and 2.0% over the ten-year period from 2019 to 2028. Unemployment estimates gradually increase from 3.5% to 4.7 % over the same period.

The City is undergoing a renaissance period, demonstrated by a significant increase in new construction, increase in home values and a decrease in unemployment. In fact, the City has begun to see sustained growth in property values as there have been increases in each of the past three fiscal years. The development climate in the City is very positive as evidenced by the building permit revenue over the past several years. Management expects new growth and development to continue in the near future based on developer interest in the area.

Long-term financial planning. Financial planning continues to be of the utmost importance to the City, including the development of the City's Strategic Plan. During 2014, the City Commission developed its inaugural Strategic Plan, which established a Vision, a Mission and Goals. The Strategic plan was used as a guide to prioritize funding for the Adopted fiscal year 2015 and 2016 budgets. The Strategic Plan was updated during the spring of 2017. The current plan prioritizes policy and management agendas to provide focus for the City's long-term financial planning. The goals of the City's Strategic Plan include:

- Financially Sound City Government
- The Place to Live: Beautiful, Safe and Livable
- High Performing City Organization Providing Great Customer Services
- Revitalized Downtown and Major Corridors

Financially Sound City Government. The City's commitment to maintaining a Financially Sound City Government is demonstrated through substantial capital investments, while maintaining the General Fund's unassigned fund balance while simultaneously reducing the property tax (millage) rate. Unassigned fund balance is a useful measure for the City's current financial resources available for discretionary spending. This will ensure the City will have sufficient funds for future expected and unexpected events. For the fiscal year ended September 30, 2018, the General Fund unassigned fund balance was \$27.0 million, an increase of 8.0 % over the prior year of \$25.0 million. The City has also invested considerable resources into the implementation of a new Enterprise Resource Planning (ERP) System to increase the effectiveness of financial planning and reporting.

High Performing City Organization Providing Great Customer Services. With the promotion and enforcement of the City’s personnel RISE Standards – Respect, Integrity, Service, and Excellence – service excellence has been embedded throughout the organization. In addition, the City has invested significant capital to enhance the services provided to customers, including the implementation of the new ERP system and the replacement of all water meters with new, state-of-the art Automated Meter Reading (AMR) meters. With the new AMR meters, water consumption information is collected wirelessly over a secure radio frequency by the water utility, allowing consumption to be tracked in real-time.

The Place to Live: Beautiful, Safe and Livable. The City continued implementation of the Parks and Recreation Master Plan including renovations to the Highland Village Community Center and the YES Center along with improvements at several playgrounds. Additionally, several roadways were resurfaced in accordance with the priorities of the Streets Resurfacing Master Plan.

Revitalized Downtown and Major Corridors. The City is also committed to fostering an environment conducive to economic development, through the continued revitalization of the areas covered by the Community Redevelopment Agency (CRA). The City and CRA continue to work together to market the City and the redevelopment area to attract new businesses and improvement projects.

Major Accomplishments

Information Technology Projects – implemented a state of the art cyber security training program to educate staff and to mitigate ransomware attacks and other malware threats.

Procurement Projects –

- *BidSync.com* - deployed, an electronic procurement system to provide web-based bidding services to vendors, suppliers and contractors. BidSync.com is a self-maintained portal in which suppliers interested in future notice of bid opportunities may register and receive notices at no cost.
- *Sale/Disposal of Surplus Property* - Total Revenue \$669,700.

Auctions (5)	-	\$ 487,866
Sale of Surplus	-	\$158,228
Trade-In (3)	-	\$ 23,605
- *Solicitations* - Issued thirty-seven (37) formal solicitations that fostered competition among vendors that insured savings and benefits to City’s residents.
- *Created Guide to Doing Business* with the City of North Miami Beach
- *Price Analysis* – Total Cost avoidance \$1,135,557
Implemented a value analysis process on all applicable procurement to determine whether to issue a bid, create a cooperative effort, piggyback or negotiate.
- *Procurement Training* - Provided departments with vendor supplier access and market knowledge data using tools such as GovSpend, Onvia Exchange and GovQuotes.
- *Bank of America purchase card software interface with the MUNIS P-Card Module* - In conjunction with the Finance and Information Technology departments, implemented the Munis P-Card module which is an effective, auditable control over expenditures. Vendors can be matched to purchase card transactions for better accountability.

Building Division – implemented a new mobile queuing software program, QLESS, which allows customers to join the line in advance to reduce wait time. The Division’s lobby has also been upgraded, with the Building Permit Supervisor now located directly in the lobby to assist customers, and a television monitor for patrons to watch while waiting.

Community Redevelopment Agency (CRA) –

- Completion of four Commercial Property Improvement Grants.
- Completion of NoMa project, CRA’s first major redevelopment project.



- Creation of Florida’s first Brewery District.
- Start of the CRA’s first mural projects: Library and Bell’s Bicycles. The Bell’s bicycle is the first mural program on private property, which is a departure from previous mural projects.

Human Resources and Risk Management Projects –

- *Revised the Civil Service Board Rules & Regulations* (as adopted by City Commission on December 19, 2017, last updated in 1993) providing greater ability for alignment of human capital strategies to City organizational needs
- *Updated the City’s Personnel Policies & Procedures* - including amendments and adoption of Pay Ranges and Benefit Tiers to provide greater visibility and understanding of total reward package by position and ensuring pay equity; created and adopted the Social Media & Communication Policy.
- *Creation and adoption of new performance management process* aligning skill competencies by position level and providing consistent guidelines for merit increases for Non-Bargaining Union Employees
- *Created the Human Resources Manual* which outlines the various processes of Human Resources.
- *Revised the Emergency Management Plan* (as adopted by City Commission on February 20, 2018, last updated in 1973) – incorporating the duties and responsibilities of all departments during an emergency.
- *Assessment and establishment of new vendor relationships* focused on high value and cost savings for health insurance broker, property and ancillary insurances brokers, pre-employment and workers compensation medical screenings, and third-party administrators for workers compensation and liability self-insurance programs.
- *Employee Training* - Completed Diversity, Customer Service, and Prevention of Sexual Harassment for all full-time employees
- *Implemented a Drug-Free Workplace Policy* and realized a 5% premium credit from the Florida Division of Workers Compensation. Claims paid decreased 13% from the prior fiscal year.

- *Established a City-Wide Wellness program* providing monthly workshops that offer employees the tools to lead balanced and healthy lives which can improve employee productivity and morale.
 - Self-defense classes every Friday
 - Yoga classes every Monday
 - ICMA and Nationwide sessions once a month
 - Breast Cancer awareness
 - Monthly lunch & learn with a variety of interesting topics
 - Weight loss programs
 - Health Fair on August 31, 2018 with 120 participants and multiple vendors providing preventive care screenings and health education opportunities

NMB Library Projects –

- *Integrated Library System upgraded to The Library Corporation* – The updated system is hosted remotely and improved the cataloging time of items, faster checkout of materials, and better overall customer service for library users. This update also came with a new library website that allows patrons more control over their access to materials, requests, holds, and upcoming library programs and events. The library is currently reassessing its collection to improve the age of the collection and create space for updated items.
- *Remote Information Access* – The NMB Library acquired several databases that increase the ease of remote information access. By adding World Book Online and Learning Express and Newsbank delivery of primary and reliable sources of information to our residents and a tutoring solution for various skills necessary for academic success is possible. These solutions meet the needs of pre-school, and elementary through high school students. The library also currently subscribes to ebooks and emagazines from Overdrive and RBDigital. An ODILO subscription provides ebook access to Spanish, French and Mandarin speakers. ODILO specializes in foreign language books and is the only platform that has been developed in Spanish. ODILO provides remote access to original Spanish content on a Spanish Platform as well as accessing thousands of ebooks in French and Mandarin, from an English platform, to meet the needs of various users. This subscription increases access to literature in languages where there were limited development abilities.
- *RFID Gate* – The conversion will allow tracking of materials electronically and improve the accuracy of collection holdings. Establishing the RFID will also reduce transaction times and provide for self-checkout opportunities for the patrons. Tagging for book inventory and a conversion station has been completed. Two self-checkout units and one inventory unit has been purchased during fiscal year 2018 and an additional set of gates will be purchased in fiscal year 2020.
- *Summer Camp* – Held alongside the traditional nationwide Summer Reading program, the innovative camp captured the students’ attention through team development games during the morning hours, and engaged the students with learning and presentations during the afternoon. The International Book Battle encouraged the students to read and increased their reading comprehension skills. Through the use of various programs, the library staff was able to conduct the camp with contractual assistance from a few teachers, student workers and student volunteers. The results continue to be outstanding. The success of this program has encouraged the provision of services with measurable results.
- *DVD Self-Checkout* – The machine has reduced the amount of loss of audio visual materials by 99%. This machine has RFID readers which provides self-checkout capabilities for other media.

- *Developing Partnerships* – NMB Library’s partnership with FIU and the Library of the Caribbean allowed the NMB Library to begin a lengthy digitization project. The initial leg of the project allowed digitization of historical photos that were part of the City’s 90th anniversary celebration. Partnerships with FIU Green Foundation provides community access to healthcare. It has also provided STEM classes at the library one Saturday a month during the school year. Partnership with the schools has allowed NMB Library to become part of the area schools to thrive and earn STEM designation. In fiscal year 2017, we were instrumental in Ojus elementary earning their STEM designation by providing Science Camp and providing science classes at the school and the library on weeknights. In fiscal year 2018 the library partnered with GEK Sabal Palm in encouraging their students to join the STEM opportunity provided and created a conservation class and contest for K-8 schools in the area. This partnership earned GEK Sabal Palm & Library Collaboration a UTD Presidential award which resulted in financial gifts to students and rain barrels to four locations including the library to continue to spread the education in conservation. In fiscal year 2019, NMB Library is partnering with GEK Sabal Palm and JFK in order to improve their STEM ratings and reach out to more students who may be interested in the sciences.
- *Membership in the South-East Florida Library Network* – Provides the ability to purchase at much lower prices than individual access platforms and allows sharing of collections thus increasing purchasing power. This membership has increased access to cataloging information (OCLC) and to audio book collections through RBDigital.
- *Embedded & Outreach opportunities*- NMB Library continues to provide outreach to the community and education access and availability. This is accomplished at City events, schools, community associations and board or committee visits.
- *Marketing Strategies* – The use of student interns and social media has provided an increase in the attendance numbers at NMB Library events. This staff is developing and promoting a digital shift in services provided to the community and adolescent users that will allow us to communicate in a more professional, systematic and automatic manner. The Information Technology Department is assisting in providing remote access at City events.

Parks and Recreation Projects –

- *Allen Park* – New Musco LED lights installed for the indoor basketball courts.
- *Uleta Park* – Outdoor basketball courts were re-surfaced and new lines were painted
- *Installed new surveillance camera systems* - at Allen Park, Snyder Tennis Center, Victory Pool, the Julius Littman Theater, Highland Village and Washington Park Recreation Center.
- *ADA Accessible Bus* – purchased to transport children for parks activities
- *Awarded a Children’s Trust Grant* - in the amount of \$ 336,938 per year for 5 years for the enhancement of the after school and summer programs at Highland Village, Washington Park and Uleta Community Centers.
- *Qualified and certified by the Department of Children and Families* - for its after school and summer programs at Highland Village, Uleta Community Center and Washington Park.

Public Works Projects –

- *Transit Service Ridership/County Ranking* – Ridership for the NMB Line topped 182,000 in fiscal year 2018, or nearly a 100,000 ride increase over FY17. This ridership level catapulted the City’s transit service to an estimated ranking of between 7th and 9th among all 25 CITT funded fixed-route services in the county.
- *Gwen Margolis Amphitheater Awning*- Installed new awning to existing steel structure.

- *Bike Path (Greynolds Park – Snake Creek)* – The design of bike lines along NE 183rd Street between the Snake Creek Canal and NE 19th Avenue is complete. This expansion will provide connectivity between the bike path along the Snake Creek Canal and the bike path along Greynolds Park. The project is being partially funded by the Florida Department of Transportation (FDOT) through a Local Agency Program. The city has been re-certified by FDOT and may now proceed with bidding the project. The project will be bid in May 2019 and construction will commence shortly thereafter.
- *Transit Service Improvements* – Following Public Works’ major service expansion (nearly tripling the hours of weekly service) and roll-out of new “trolley style” vehicles in fiscal year 2017, improvements to the service continued in FY18. These included:
 - Modified one route to reach a neighborhood that was not originally covered by the route.
 - Installation of panic buttons in all three trolleys
 - Customer Service Training conducted quarterly for all drivers
 - Developed and began documenting service metrics such as “on time” performance, complaints per year, per stop ridership counts and number of accidents per year.
 - Procured and installed bench seat pads to enhance riders’ comfort.
 - Procured and installed GPS tracking for spare bus.
- *Completion of Unnamed Park* - Public Works’ annual construction of a new park to commemorate Arbor Day continued in fiscal year 2018 with the completion of “Unnamed Park” in April. This largely forgotten open space on NE 13th Avenue was transformed to a beautiful passive park with over 20 new trees, a concrete walkway, a water fountain, benches and new groundcover landscaping.
- *Police Department Chillers* – Replaced two 80-ton chillers and air handlers in the police department, enhancing the comfort level of occupants and visitors, as well as improving energy efficiency.
- *ADA Building Transition Plan* - Survey to identify physical obstacles that limit the accessibility of facilities to individuals with disabilities has been completed. This will allow us to identify and prioritize ADA physical barriers to all city facilities for implementation and full compliance with ADA.
- *Neighborhood Signs* – Replaced of 11 “neighborhood” welcome signs, thereby enhancing the aesthetic of the entryways to the city’s neighborhoods.
- As of February 1, 2018, The North Miami Beach Police fleet operations have been merged with Public Works fleet and are being conducted at 1965 NE 151 ST. The former Police Garage has been cleaned out and the building is currently used by Police for equipment storage.
- The newly relocated Fleet Department tire shop is operational as of February 16, 2018.
- A virtual preventative maintenance calendar has been established at the Fleet Division that is visible to all police officers to facilitate scheduling and appointment notification.
- The fleet management software is fully implemented and providing vehicle repair cost, preventative maintenance tracking, and shop repair frequency.

NMB Water Projects –

- *Urgent Reliability Projects* – NMB Water has completed 18 of the initial group of 27 projects with a capital value of more than \$11 million. As an example of one of the Urgent Reliability Improvements project is the Interconnect Valve. This project rebuilt four non-functional valves that provide backup water supply in the event of a failure at the NMB Water’s Norwood Water Treatment Plant and it will also minimize or prevent a costly precautionary boil water

notification. This project also provides the ability for staff to exercise and test the valves periodically.

- *Energy Optimization Pilot Project* – Electrical power monitoring equipment was installed on major electrical systems at the Norwood Water Treatment Plant. These have been collecting power consumption data and power quality information to reduce energy use in the future. This is a major improvement to the sustainability of the utility as individual processes are being monitored to create a year-long baseline and if the system is effective, it will be implemented permanently.
- *Donation Project Documentation and CMMS* – NMB Water has migrated their donation projects documentation to our CMMS -CityWorks software application – As of December 2017, Utility Technical Services (UTS) staff monitors all Water and Sewer applications using our CMMS software application. This software program allows staff to keep all the water and sewer applications, photographs, video files and correspondence in one logical, easy to use system. Any staff member can retrieve and review the status of any active project by using the application number, contractor’s name, project name, address, Folio number, or several other filters. This assists staff with speedy retrieval of the customer’s information.
- *Water Valve Exercise Program* – NMB Water implemented a water valve exercising program in 2018. Staff were trained to use the specialized equipment. Distribution staff exercised 1,058 6-in valves, and 429 8-in valves using two motorized Hach Valve Exercising Machines. NMB Water has been documenting and updating our CMMS (Computerized Maintenance Management Software) CityWorks software application. An average of 25% of the 6” and 8” valves have been exercised in the distribution system.
- *Hydrant Maintenance/Inspection Program* - NMB Water implemented a hydrant maintenance program in 2018. Staff is in the process of providing over ten inspections of various parts of each of the 3000 water hydrants located in the NMB Water system. NMB Water has been documenting and updating our CMMS CityWorks software application.
- *NMB Water celebrated the completion of the first contract year on September 30, 2018* – The City of North Miami Beach developed a unique combined operation, program management and construction contract—a one-of-a-kind model in the industry—to bring world class operations, maintenance and program management services to our utility.
- *NMB Water and Social Media presence* - NMB Water has embarked in making a presence on Facebook, Instagram and Twitter. This is a valuable tool that allows NMB Water to connect with their customers and learn more about their needs.

Continuing Initiatives

Procurement Projects –

- Create an “Innovation Portal” on the City’s Procurement Management Division website to encourage partnerships with vendors and/or individuals which contribute new and innovative ideas consistent with the City’s mission and community needs.
- Implement Contract Management Software that can interface with MUNIS for managing agreements with renewal notifications.
- Create Departmental training programs on Procurement Best Practice Frameworks, Standards and Tools on “*How to Buy*” and “*How to Improve the Process*”.
- Continue to increase vendor outreach and vendor competition through vendor expositions and “How to Do Business” workshops.
- Create and introduce training on “Specification Writing” and “Crafting Scope of Services”.

Community Redevelopment Agency (CRA) –

- *Commercial Property Improvement Grant* – The CRA enhanced the program to assist commercial property owners with the rehabilitation of their property by allowing interior conversion to restaurant usage. This is a 1:1 match up to \$25,000.
- *Direct Financial Incentive Program* – The CRA created a new program similar to the previous program, which spurs the redevelopment of properties within the redevelopment area. This program incentivizes the developer to complete major commercial or multifamily redevelopment projects. The incentive is a partial return of the property taxes contributed to the Redevelopment Trust Fund.
- *Mural Pilot Program* – The CRA implemented a mural pilot program. One mural, the Forest of our Dreams, will be created on an exterior library wall and the other mural at Miami Bicycles and Repair at 1951 NE 163rd Street. The Miami Bicycle mural is the first on private property.

Information Technology Projects – The City continued its ambitious plan adopted in fiscal year 2017 to modernize the technological infrastructure throughout City facilities. Initiatives include: the installation of digital audio and visual devices in the Commission Chambers for high definition recording and broadcasting of Commission meetings; installation of Close captioning equipment to assist with our ADA compliance; upgrading of the Channel 77 broadcast signal from analog to high speed fiber HD for enhanced viewing of City meetings on TV; adoption of Microsoft Office 365 SharePoint; a new Fiber wide-area network (WAN) interconnecting our City facilities, New replacement telecom and data circuits to enhance the reliability of all telemetry in City facilities; installing a new VOIP (voice over internet protocol) phone system throughout the City facilities for greater reliability and more robust features for phone support.

NMB Library Projects –

- The Library is pursuing the copyright of “Discovery” Library, meaning a place of discovery and learning through interactions especially in the areas of technology and the Arts (STEAM).
- *Create the “Discovery District,”* an area where students 13 and up can learn about technology at their own pace. Curiosity is encouraged. Formal classes in the use of the resources will begin in January of 2019.
- *Technology grants.* The Library applied for and was awarded its first The Children’s Trust grant for approximately \$99,000 per year over the next 5 years based on bringing technology inclusion to secondary students. The library applied for its first LSTA grant issued by the State based on IMLS technology goals that have been established nationwide. The Library has been awarded approximately \$20,000 to begin coding and technology classes for pre-K to 6th grade students. An additional expansion of the grant will allow the library to provide programmable sewing machine and a recording booth. This expansion will create technology training, creative expression as well as entrepreneurship opportunities.
- *Security Cameras Installation* – Two of three installation phases complete. During fiscal year 2019, the final phase will be installed. The welcome change will provide remote access to the cameras and improve the safety of patrons and staff in the case of a dangerous situation.
- *Expand the Arts.* The library continues to partner with Trazos Art Academy to provide low cost or materials only cost classes. These classes are made available during the school year as well as to our summer camp students. The Children’s Trust grant has increased the areas of art education by having funds dedicated to the digital arts. This grant will impact the access to digital art instruction as well as creation. The Library has received needed support from the

Arts community, the Education Committee and the Friends of the Library group. This has provided the ability to enhance Arts program delivery from one to four shows during fiscal year 2018. The programs have been very well received and have drawn people to the library and the city from as far as Boca Raton to the North and Gables by the Sea to the South.

Police Department – Community Affairs Bureau (CAB)

CAB is comprised of detectives that address quality of life issues, support patrol functions and participate in all Police Athletic League events. CAB provides a stronger police presence when responding to calls for service and a smarter use of patrol resources to focus on persistent problems that can affect the quality of life within the City. CAB provides the following services to the residents of the City:

- Allow patrol officers to do more proactive policing by helping to resolve the underlying conditions that create violations of the law and public order.
- Address quality of life issues.
- Target specific areas that require a more personalized approach to solving issues.

ERP Project – To provide greater financial transparency and accountability, the City has invested in a new "Enterprise Resource Planning" (ERP) system which will replace the City's legacy computer systems with a modern, integrated financial and information management system. The General Ledger suite of applications and the procurement card module are fully functional. Current resources are focused on implementation of the of the Payroll/Human Resources module and the Energov module for planning, zoning and permitting.

Parks Master Plan and other Department Projects -

- *Hazel Fazzino Park* – With the aid of a Florida Recreation Development Assistance Program (FRDAP) grant, the City is finalizing its renovation of the park to include an outdoor fitness center, an ADA accessible children's playground and a pavilion with an expected completion date of early 2019.
- *Eastern Shores* - finalized design for a new Playground and Tot Lot at Eastern Shores Playground, expected to be completed in 2019.
- *Patricia Mishcon Athletic Field and Allen Park Field* - With the assistance of Shade Systems, Inc, the department began the process and plans for two new shade structures at Mishcon and one at Allen Park, to be installed in 2019 over the baseball bleachers.
- *Staff Training* - RECTRAC, a recreation software package that will enable the department to function and report more efficiently on its operations.
- *Grant Applications* – pending responses on a FRDAP grant for the Taylor Park improvements in the amount of \$200,000 and a CDBG County Grant for a new Accessible Playground at Shreiber Promenade in the amount of \$ 100,000.
- The Design Phase of the Washington Park improvements, as called for by the Parks Master Plan, is currently under way with the City negotiating with an A&E.
- The artificial turf for the Patricia Mishcon Athletic Field will be bid in 2019 with an expected construction start date in the summer/fall of 2019. Musco lighting will also be installed.
- The design phase for Snyder Tennis Center and Taylor Park are funded in the CIP Budget.
- New wood floor will be installed at Allen Park indoor basketball courts

Public Works Projects –

- *Transportation Master Plan* – will be completed in 2019. The plan initially focused on the city’s internal roadway network, but has been expanded to include major connectivity points with state and county connectors, future rail connectivity, and very importantly future development in the city that will generate greater transportation and transit demands.
- *Stormwater Master Plan* – will address conditions and sufficiency of existing infrastructure to accommodate the changes in land development and environmental conditions. A unique hydrologic model for the city will assist in predicting changes and recommending future stormwater needs. The plan will be completed in 2019.
- *Stormwater Pump Station at NE 172nd Street* – The rehabilitation of this major station in the north east quarter of the city will address flooding in that corridor. On completion, the station will have the capacity to receive storm runoff from this area and effectively treat and discharge through the proper channel.
- *Highland Village Improvements* – Improvements include the installation of a roundabout at the corner of Highland Drive and NE 21st Avenue. The construction of this feature will result in a significant “traffic calming” effect, thereby enhancing safety in the community. The roundabout, which will include new trees, landscaping and lighting, was nearing completion in the last quarter of fiscal year 2018 and will be completed towards the end of calendar 2018.

Relevant financial policies

Fund Balance Policy

Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type* Definition establishes various classifications of fund balances based on a hierarchy which details constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances can be classified as non-spendable, restricted, committed, assigned and unassigned. Committed fund balances can only be used for specific purposes determined by formal action of the City Commission through an ordinance or a resolution and may be changed or lifted only by the City Commission through formal action. Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. Unassigned fund balance can be viewed as the net resources available at the end of the fiscal year.

The City’s fund balance policy requires a minimum unassigned general fund balance of at least 10% of budgeted revenues. It is the City's policy to consistently add to the fund reserves each year and in Fiscal Year 2018 that policy continued.

Investment Policy

The City administers a comprehensive cash management and investment program. The primary goals of the program are to maximize the amount of cash available to meet daily cash requirements and to obtain the highest possible yields consistent with restraints imposed by Florida Statutes and the City’s adopted investment policy for capital protection.

Millage Rate Policy

During fiscal year 2018, the City adopted a comprehensive millage rate policy to establish parameters whereby the operating millage rate may increase or decrease during the annual budget process. The policy is designed to ensure that the City remains in compliance with the Fund Balance Policy to provide rate stability and to avoid conditions of fiscal constraint and provides options for reducing excess unassigned fund balance in the General Fund.

Awards and Acknowledgements

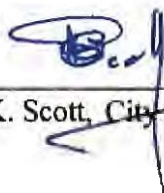
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami Beach for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP 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.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We express our appreciation to all members of other departments who assisted and contributed to the preparation of this report. A special note of thanks and appreciation is also extended to our auditors, Caballero Fierman Llerena + Garcia, LLP, for their professional approach and high standards in the conduct of their independent audit of the City's financial records.

In closing, the Mayor and Commission's guidance and cooperation in planning and conducting the financial affairs of the City in a responsible and progressive manner is greatly appreciated. Without their leadership and support, preparation of this report would not have been possible.

Respectfully submitted,



Esmond K. Scott, City Manager



Janette Smith, Finance Director



Government Finance Officers Association

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

Presented to

**City of North Miami Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF NORTH MIAMI BEACH, FLORIDA

CITY OFFICIALS
SEPTEMBER 30, 2018

CITY COUNCIL

Beth E. Spiegel, Mayor

Anthony F. DeFillipo

Phyllis S. Smith

Barbara Kramer

Ingrid C. Forbes

Evan S. Piper

Fotuna Smukler

CITY MANAGER

Esmond K. Scott

CITY ATTORNEY

Sarah Johnston

CITY CLERK

Pamela L. Lattimore, CMC

FINANCE DIRECTOR

Janette Smith, CPA

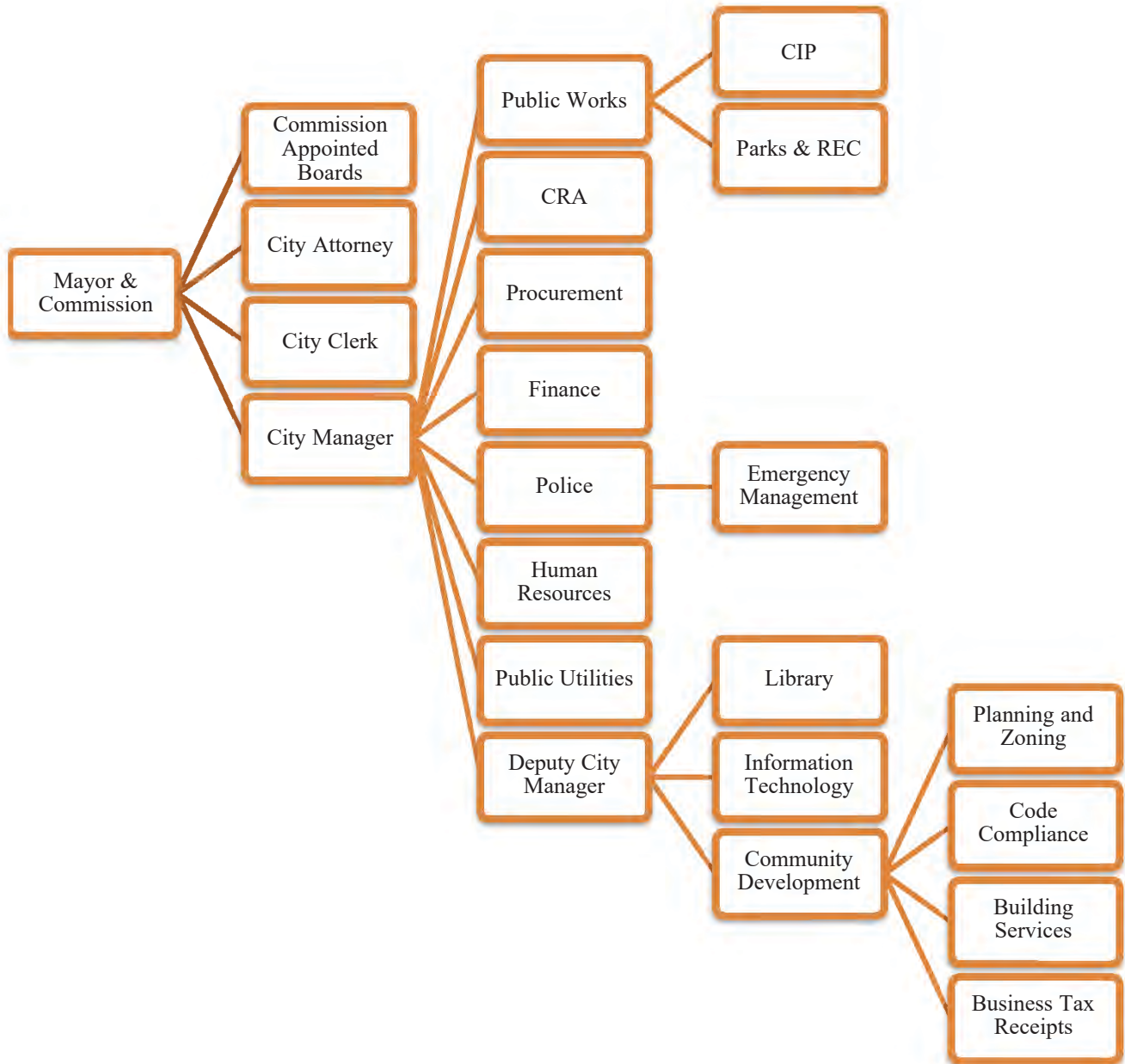
INDEPENDENT AUDITORS

Caballero Fierman Llerena + Garcia, LLP

CITY OF NORTH MIAMI BEACH, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2018





II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for General Employees of the City of North Miami Beach, which represents 35%, 36% and 26%, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information. Also, we did not audit the financial statements of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach, which represents 44%, 44% and 35%, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Retirement Plan for General Employees of the City of North Miami Beach and the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of a Matter

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of October 1, 2017. As further discussed in Note 11, the opening net position has been restated due to the implementation of this new standard. 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, Schedule of Revenues Expenditures and Changes in Fund Balance – Budget to Actual – General Fund and Community Redevelopment Agency Fund, and Pension and Other Post-Employment Benefits Schedules as listed in the table of contents on pages 21 to 37 and 99 to 110, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section, schedules of expenditures of federal awards and state financial assistance projects, as required by Title 2 U.S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and Chapter 10.550 Rules of the Auditor General of the State of Florida are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and the schedules of expenditures of federal awards and state financial assistance projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and the schedules of expenditures of federal awards and state financial assistance projects are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
April 29, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

As management of the City of North Miami Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages 1 to 15 of this report.

Financial Highlights

- *Total net position* of the City of North Miami Beach decreased by \$12.8 million or 6.9% less than the prior fiscal year net position to \$173.8 million because of the cost of outsourcing the water and sewer utilities and costs associated with Hurricane Irma.
- *Total assets* decreased by \$15.4 million or 4.2%. Governmental activities increased by \$2.3 million, while Business-type activities decreased by \$17.7 million. *Current assets* decreased by \$16.0 million while non-current assets and restricted assets decreased by \$3.7 million. *Deferred outflows of resources* decreased by \$3.5 million, indicating lower pension costs.
- *Total liabilities* decreased by \$4.8 million or 2.4% because of debt service payments. *Current liabilities* decreased by about \$0.7 million indicating that the City continues to adequately pay its current obligations. *Deferred inflows of resources* increased by \$1.3 million, also indicating lower future pension costs.
- *Total governmental activities revenues* were basically flat, increasing by about \$0.2 million, or 0.4%. Total governmental activities expenses increased by \$11.4 million or 23.7% largely as a result of increased pension and OPEB costs.
- *Total business-type activities revenues* were basically flat, decreasing by \$2.6 million or 4.3%. Total business-type activities expenses increased by \$15.6 million or 35.5% attributable to the cost of outsourcing the water utility and to costs associated with Hurricane Irma.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44.5 million, an increase of \$2.1 million over the prior fiscal year. Approximately 60.7% or \$27.0 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- The City's enterprise funds reported combined unrestricted net position of \$34.9 million, a decrease of \$9.8 million from the previous fiscal year. The enterprise fund total net position decreased by \$12.2 million or 8.1%, because of the cost of outsourcing the water utility and costs associated with Hurricane Irma.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of North Miami Beach's basic financial statements. The components of the basic financial statements include:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Other supplementary information is also included in this report. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB).

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 and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public services, parks and recreation services, code compliance, planning and zoning, economic development, and general and administrative services. The business-type activities of the City include water, sewer, and stormwater operations, sanitation services and building permitting.

The government-wide financial statements include not only the City of North Miami Beach (known as the *primary government*), but also a legally separate community redevelopment agency for which the City is financially accountable. This *component unit* functions for all practicable purposes as a department and special revenue fund of the City and has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 38-39 of this report.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both 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 General Fund, which is considered to be a major fund. Data from the other governmental funds is 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* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 40-43 of this report.

Proprietary funds:

Proprietary funds are used when fees are charged to customers for the use of specific goods or services. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds:

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

Enterprise funds provide separate information for the water and sewer operations and sanitation services, which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report

Internal service funds are used to accumulate and allocate costs for goods and services provided internally among the City's various funds and functions. The Customer Service Fund predominately serves the enterprise funds and is reported with the business-type activities. Any net increase or deficiency in net position in the internal service fund is allocated back to the participating funds.

The basic proprietary fund financial statements can be found on pages 44-46 of this report.

Fiduciary funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are accounted for in a manner similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 47-48 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Note 14 includes information regarding the Community Redevelopment Agency.

The notes to the basic financial statements can be found on pages 49-98 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Additional RSI displays the City's progress in funding its obligation to provide post-employment benefits to its employees.

Required supplementary information can be found on pages 99-110 of this report.

The combining statements referred to earlier in connection with non-major funds are presented immediately following the required supplementary information. Budgetary comparison schedules are included for non-major governmental funds that legally adopt budgets.

Combining statements and budgetary schedules can be found on pages 111-129 of this report.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2018

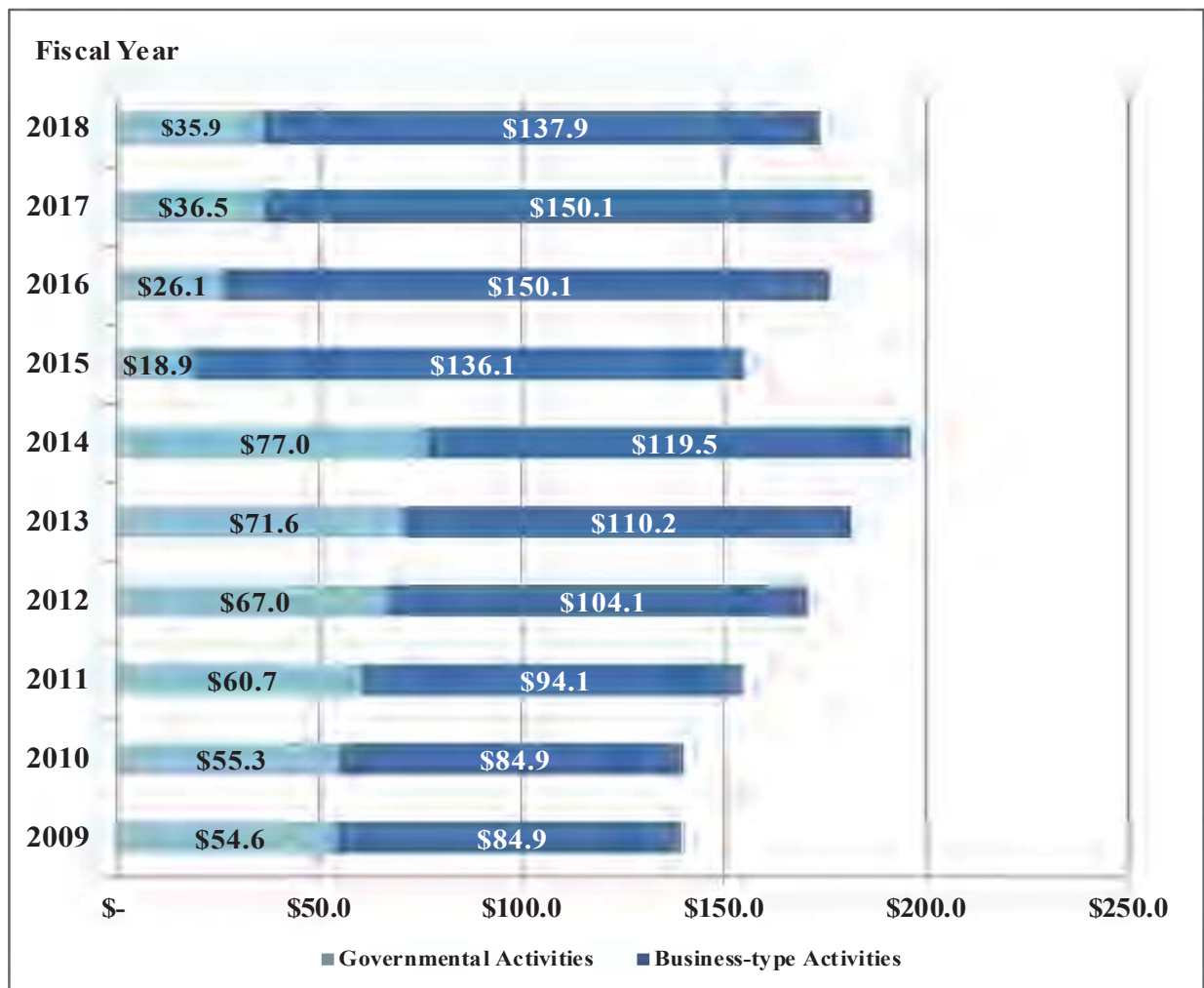
Government-Wide Financial Analysis

Net investment in capital assets - The largest portion of the City's net position (85.0%) reflects its investment in capital assets (e.g.; land, buildings, and equipment) less any outstanding debt used to acquire those assets. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position - Some of the City's net position (9.5%) is subject to external restrictions on how it may be used. These resources have been set aside for capital projects, debt service payments, and other contractual obligations.

Unrestricted net position - The City's unrestricted net position is \$9.5 million or 5.5% of total net position at September 30, 2018.

The following chart displays the City's **total net position** over the last ten fiscal years (in millions).



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2018

Condensed Government-wide Statement of Net Position

The following chart provides a condensed statement of government-wide net position with comparative balances between the current and last fiscal year (in millions).

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets and Deferred						
<u>Outflows of Resources</u>						
Current	\$ 49.1	\$ 56.6	\$105.7	\$ 46.3	\$ 75.4	\$121.7
Non-current	-	0.3	0.3	-	0.6	0.6
Restricted assets	-	4.4	4.4	0.6	7.2	7.8
Capital assets, net	69.3	170.9	240.2	69.2	166.7	235.9
Total assets	<u>\$ 118.4</u>	<u>\$ 232.2</u>	<u>\$350.6</u>	<u>\$ 116.1</u>	<u>\$ 249.9</u>	<u>\$366.0</u>
Deferred outflows of resources	<u>\$ 15.6</u>	<u>\$ 6.0</u>	<u>\$ 21.6</u>	<u>\$ 20.4</u>	<u>\$ 4.7</u>	<u>\$ 25.1</u>
Liabilities and Deferred						
<u>Inflows of Resources</u>						
Long-term liabilities	\$ 92.2	\$ 85.0	\$177.2	\$ 93.0	\$ 88.3	\$181.3
Other liabilities	3.4	14.3	17.7	3.4	15.0	18.4
Total liabilities	<u>\$ 95.6</u>	<u>\$ 99.3</u>	<u>\$194.9</u>	<u>\$ 96.4</u>	<u>\$ 103.3</u>	<u>\$199.7</u>
Deferred inflows of resources	<u>\$ 2.5</u>	<u>\$ 1.0</u>	<u>\$ 3.5</u>	<u>\$ 3.6</u>	<u>\$ 1.2</u>	<u>\$ 4.8</u>
Net Position						
Net investment in capital assets	\$ 50.5	\$ 97.3	\$147.8	\$ 47.6	\$ 89.4	\$137.0
Restricted	10.8	5.7	16.5	10.4	16.0	26.4
Unrestricted	(25.4)	34.9	9.5	(21.5)	44.7	23.2
Total net position	<u>\$ 35.9</u>	<u>\$ 137.9</u>	<u>\$173.8</u>	<u>\$ 36.5</u>	<u>\$ 150.1</u>	<u>\$186.6</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

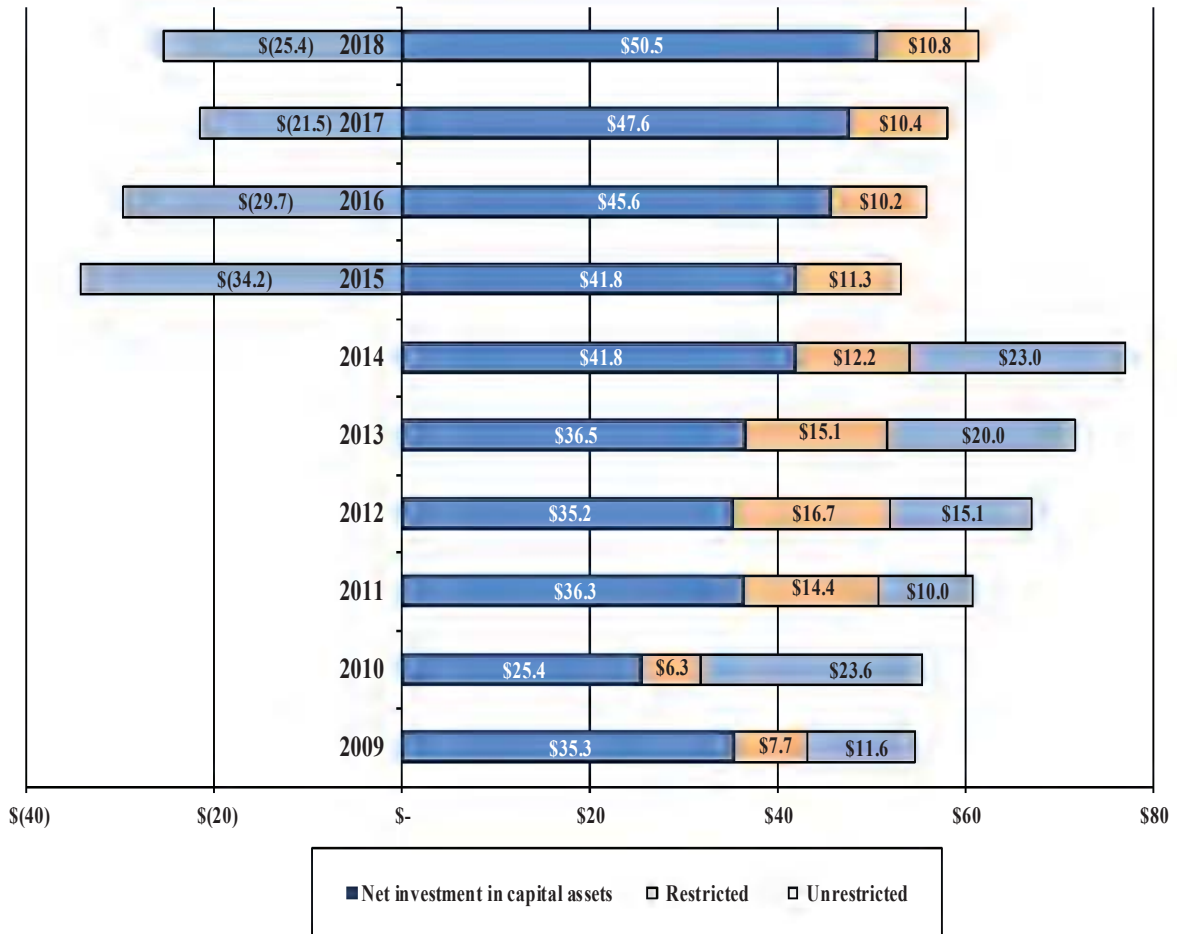
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2018

Governmental activities:

Net position of the City's governmental activities increased by \$0.6 million but was offset by a \$1.2 million restatement of net position resulting in the change in net assets dropping from \$36.5 million in the last fiscal year to \$35.9 million in the current fiscal year. Property taxes continue to strengthen, as do other sources of tax revenues, nearly reaching pre-recession levels. Additional transfers from the business-type activities were charged as the result of an increase in the economic activity of those funds.

Governmental activities Net Position (in millions)

Fiscal Year



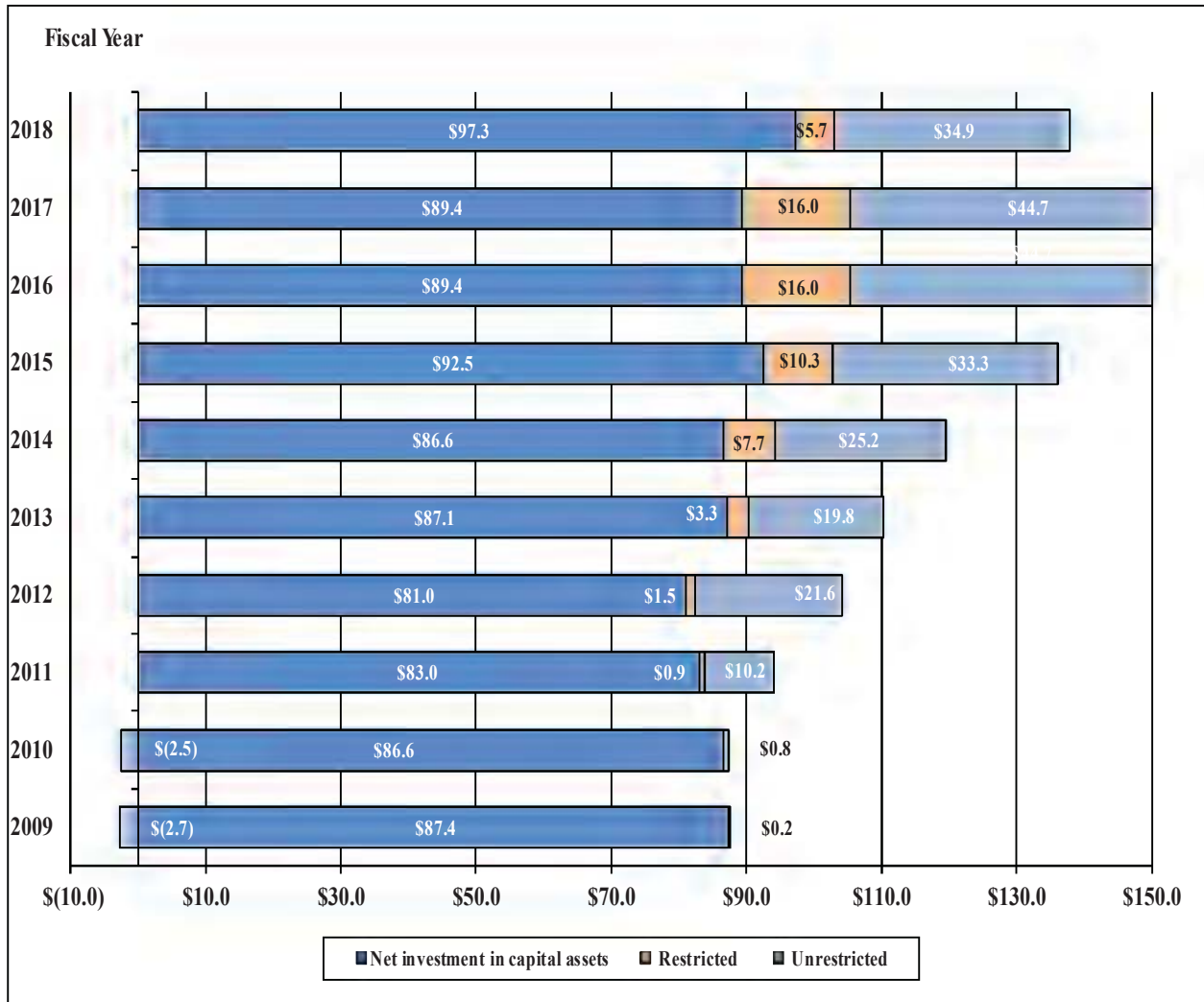
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2018

Business-type activities:

The City's net position of the business-type activities decreased by approximately \$12.2 million or 8.1% from the prior fiscal year amount. Notably, unrestricted net position decreased from the prior year, by approximately \$9.8 million as a result of the cost of outsourcing the water utility and to costs associated with Hurricane Irma. Restricted net position also decreased from prior year, by \$10.3 million, because of repayment of the capital leases.

Business-type Activities Net Position (in millions)



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

Government-wide Statement of Changes in Net Position

The following table provides a summary comparison of the government-wide statement of changes in net position between the current and last fiscal year as restated (in millions).

	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 5.4	\$ 52.1	\$ 57.5	\$ 4.5	\$ 55.9	\$ 60.4
Operating grants & contributions	0.6	-	0.6	1.4	-	1.4
Capital grants & contributions	0.9	-	0.9	0.4	-	0.4
General Revenues:						
Property taxes	17.3	-	17.3	16.5	-	16.5
Other taxes	18.9	1.6	20.5	20.1	2.8	22.9
Intergovernmental	5.5	-	5.5	5.3	-	5.3
Other miscellaneous	0.9	4.3	5.2	1.1	1.9	3.0
Total revenues	<u>49.5</u>	<u>58.0</u>	<u>107.5</u>	<u>49.3</u>	<u>60.6</u>	<u>109.9</u>
Expenses:						
General government	24.6	-	24.6	12.4	-	12.4
Public safety	22.9	-	22.9	25.4	-	25.4
Parks and R.E.C.	5.7	-	5.7	5.4	-	5.4
Public services	4.8	-	4.8	4.3	-	4.3
Interest on long-term debt	1.5	-	1.5	0.6	-	0.6
Water	-	34.4	34.4	-	27.0	27.0
Sewer	-	12.0	12.0	-	6.0	6.0
Solid Waste	-	10.3	10.3	-	8.3	8.3
Stormwater	-	1.0	1.0	-	1.0	1.0
Building permits	-	1.8	1.8	-	1.6	1.6
Total Expenses	<u>59.5</u>	<u>59.5</u>	<u>119.0</u>	<u>48.1</u>	<u>43.9</u>	<u>92.0</u>
Increase (decrease) in net position before transfers	(10.0)	(1.5)	(11.5)	1.2	16.7	17.9
Transfers	10.6	(10.6)	-	9.2	(9.2)	-
Change in net position	0.6	(12.1)	(11.5)	10.4	7.5	17.9
Net position - beginning, as previously stated	36.5	150.1	186.6	26.1	142.6	168.7
Restatement of net position	(1.2)	(0.1)	(1.3)	-	-	-
Net position - beginning, as restated	<u>35.3</u>	<u>150.0</u>	<u>185.3</u>	<u>26.1</u>	<u>142.6</u>	<u>168.7</u>
Net position - ending, as restated	<u>\$ 35.9</u>	<u>\$ 137.9</u>	<u>\$173.8</u>	<u>\$ 36.5</u>	<u>\$ 150.1</u>	<u>\$186.6</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2018

Financial Analysis of the City's Funds

The City of North Miami Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the fund financial statements is on major funds, rather than fund types. Traditional users of the fund financial statements will find the fund financial statements presentation more familiar.

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. The Governmental Funds presentation is designed to show the sources and uses of liquid resources. This is the manner in which the budget is typically developed. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's current financial resources available for discretionary spending.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (nonspendable, restricted, committed, assigned, and unassigned) of \$44.5 million, an increase of \$2.1 million over the prior year.

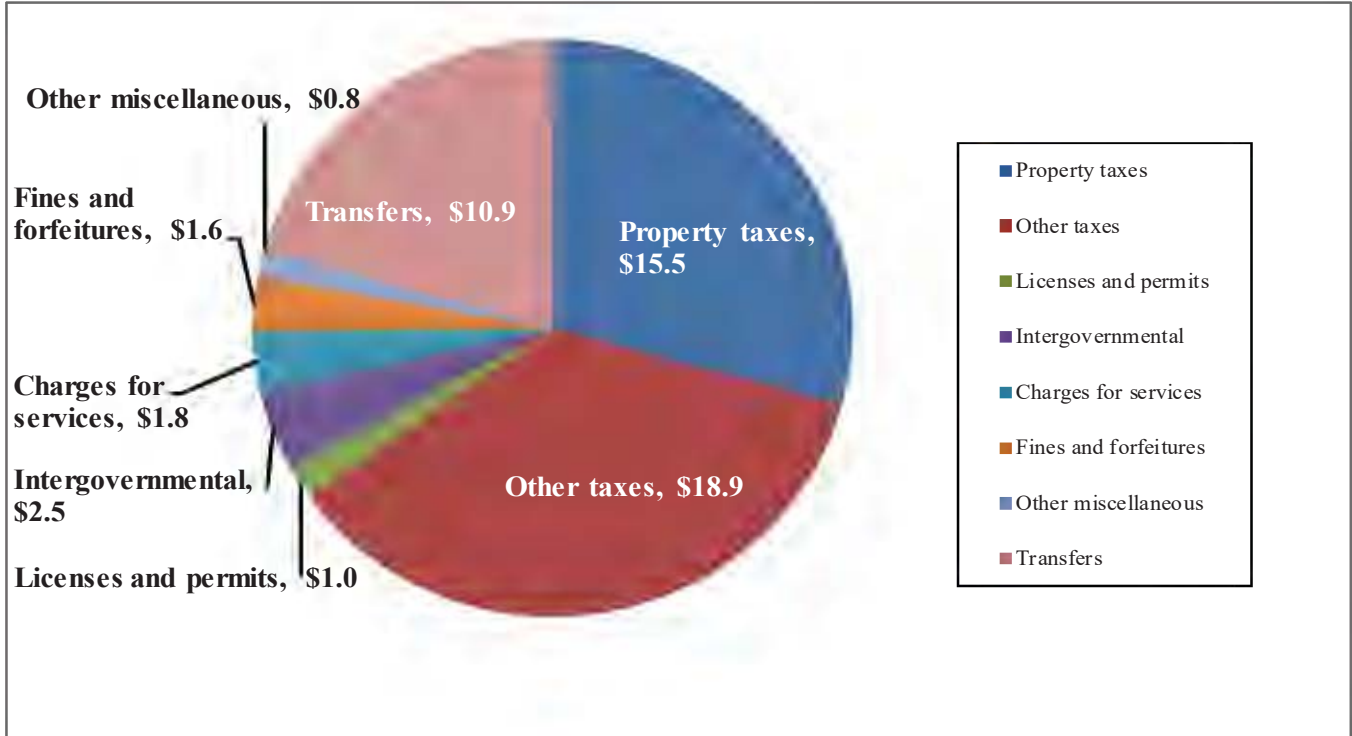
At September 30, 2018, less than one percent of the fund balance of the governmental funds was in nonspendable form. In other words, the assets are not cash and will not be converted into cash. This classification includes items such as prepaid costs and inventory. The use of 24.3% of fund balance is restricted by third parties such as grantors, creditors or other governmental entities for specific types of expenditures and for mitigation of the effect of development on parks and public safety. The City Commission through ordinance or resolution has committed \$0.3 million of fund balance to be used for specific purposes such as alley restoration. The City Manager has assigned approximately 13.9% of fund balance to be used for capital projects and equipment, land acquisition, liability and workers' compensation claims and expenditures for next fiscal year. *Unassigned fund balance* is the portion of fund balance that is available for spending at the City's discretion 60.6% of fund balance (\$27.0 million) constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. All revenues and other receipts and expenses, fixed charges and capital improvement costs that are not required by law or contractual agreement to be accounted for in another fund are accounted for in this fund. At the end of the current fiscal year, fund balance in the general fund is \$34.9 million. The unassigned fund balance of \$27.0 million constitutes 77.5% of total general fund balance which represents an increase of \$2.0 million or 8.0% over the prior year. *Total General Fund revenues* increased \$1.5 million over last fiscal year. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2018 general fund revenues and relative to the fiscal year 2017 general fund revenues.

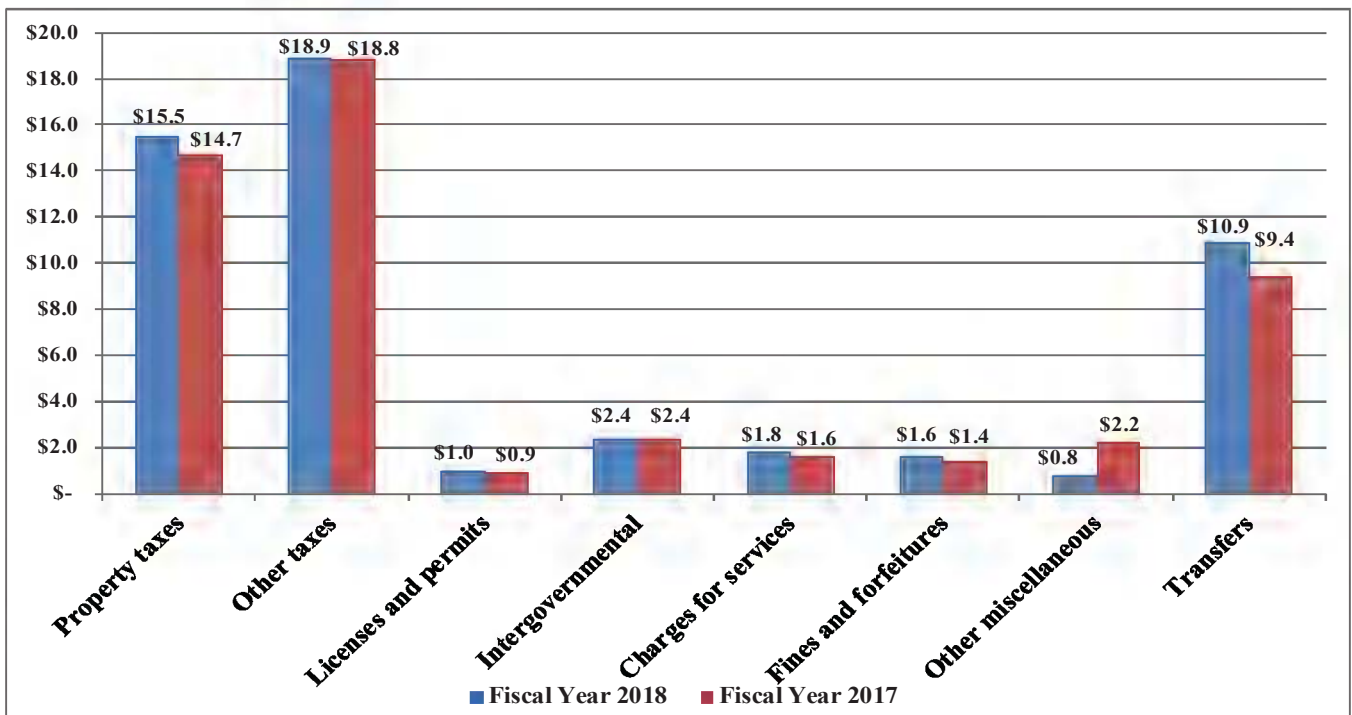
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2018

General Fund Revenues by Source (in millions)



Current Year vs. Prior Year General Fund Revenues (in millions)



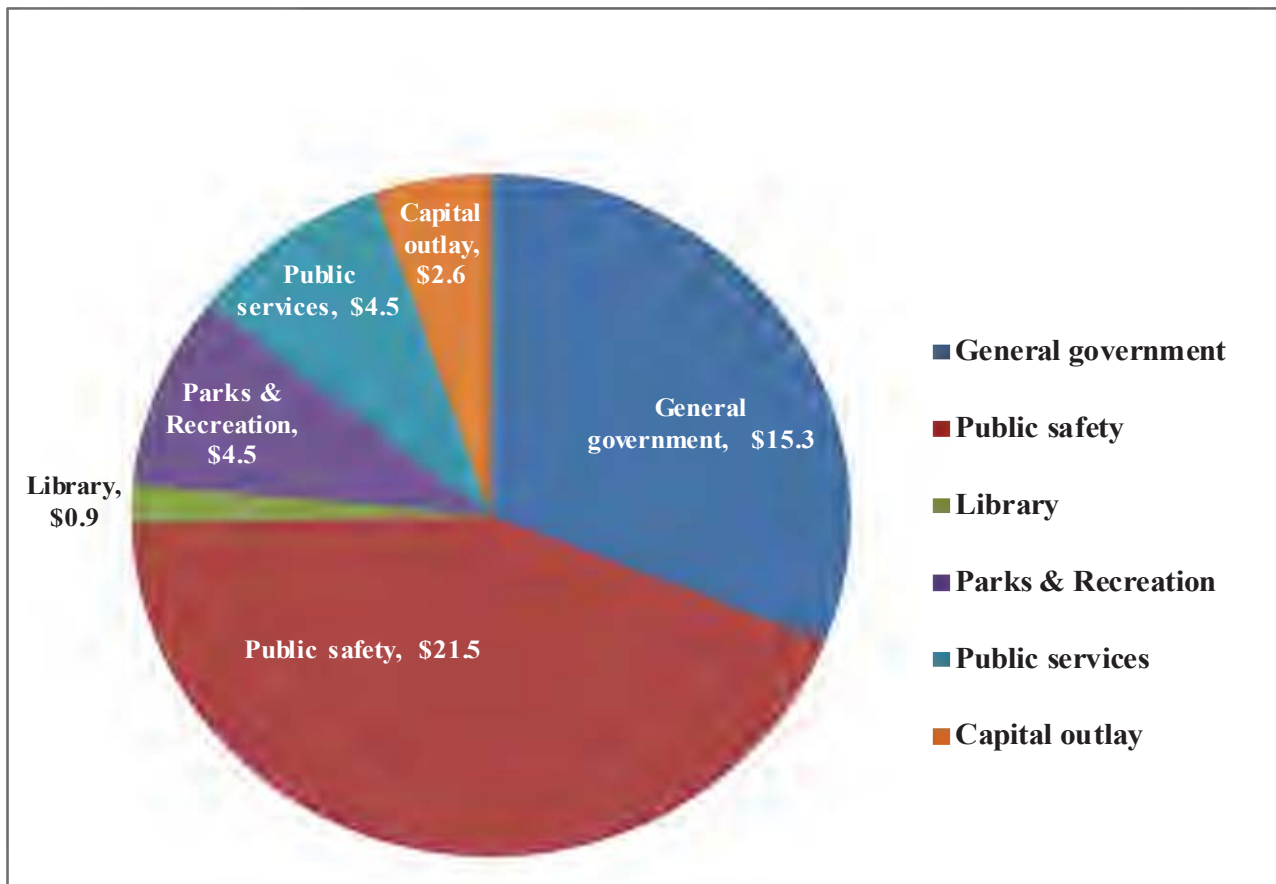
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

Total General Fund expenditures increased by \$3.8 million or 8.4% as compared to the prior year. The cost of general government services was the primary source of the increase.

The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2018 general fund expenditures.

General Fund Expenditures (in millions)



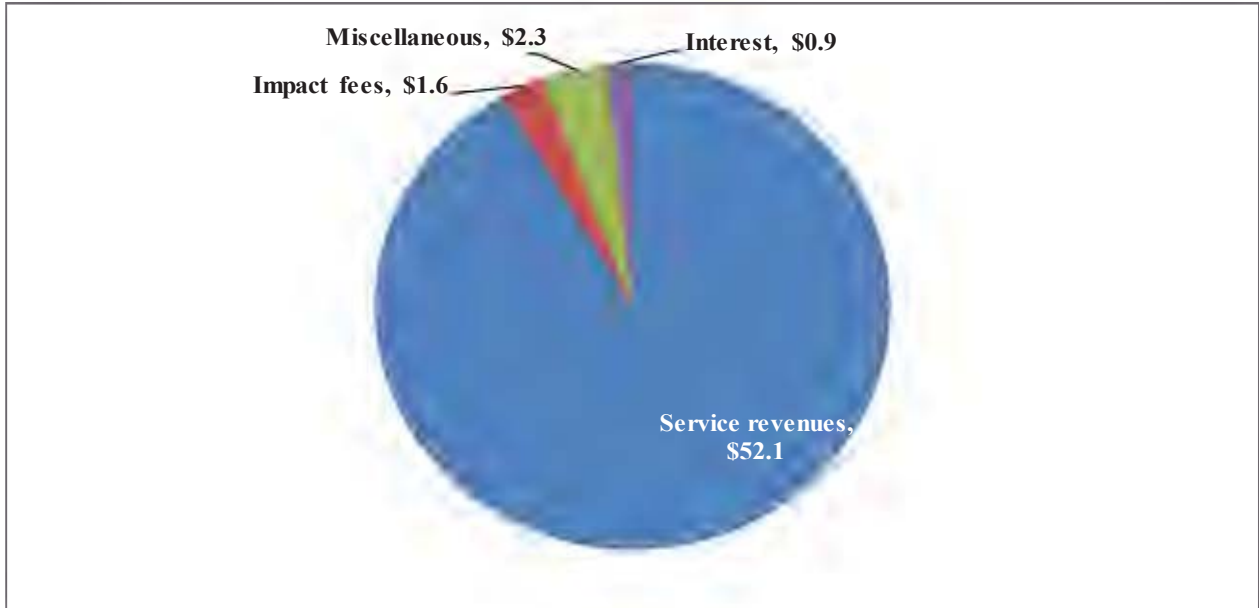
Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short- and long-term financial information. *Total Proprietary fund revenues* decreased by \$3.7 million less than last fiscal year primarily because of a significant decrease in building permits.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2018

The following graphics display (in millions) the sources of proprietary fund revenues relative to the total fiscal year 2018 proprietary fund revenue and a comparison between the operating revenues and expenses of each proprietary fund for the current fiscal year.

Proprietary Fund Revenues by Source (in millions)



Proprietary Fund Operating Revenues and Expenses (in millions)



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

General Fund Budgetary Highlights

A budgetary comparison schedule for the General Fund is part of the required supplementary information and can be found on pages 99-102 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$3.2 million during the current fiscal year. The original budget was increased to provide amounts encumbered for capital projects at the end of the prior fiscal year.

The differences in the *actual* revenues and expenditures as compared to the *final amended budget* are summarized as follows:

- Actual revenue was greater than planned by approximately \$2.6 million. Total tax revenue exceeded expectations by about \$0.9 million. All revenue classifications were slightly higher than budgeted.
- All expenditures exhibited positive variances except capital outlay for the general government category and interest and other fiscal charges. Interest payments for the Enterprise Resource Planning lease was paid from the General Fund instead transferring the cost to the Information Technology Fund.
- Significant savings were realized in both operating and capital outlay expenditures. Overall, the positive expenditure variance was about \$7.2 million.
- The total budgetary variance was a positive \$2.9 million.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$240.3 million (net of accumulated depreciation).

This investment in capital assets includes land, buildings, improvements other than buildings, and machinery and equipment. The City's investment in capital assets for the current fiscal year increased by \$4.4 million or 1.9%.

Increases in equipment primarily resulted from the reclassification of the capital lease equipment into the category as all capital leases were satisfied during the fiscal year.

A significant amount of business-type activity construction projects were completed during the fiscal year resulting in the decrease in the construction in progress category and the corresponding increase in the buildings and plant category.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

The following chart provides a condensed schedule of government-wide capital assets with comparative balances between the current and last fiscal year.

Capital Assets, net of accumulated depreciation (in millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	Land	\$ 4.3	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.2
Buildings and plant	1.5	1.6	136.8	111.4	138.3	113.0
Improvements other than buildings	14.4	15.6	-	-	14.4	15.6
Furniture, fixtures, machinery and equipment	7.1	5.2	3.3	3.3	10.4	8.5
Infrastructure	16.8	17.6	-	-	16.8	17.6
Capital lease equipment	-	1.2	-	0.5	-	1.7
Construction in progress	25.3	23.7	24.9	45.6	50.2	69.3
Total capital assets	<u>\$ 69.4</u>	<u>\$ 69.2</u>	<u>\$ 170.9</u>	<u>\$ 166.7</u>	<u>\$ 240.3</u>	<u>\$ 235.9</u>

Additional information on the City's capital assets can be found in Note 7 of this report.

Long-term Debt

In 2012, the City received a rating letter which indicated that Standard and Poor's (S&P) Rating Services assigned an "A+" rating with a stable outlook on the City's water revenue bonds. FitchRatings also had assigned an "A+" rating with a stable outlook on those same bonds. FitchRatings upgraded the bond rating to "AA-" with a stable outlook during 2016. S&P affirmed the City's A+ rating in February 2018.

At the end of the current fiscal year, the City had total bonded debt outstanding, net of bond premiums of \$70.0 million, total notes payable of \$2.0 million, and State Revolving loans outstanding of \$20.5 million. Of this amount, \$16.2 million was approved by referendum of the City's voters. \$76.3 million of the bonds, notes and loans has been secured by specified revenue sources, such as water and sewer utility operating income and transit surtaxes. Tax Increment Financing revenues have been pledged for the CRA debt totaling \$1.4 million.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

The following chart provides information on the City's outstanding long-term debt with comparative balances between the current and last fiscal year.

Denominated Long-Term Debt Outstanding (in millions)

	Governmental activities		Business-type activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 16.2	\$ 17.4	\$ -	\$ -	\$ 16.2	\$ 17.4
Revenue bonds	1.3	1.9	52.5	55.2	53.8	57.1
Notes payable	1.4	1.6	0.6	0.8	2.0	2.4
State Revolving Loans	-	-	20.5	20.6	20.5	20.6
Master leases	-	0.7	-	0.7	-	1.4
Total	<u>\$ 18.9</u>	<u>\$ 21.6</u>	<u>\$ 73.6</u>	<u>\$ 77.3</u>	<u>\$ 92.5</u>	<u>\$ 98.9</u>

Even though the City's long-term liabilities have increased dramatically with the addition of the net pension and OPEB obligations, this chart indicates that the City continues to make steady progress in paying down its debt obligations.

Additional information on the City's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

During 2017, the City Commission updated the City's Strategic Plan and it was used as a guide to prioritize funding for the adopted fiscal year 2017 and 2018 budgets. Each expenditure and revenue generation has been strategically linked to the City's Vision, Mission and Goals.

The goals identified during the Strategic Planning sessions included:

- Financially Sound City Government
- The Place to Live: Beautiful, Safe and Livable
- High performing City organization providing great customer services
- Revitalized Downtown and Major Corridors

Economic factors indicate that the economy appears to be stabilizing, including a slowly recovering real estate market and slowly declining unemployment rates. However, municipal operations tend to lag the effects of economic conditions, either positive or negative. Like many local governments across the country, the City is working to strike the delicate balance of maintaining service levels while keeping taxes and service charges as low as possible.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2018

The City's property tax bottomed after five consecutive years of decline from 2008 to 2013. Growth was sluggish from 2013 to 2016, from \$1.7 billion to 2.0 billion. While the City's property tax base (gross taxable value) has decreased from its peak of approximately \$2.7 billion in 2008 to \$2.5 billion in 2018, operating millage rates have declined from \$6.6905 per thousand to \$6.4000 over the same period. This combination has resulted in a cumulative loss of \$38.8 million in property tax revenue since fiscal year 2009. However, property tax revenue grew by 5.4% over last year's property taxes despite a millage rate decrease of 0.1000.

Besides property taxes, the City's other major revenue source is utility revenue. The pursuit of additional customers is an ongoing strategy for the Norwood Water Treatment Facility to achieve its goal of full-capacity production.

As of the date of this report, all of the pension plans have been amended to reduce the cost to the City of providing pension benefits. During July 2017, the Retirement Plan and Trust for the General Management Employees was closed to new participants with an option for existing members to transfer to the Management Employee Defined Contribution Money Purchase Plan (401a). Over time, this change is expected to result in significant savings to the City.

As preparation begins on next year's budget, the City Commission is in the process of updating the Strategic Plan and the resource allocation process will focus on the implementation of the revised Strategic Plan initiatives.

Requests for Information

This financial report is designed to provide a general overview of the City of North Miami Beach's finances for all those with an interest in the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Janette Smith, CPA
Finance Director
City of North Miami Beach
17011 NE 19th Avenue
North Miami Beach, Florida 33162



BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets			
Pooled cash and investments	\$ 44,735,586	\$ 40,327,131	\$ 85,062,717
Receivables	5,179,091	14,958,053	20,137,144
Internal balances	(1,092,983)	1,092,983	-
Prepaid costs	132,070	16,405	148,475
Inventory	168,360	137,177	305,537
Other assets	100	-	100
Restricted assets			
Pooled cash and investments	-	4,420,299	4,420,299
Total current assets	<u>49,122,224</u>	<u>60,952,048</u>	<u>110,074,272</u>
Non-Current assets			
Loans receivable	-	315,212	315,212
Capital assets, non-depreciable	29,687,255	30,762,725	60,449,980
Capital assets, net of accumulated depreciation	39,673,049	140,151,067	179,824,116
Total non-current assets	<u>69,360,304</u>	<u>171,229,004</u>	<u>240,589,308</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources			
Pension	14,924,681	5,896,338	20,821,019
Other post employment benefits	657,000	103,195	760,195
Total deferred outflows of resources	<u>15,581,681</u>	<u>5,999,533</u>	<u>21,581,214</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 134,064,209</u>	<u>\$ 238,180,585</u>	<u>\$ 372,244,794</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 2,948,967	\$ 9,844,927	\$ 12,793,894
Customer/vendor deposits	480,922	4,420,299	4,901,221
Total current liabilities	<u>3,429,889</u>	<u>14,265,226</u>	<u>17,695,115</u>
Non-Current liabilities			
Due within one year	5,096,961	4,419,509	9,516,470
Due in more than one year			
Net pension liability	65,830,081	10,898,667	76,728,748
Other non-current liabilities	21,339,038	69,702,719	91,041,757
Total non-current liabilities	<u>92,266,080</u>	<u>85,020,895</u>	<u>177,286,975</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources			
Taxes received in advance	724,838	-	724,838
Pension	1,597,259	973,903	2,571,162
Other post employment benefits	169,874	26,682	196,556
Total deferred inflows of resources	<u>2,491,971</u>	<u>1,000,585</u>	<u>3,492,556</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 98,187,940</u>	<u>\$ 100,286,706</u>	<u>\$ 198,474,646</u>
NET POSITION			
Net investment in capital assets	\$ 50,497,761	\$ 97,349,489	\$ 147,847,250
Restricted for:			
Debt service	75,721	-	75,721
Community Redevelopment	2,061,946	-	2,061,946
Interlocal agreements	1,515,659	-	1,515,659
Public safety	5,738,104	-	5,738,104
Capital projects and equipment	-	-	-
Impact fees	1,434,748	5,651,358	7,086,106
Unrestricted	(25,447,670)	34,893,032	9,445,362
Total net position	<u>\$ 35,876,269</u>	<u>\$ 137,893,879</u>	<u>\$ 173,770,148</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Pooled cash and investments	\$ 33,470,896	\$ 2,076,297	\$ 7,423,750	\$ 42,970,943
Accounts receivable	4,465,327	-	713,764	5,179,091
Due from other funds	117,329	-	-	117,329
Prepaid costs	62,268	-	3,535	65,803
Inventory	168,360	-	-	168,360
Other assets	100	-	-	100
TOTAL ASSETS	<u>\$ 38,284,280</u>	<u>\$ 2,076,297</u>	<u>\$ 8,141,049</u>	<u>\$ 48,501,626</u>
<u>LIABILITIES</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 2,224,968	\$ 14,351	\$ 397,318	\$ 2,636,637
Vendor deposits	480,922	-	-	480,922
Due to other funds	-	-	117,329	117,329
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources				
Taxes received in advance	724,838	-	-	724,838
Total liabilities and deferred inflows of resources	3,430,728	14,351	514,647	3,959,726
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	168,360	-	-	168,360
Prepaid costs	62,268	-	3,535	65,803
Restricted:				
Debt service	-	-	92,082	92,082
Community Redevelopment	-	2,061,946	-	2,061,946
Interlocal agreements	-	-	1,515,659	1,515,659
Public safety	-	-	5,738,104	5,738,104
Impact fees	1,434,748	-	-	1,434,748
Committed:				
Alley restoration	-	-	293,383	293,383
Assigned:				
Capital projects and equipment	2,337,365	-	-	2,337,365
Liability claims	1,597,883	-	-	1,597,883
Workers' compensation claims	2,169,016	-	-	2,169,016
Land acquisition	68,574	-	-	68,574
Unassigned:				
Debt service	-	-	(16,361)	(16,361)
General fund	27,015,338	-	-	27,015,338
Total fund balances	<u>34,853,552</u>	<u>2,061,946</u>	<u>7,626,402</u>	<u>44,541,900</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 38,284,280</u>	<u>\$ 2,076,297</u>	<u>\$ 8,141,049</u>	<u>\$ 48,501,626</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

Total governmental fund balances (page 40)	\$ 44,541,900
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:	
Capital assets, (excluding those reported in the internal service funds) used in governmental activities are not current financial resources and therefore are not reported in the funds	69,007,248
Long-term liabilities, (excluding those reported in the internal service funds) including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(26,386,721)
Deferred outflows	15,581,681
Deferred inflows	(1,767,133)
Net pension liability	(65,830,081)
Accrued interest on long term debt	(259,514)
The internal service fund is used by management to charge the cost of information technology to other funds. The assets and liabilities of the internal service fund are included in governmental activities in the Government-wide Statement of Net Position.	<u>988,889</u>
Net position of governmental activities (page 38)	<u>\$ 35,876,269</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 15,478,213	\$ -	\$ 1,867,420	\$ 17,345,633
User surcharges	7,163,982	-	-	7,163,982
Franchise fees	2,126,388	-	-	2,126,388
Utility taxes	3,565,792	-	-	3,565,792
Communication service taxes	1,681,998	-	-	1,681,998
Other taxes	4,401,719	-	-	4,401,719
Licenses and permits	977,986	-	-	977,986
Intergovernmental revenue	2,419,672	1,320,830	1,724,622	5,465,124
Charges for services	1,792,806	-	-	1,792,806
Fines and forfeitures	1,635,865	-	1,394,256	3,030,121
Grant revenue	-	-	362,385	362,385
Investment income	275,531	19,591	-	295,122
Miscellaneous revenue	574,067	-	20,757	594,824
Total revenues	42,094,019	1,340,421	5,369,440	48,803,880
Expenditures:				
Current operating:				
General government	15,322,096	209,543	973,642	16,505,281
Public safety	21,530,830	-	1,653,781	23,184,611
Library	891,984	-	44,596	936,580
Parks & REC	4,467,533	-	30,722	4,498,255
Public services	4,501,718	-	46,439	4,548,157
Capital outlay	2,561,501	22,126	1,434,186	4,017,813
Debt service:				
Principal	19,253	166,667	1,903,276	2,089,196
Interest and other fiscal charges	784,833	38,408	656,018	1,479,259
Total expenditures	50,079,748	436,744	6,742,660	57,259,152
Excess (deficiency) of revenues over expenditures	(7,985,729)	903,677	(1,373,220)	(8,455,272)
Other financing sources (uses)				
Transfers in	10,871,502	-	654,283	11,525,785
Transfers out	(29,077)	(154,340)	(735,640)	(919,057)
Total other financing sources (uses)	10,842,425	(154,340)	(81,357)	10,606,728
Net change in fund balance	2,856,696	749,337	(1,454,577)	2,151,456
Fund balances, beginning	31,996,856	1,312,609	9,080,979	42,390,444
Fund balances, ending	\$ 34,853,552	\$ 2,061,946	\$ 7,626,402	\$ 44,541,900

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, 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

Amounts reported for governmental activities in the Government-wide Statement of Activities (page 39) are different because:

Net change in fund balances - total governmental funds (page 42)	\$ 2,151,456
--	--------------

Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which depreciation exceeded capital outlays in the current period. The details of the difference (excluding the internal service fund) are as follows:

Capital outlay	\$ 4,017,813	
Depreciation expense	(4,097,625)	
Amounts reported as capital outlay not included in capital assets (not capitalized)	<u>(5,423)</u>	
Net adjustment		(85,235)

The issuance of long-term debt provides current financial resources to governmental funds. Repayment of the principal consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of the difference (excluding the internal service fund) are as follows:

Principal payments:		
General obligation and capital improvement bonds	1,280,000	
Revenue bonds	623,276	
Notes payable	166,667	
Master leases	<u>19,253</u>	
Net adjustment		2,089,196

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

Changes in:

Compensated absences	97,521	
Accrued interest	(5,476)	
Estimated claims	860,000	
OPEB liability	1,831,146	
Deferred outflows	(4,838,247)	
Deferred inflows	(1,045,790)	
Net pension liability	<u>(732,598)</u>	
		<u>(3,833,444)</u>

Difference between cash pension contributions and pension cost	<u>(668,583)</u>
--	------------------

The internal service fund is used by management to charge the costs of information technology to other funds. The net revenue is reported with governmental activities.

	<u>988,889</u>
--	----------------

Change in net position of governmental activities (page 39)	<u>\$ 642,279</u>
---	-------------------

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2018

	Business-type Activities					Internal Service Fund	
	Enterprise Funds				Total		Information Technology
	Major Funds			Other Enterprise Funds			
	Water Utility	Wastewater Utility	Solid Waste				
ASSETS							
Current assets:							
Pooled cash and investments	\$ 20,135,104	\$ 10,179,366	\$ -	\$ 10,012,661	\$ 40,327,131	\$ 1,764,643	
Accounts receivable, net	10,055,440	2,010,261	2,611,575	280,777	14,958,053	-	
Due from other funds	-	-	-	584,406	584,406	-	
Prepaid expenses	14,752	-	1,653	-	16,405	66,267	
Inventory	137,177	-	-	-	137,177	-	
Restricted assets:							
Customer Deposits	3,947,406	450,883	22,010	-	4,420,299	-	
Total current assets	34,289,879	12,640,510	2,635,238	10,877,844	60,443,471	1,830,910	
Non-current assets							
Loans receivable	-	315,212	-	-	315,212	-	
Capital assets, non-depreciable	26,130,017	3,932,931	-	699,777	30,762,725	-	
Capital assets - net of accumulated depreciation	114,790,740	21,061,686	945,092	3,353,549	140,151,067	353,056	
Total non-current assets	140,920,757	25,309,829	945,092	4,053,326	171,229,004	353,056	
Total assets	\$ 175,210,636	\$ 37,950,339	\$ 3,580,330	\$ 14,931,170	\$ 231,672,475	\$ 2,183,966	
DEFERRED OUTFLOWS OF RESOURCES							
Pension	\$ 3,825,244	\$ 398,182	\$ 624,017	\$ 1,048,895	\$ 5,896,338	\$ -	
Other post employment benefits	68,796	5,160	22,359	6,880	103,195	-	
Total deferred outflows of resources	\$ 3,894,040	\$ 403,342	\$ 646,376	\$ 1,055,775	\$ 5,999,533	\$ -	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 7,502,068	\$ 1,183,592	\$ 563,766	\$ 595,501	\$ 9,844,927	\$ 52,816	
Customer deposits	3,947,406	450,883	22,010	-	4,420,299	-	
Due to other funds	-	-	584,406	-	584,406	-	
Current portions of:							
Revenue bonds payable	2,829,983	-	-	-	2,829,983	-	
Notes payable	959,792	321,505	-	186,153	1,467,450	-	
Compensated absences	27,176	-	27,170	67,730	122,076	47,069	
Total current liabilities	15,266,425	1,955,980	1,197,352	849,384	19,269,141	99,885	
Non-current liabilities:							
Revenue bonds payable	49,639,709	-	-	-	49,639,709	-	
Notes payable	13,017,737	6,224,855	-	384,569	19,627,161	-	
Net pension liability	7,345,824	681,049	1,682,068	1,189,726	10,898,667	-	
Compensated absences	29,103	-	57,547	59,992	146,642	2,209	
Other post-employment benefits	192,805	14,460	62,662	19,280	289,207	-	
Total non-current liabilities	70,225,178	6,920,364	1,802,277	1,653,567	80,601,386	2,209	
Total liabilities	\$ 85,491,603	\$ 8,876,344	\$ 2,999,629	\$ 2,502,951	\$ 99,870,527	\$ 102,094	
DEFERRED INFLOWS OF RESOURCES							
Pension	\$ 599,100	\$ 6,704	\$ 10,506	\$ 357,593	\$ 973,903	\$ -	
Other post employment benefits	17,788	1,334	5,781	1,779	26,682	-	
Total deferred inflows of resources	\$ 616,888	\$ 8,038	\$ 16,287	\$ 359,372	\$ 1,000,585	\$ -	
NET POSITION							
Net investment in capital assets	\$ 74,473,536	\$ 18,448,257	\$ 945,092	\$ 3,482,604	\$ 97,349,489	\$ 353,056	
Restricted:							
Impact fees	4,370,352	1,281,006	-	-	5,651,358	-	
Unrestricted	14,152,297	9,740,036	265,698	9,642,018	33,800,049	1,728,816	
Total net position	\$ 92,996,185	\$ 29,469,299	\$ 1,210,790	\$ 13,124,622	\$ 136,800,896	\$ 2,081,872	
					Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,092,983	
					Net position of business-type activities	\$ 137,893,879	

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities					Internal Service Fund	
	Enterprise Funds						
	Major Funds			Other Enterprise Funds	Total		Information Technology
	Water Utility	Wastewater Utility	Solid Waste				
Operating revenues:							
Service revenues	\$ 31,656,018	\$ 7,028,773	\$ 9,666,203	\$ 3,785,750	\$ 52,136,744	\$3,715,802	
Total operating revenues	31,656,018	7,028,773	9,666,203	3,785,750	52,136,744	3,715,802	
Operating expenses:							
Personnel services	1,486,686	241,310	1,068,649	1,869,590	4,666,235	847,457	
Other operating costs	25,073,947	10,571,357	9,136,088	543,047	45,324,439	1,342,891	
Depreciation	5,264,715	985,828	147,312	359,823	6,757,678	40,165	
Total operating expenses	31,825,348	11,798,495	10,352,049	2,772,460	56,748,352	2,230,513	
Operating income (loss)	(169,330)	(4,769,722)	(685,846)	1,013,290	(4,611,608)	1,485,289	
Non-operating revenue (expense):							
Impact fees	1,394,771	186,949	-	-	1,581,720	-	
Investment income	635,508	130,646	938	92,324	859,416	-	
Miscellaneous income	1,079,448	158,710	397,529	686,459	2,322,146	-	
Interest and other fiscal charges	(2,568,773)	(194,816)	(2,887)	(17,232)	(2,783,708)	(4,858)	
Total non-operating revenue (loss)	540,954	281,489	395,580	761,551	1,979,574	(4,858)	
Income before transfers	371,624	(4,488,233)	(290,266)	1,774,841	(2,632,034)	1,480,431	
Transfers out	(6,661,749)	(1,417,836)	(1,616,915)	(908,531)	(10,605,031)	(1,697)	
Change in net position	(6,290,125)	(5,906,069)	(1,907,181)	866,310	(13,237,065)	1,478,734	
Net position - beginning, as previously stated	99,414,623	35,384,978	3,045,461	12,270,761		603,138	
Restatement of net position (See Note 11)	(128,313)	(9,610)	72,510	(12,449)		-	
Net position - beginning, as restated	99,286,310	35,375,368	3,117,971	12,258,312		603,138	
Net position, ending	\$ 92,996,185	\$29,469,299	\$ 1,210,790	\$ 13,124,622		\$2,081,872	
					1,092,983		
						Change in net position of business-type activities	
						\$ (12,144,082)	

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities					Internal
	Enterprise Funds					Service
	Major Funds					Fund
	Water Utility	Wastewater Utility	Solid Waste	Other Enterprise Funds	Total Enterprise Funds	Information Technology
Cash flows from operating activities:						
Cash received from customers	\$ 32,879,065	\$ 7,822,522	\$ 10,218,004	\$ 4,521,449	\$ 55,441,040	\$ -
Cash received from other funds	-	-	584,406	-	584,406	3,499,570
Cash payments to internal service funds	-	-	-	(131,893)	(131,893)	-
Cash payments to suppliers	(25,337,777)	(10,779,080)	(9,318,131)	(477,584)	(45,912,572)	(1,333,364)
Cash payments to employees	(2,177,122)	(301,507)	(1,110,750)	(2,787,902)	(6,377,281)	(832,967)
Net cash provided by (used in) operating activities	5,364,166	(3,258,065)	373,529	1,124,070	3,603,700	1,333,239
Cash flows used in noncapital financing activities:						
Transfers to other funds	(6,661,749)	(1,417,836)	(1,616,915)	(908,531)	(10,605,031)	(1,697)
Net cash used in noncapital financing activities:	(6,661,749)	(1,417,836)	(1,616,915)	(908,531)	(10,605,031)	(1,697)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(34,472,936)	(8,684,444)	(889,183)	(1,639,287)	(45,685,850)	(267,792)
Disposal of capital assets	24,572,018	8,547,147	417,635	1,170,756	34,707,556	-
Impact fees	1,394,771	186,949	-	-	1,581,720	-
Principal paid on long-term debt	(3,797,677)	772,772	(411,453)	(298,748)	(3,735,106)	-
Interest paid on long-term debt	(2,568,773)	(194,816)	(2,887)	(17,232)	(2,783,708)	(4,858)
Net cash provided by (used in) capital and related financing activities	(14,872,597)	627,608	(885,888)	(784,511)	(15,915,388)	(272,650)
Cash flows from investing activities:						
Investment purchases	(21,419,348)	(10,074,981)	(43,135)	(7,671,775)	(39,209,239)	-
Investment calls and maturities	21,406,229	10,068,810	43,108	7,667,076	39,185,223	-
Investment income	648,627	136,817	965	97,023	883,432	-
Net cash provided by investing activities	635,508	130,646	938	92,324	859,416	-
Net increase (decrease) in pooled cash and investments	(15,534,672)	(3,917,647)	(2,128,336)	(476,648)	(22,057,303)	1,058,892
Pooled cash and investments, beginning	39,617,182	14,547,897	2,150,346	10,489,309	66,804,734	705,751
Pooled cash and investments, ending	24,082,510	10,630,250	22,010	10,012,661	44,747,431	1,764,643
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	(169,330)	(4,769,722)	(685,846)	1,013,290	(4,611,608)	1,485,289
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	5,264,715	985,828	147,312	359,823	6,757,678	40,165
Other income	1,079,448	158,710	397,529	686,459	2,322,146	-
(Increase) decrease in assets:						
Accounts receivable	141,556	636,529	156,172	49,240	983,497	-
Inventories	708	-	-	-	708	-
Prepaid costs	(14,152)	-	(1,653)	-	(15,805)	(35,775)
Deferred outflows of resources	(740,561)	(120,276)	(276,531)	(148,170)	(1,285,538)	-
Increase (decrease) in liabilities:						
Vouchers payable and accrued liabilities	(230,180)	(207,723)	(170,869)	(47,304)	(656,076)	59,792
Customer deposits	2,043	(1,490)	(1,900)	-	(1,347)	-
Due to other funds	-	-	584,406	-	584,406	(216,232)
Pension and OPEB liabilities	165,368	62,189	224,591	(712,604)	(260,456)	-
Deferred inflows of resources	(135,449)	(2,110)	318	(76,664)	(213,905)	-
Total adjustments	5,533,496	1,511,657	1,059,375	110,780	8,215,308	(152,050)
Net cash provided by (used in) operating activities	\$ 5,364,166	\$ (3,258,065)	\$ 373,529	\$ 1,124,070	\$ 3,603,700	\$ 1,333,239
Non-cash investing, capital and financing activities:						
Decrease in fair value of investments	\$ (170,296)	\$ (60,623)	\$ -	\$ (66,183)	\$ (297,102)	\$ -

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2018

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ 5,248	\$ 697,112
Investments:		
Common stock	110,974,115	-
Mutual funds	27,664,755	-
U.S. Government securities	32,334,719	-
Corporate bonds	14,387,581	-
Real estate	16,163,708	-
Hedge funds	8,242,887	-
Total Investments	<u>209,767,765</u>	<u>-</u>
Accrued interest receivable	248,075	-
Other receivables	1,071,455	-
Total assets	<u>\$ 211,092,543</u>	<u>\$ 697,112</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 1,508,557	\$ -
Deposits awaiting adjudication	-	697,112
Total liabilities	<u>\$ 1,508,557</u>	<u>\$ 697,112</u>
<u>NET POSITION</u>		
Net position restricted for pensions	<u>\$ 209,583,986</u>	<u>\$ -</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,546,805
Employee	1,275,515
State of Florida	480,388
Total contributions	<u>12,302,708</u>
Investment income (expense):	
Net appreciation in fair value of investments	13,498,682
Interest and dividends	3,895,508
Other income	73,468
Investment expenses	<u>(1,102,948)</u>
Net investment income	<u>16,364,710</u>
Total additions	28,667,418
<u>DEDUCTIONS</u>	
Pension benefit payments	20,631,110
Administrative expenses	508,228
Total deductions	<u>21,139,338</u>
Change in net position	7,528,080
Net position restricted for pensions, beginning	<u>202,055,906</u>
Net position restricted for pensions, ending	<u>\$ 209,583,986</u>

See notes to basic financial statements



NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Contents

Note 1	Summary of Significant Accounting Policies	49
Note 2	Stewardship, Compliance and Accounting	58
Note 3	Deposits and Investments	58
Note 4	Receivables	63
Note 5	Restricted Assets	64
Note 6	Interfund Receivables, Payables and Transfers	64
Note 7	Capital Assets	65
Note 8	Deferred Outflows/Inflows of Resources	67
Note 9	Long-term Debt	68
Note 10	Risk Management	77
Note 11	Prior Period Adjustments	78
Note 12	Employee Retirement Systems	79
Note 13	Defined Contribution Plan	94
Note 14	Other Post Employment Benefits	95
Note 15	Community Redevelopment Agency	98
Note 16	Pronouncements Issued but Not Yet Effective	98

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies

The City of North Miami Beach (the City) was incorporated in 1926. The City operates under a Commission-Manager form of government. In addition to general government services including police, library, parks and recreation, code compliance and public works provided to its residents, the City operates water, sewer, stormwater and solid waste utilities, provides building permitting and inspection services and maintains various trust and agency funds in a fiduciary capacity. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

Financial Reporting Entity

The financial statements were prepared in accordance with Governmental Accounting Standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government (the City), organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

The *North Miami Beach Community Redevelopment Agency (the CRA)* was created by the Mayor and City Commission on December 21, 2004 by adoption of Resolution R2004-86 accepting a delegation of powers from the Miami-Dade Board of County Commissioners and declaring the Mayor and City Commission to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. Miami-Dade County retains the final authority to approve the annual CRA budget, redevelopment plan and amendments, and the issuance of long-term debt. The purpose of the CRA is the elimination and prevention of blight conditions within the designated community redevelopment area. Since the CRA area is entirely within City limits, CRA activities benefit the City almost exclusively. The City Commission acts as the CRA's Board of Directors, the Mayor is the Chairman and the City Manager is the Executive Director. The governance structure allows the City to exert significant influence over the activities of the CRA. Considering these parameters, the CRA meets the criteria of a blended component unit and has been included as an integral part of the attached financial statements as a special revenue fund of the City of North Miami Beach. Additional information on the CRA can be found in the notes to the financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

Related Organizations:

The following entities are those in which the City appoints a voting majority of the governing board; however, the City is not financially accountable for these entities:

On February 2, 2018, the City assumed management and operations of two special taxing districts whose borders lie completely within the City limits. Properties within the Eastern Shores Security Special Taxing District and the Eastern Shores First Addition Security Guard Special Taxing District are assessed non-ad valorem taxes for the provision of guard gate houses at the entrance to two neighborhoods. The City Commission appoints three members to each board and the boards are responsible for setting the assessment rate. The City does not bear any liability with respect to the payment of any amounts encumbered or incurred by the special taxing districts. Likewise, the City does not benefit from any of the assessments collected for the operation of the guardhouses beyond a nominal fee charged for administrative services provided. Financial Statements for the special taxing districts may be obtained by request from the City.

Government-wide and Fund Financial Statements

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following GASB Pronouncement has been implemented during the current fiscal year:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans* issued in June 2015;

The basic financial statements consist of the government-wide statements and fund financial statements. Each set of statements distinguish between the governmental and business-type activities of the City. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the non-fiduciary activities of the primary government and its component units. The statement of net position reports financial and capital resources of the City's governmental and business-type activities. *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 services provided.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for separately.
- The *Community Redevelopment Agency* is used to account for the operations of the North Miami Beach Community Redevelopment Agency (CRA) as a blended component unit.

The City reports the following major proprietary funds:

- The *Water Utility System Fund* accounts for the activities of providing water treatment and distribution service to the utility's customers.
- The *Wastewater Utility System Fund* accounts for the operation of the sewage pumping stations and collection systems to customers both inside and outside the City's boundaries.
- The *Solid Waste Fund* accounts for providing sanitation services within the City.

Additionally, the City reports the following fund types:

- Internal Service Fund - The *Information Technology Fund* is classified as a governmental activity because it provides City-wide services on a cost reimbursement basis.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Fiduciary Funds – The City acts in a fiduciary capacity with regard to the following funds:

- The *Pension Trust Funds* account for the activities of the City's three pension trust funds which accumulate resources for pension benefits.
- The *OPEB Trust Fund* accounts for the activities related to the City's commitment to provide benefits other than pensions to certain employees after separation from the City.
- The *Police Holding Account Agency Fund* accounts for monies that have been seized but not forfeited and are segregated and held by the City until adjudication within which distribution orders are included.

Assets and Liabilities

1. Pooled Cash and Investments

Resources of all funds, with the exception of the pension and OPEB trust funds, the agency fund and certain other cash and investment accounts, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon equity balances of the participating funds. Cash and cash equivalents include pooled cash and investments and are defined as short-term, highly liquid investments with original maturities of three months or less.

In 2012, the City adopted a written investment policy; surplus funds are invested in accordance with the provisions of that policy. City investments are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are based on quoted prices in active markets for identical assets; Level 2 inputs are based on significant other observable inputs; Level 3 inputs are based on unobservable inputs. As of September 30, 2018, all of the City's, OPEB Trust Fund's and The General Management Employee Pension Plan's government securities and corporate bonds have fair value measurements using level 2 valuation inputs using pricing models maximizing the use of observable inputs for similar securities. There are no assets valued using non-recurring fair value measurements.

Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Assets are restricted for customer deposits and funds provided by debt issuance to finance the cost of capital equipment and improvement projects.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Assets and Liabilities (continued)

2. Receivables and Payables

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

3. Inventories and Prepaid Items

Inventories are stated at average cost on a specific identification basis and are recorded as an asset when purchased and as an expense when consumed (consumption method). Prepaid costs are payments for expenditures that are applicable to future accounting periods and are reported as an asset when purchased and as an expense when consumed (consumption method) in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks) are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 for tangible capital assets, \$30,000 for software, and \$75,000 for easements, and an estimated useful life in excess of one year.

Outlays for capital assets and improvements, including design, engineering, installation and similar costs 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. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and utility plant	30-50
Improvements other than buildings	20
Furniture, fixtures, machinery and equipment	5-10
Infrastructure	30

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Assets and Liabilities (continued)

5. Revenue Received in Advance, Deferred Inflows and Deferred Outflows

Grants received in advance are recorded as a liability in the Statement of Net Position and the Governmental Funds Balance Sheet until the eligibility criteria required to recognize the revenue has been completed. Business tax receipts collected in advance, and deferred pension income represent acquisition of net position that applies to future periods and are recorded as deferred inflows of resources. Deferred pension expense represents the consumption of net position applicable to future periods and is recorded as deferred outflows of resources. Because of their long-term attributes, deferred pension inflows and outflows are not included in the governmental fund financial statements.

6. Compensated Absences

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation and sick leave. Upon separation from service, employees receive payment for a portion of unused vacation time and sick leave subject to length of service and contract classification. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The fund in which the employee's payroll expense has been recorded is used to liquidate such amounts. Typically, the General Fund, Transit Surtax Fund and the Community Redevelopment Agency are used for liquidation of the liability in the governmental funds.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Assets and Liabilities (continued)

8. Pensions

The City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as required for defined benefit pension plan sponsors. Net pension liability, deferred outflows and inflows of resources, pension expense and information about the fiduciary net position and additions and deductions to fiduciary net position have been determined and reported on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value within the hierarchy as established by GASB Statement No. 72, *Fair Value Measurement and Application*. Typically, the General Fund, Transit Surtax Fund and the Community Redevelopment Agency are used for liquidation of the liability in the governmental funds.

Fund Equity

The City reports the following fund equity classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as inventory or prepaid amounts or (b) legally or contractually required to be maintained intact—such as a perpetual trust.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. For example, governmental and proprietary funds collect impact fees as imposed under local ordinances 2005-16, 2005-17 and 2006-20. The intent of these ordinances is to assist in the implementation of the City's state-required comprehensive plan and to assure that new development bears a proportionate share of the cost of capital expenditures necessary to provide improvements to infrastructure.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Commission (which are both equal and the government's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the City Commission removes the specified use by taking the same type of action (resolution or ordinance) imposing the commitment. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

Assigned fund balance reflects the amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission and City Manager have the authority to assign amounts to be used for specific purposes at will.

Unassigned fund balance is the residual classification for the General Fund. It is the City's policy to maintain an amount equal to at least ten percent of total budgeted revenues of the General Fund as originally adopted as unassigned fund balance. This fund balance classification is also used to report negative fund balances in other governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources, committed, assigned, and unassigned, in order as needed.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until June 1, when tax certificates are sold at auction.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for governmental operations. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2018, was 6.4000 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 0.7752 mills.

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 certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, the pension and post-retirement obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from these estimates.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 2 - Stewardship, Compliance and Accountability

At September 30, 2018, the City reported deficit fund balances in the Series 2011 Debt Service Fund. The deficit in the debt service fund is related to inadequate transfers from supporting sources. The deficit is expected to be eliminated during the next fiscal year.

Note 3 - Deposits and Investments

GASB Statement No. 40 *Deposit and Investment Risk Disclosure* (GASB Statement No. 40) is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

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

The State Board of Administration (SBA) administers the Florida PRIME Fund which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant NAV of \$1 per share. The Florida PRIME is a Local Governmental Investment Pool (LGIP), and therefore considered an external investment pool for GASB reporting purposes. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

The investment policies of the Retirement Plans for the General Employees and for Police Officers and Firefighters have been adopted by their respective Boards of Trustees. The policies have been designed to maximize Plan asset values while assuming risk levels that are consistent with the respective Board's risk tolerance and diversifying risk across various asset classes including bonds, debentures and other corporate obligations, equity securities and domestic real estate.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 3 - Deposits and Investments (continued)

The OPEB Trust and the Retirement Plan and Trust for General Management Employees are invested in the Florida Municipal Investment Trust (FMIVT). The FMIVT operates as a fiduciary trust fund under governmental accounting rules that require preparation of financial statements. The FMIVT is a Local Governmental Investment Pool (LGIP), and therefore considered an external investment pool for GASB reporting purposes. The Board of Trustees is designated as having oversight authority and official custody of the funds, which are invested by the purchase of shares of beneficial interest in the trust, not the individual securities held by the trust. The fair value of the positions in the FMIVT is equal to the value of the portfolio shares. The investments in the FMIVT are not insured by FDIC or any other governmental agency. Deposit and investment balances as of September 30, 2018 are as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Governmental and business-type activities		
Bank Deposits and cash on hand	Not rated	\$ 9,540,965
SBA Florida Prime	AAAm	5,207,012
Money market funds	Not rated	185,178
Certificates of Deposit	Not rated	749,698
US Agencies	AAA/AA+	51,703,151
Corporate Bonds	Aaa/AAA	12,262,370
Municipal Bonds	AAA/AAA	2,854,130
Commercial Paper	A1/P1	<u>6,980,512</u>
Total governmental and business-type investments		<u>\$ 89,483,016</u>
 Retirement Plan and Trust for General Employees		
Equity	Not rated	\$ 51,868,367
US Agencies	Not rated	935,978
US Agencies	Aaa	10,665,135
Corporate Bonds	Aa1	480,711
Corporate Bonds	Aa2	406,231
Corporate Bonds	A1	1,303,684
Corporate Bonds	A2	1,900,875
Corporate Bonds	A3	1,198,710
Money market funds	Not rated	2,014,678
Real estate	Not rated	8,445,647
Hedge funds	Not rated	<u>4,082,612</u>
Total plan investments		<u>\$ 83,302,628</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 3 - Deposits and Investments (continued)

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Retirement Plan for Police Officers and Firefighters		
Equity	Not rated	\$ 59,105,748
US Agencies	Not rated	2,545,376
US Agencies	Aaa	18,188,230
Corporate Bonds	Aa1	900,425
Corporate Bonds	A1	2,686,620
Corporate Bonds	A2	3,157,072
Corporate Bonds	A3	2,353,253
Mutual funds	Not rated	2,183,133
Real estate	Not rated	7,718,061
Hedge funds	Not rated	4,160,275
Total plan investments		<u>\$ 102,998,193</u>
Retirement Plan and Trust for General Management Employees		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 20,204,084</u>
OPEB Trust		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 3,262,860</u>

Risk Disclosures

Credit Risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The City's investment policy limits the quality and quantity of investments and requires pre-qualification of the financial institutions, broker/dealers, intermediaries, and advisors with which the City conducts investment transactions. Likewise, the Pension Trust Plans' and OPEB Trust's investment policies limit the quality and quantity of investments. These policy requirements are intended to mitigate the effects of credit risk.

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the investment policies of the City, the Retirement Plans for General Employees and for Police Officers and Firefighters, the investments are held by each entity's custodial bank and registered in each entity's name.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 3 - Deposits and Investments (continued)

Risk Disclosures (continued)

Concentration Credit Risk The City's investment policy and the investment policies of the Retirement Plans for the General Employees and for Police Officers and Firefighters have limitations on the amount that can be invested in any one issuer other than the U.S. Government and its agencies. Neither the City nor either Retirement Plan held investments of any one issuer of more than 5% of Fiduciary Net Position as of September 30, 2018. The following were the Boards' adopted asset allocation policies as of September 30, 2018:

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Allocation</u>
General Employees	Domestic equities	40% to 60%
	International equities	5% to 15%
	Fixed income	20% to 25%
	Hedge funds	0% to 10%
	Real estate	0% to 12.5%
	Cash and equivalents	Minimal
Police and Firefighters	Domestic equities	35% to 55%
	International equities	5% to 20%
	Fixed income	27.5% to 32.5%
	Hedge funds	0% to 10.0%
	Real estate	0% to 10.0%
	Cash and equivalents	Minimal
General Management	Core bonds	16%
	Multi-sector	24%
	US large cap equity	39%
	US small cap equity	11%
	Non-US equity	10%

Foreign Currency Risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The City, the OPEB Trust nor the Retirement Plan and Trust for General Management Employees invests in securities denominated in foreign currencies. The value of investments of the Retirement Plan for General Employees subject to foreign currency risk at September 30, 2018 is approximately 11% of total investments. The Plan's investment policy limit is 15% of the total Plan portfolio. The value of investments of the Retirement Plan for Police Officers and Firefighters subject to foreign currency risk at September 30, 2018 is approximately 14% of total investments. The Plan's investment policy limit is 20% of the total Plan portfolio.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 3 - Deposits and Investments (continued)

Risk Disclosures (continued)

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a "2a-7 like" pool.

The City's investment policy is structured to mitigate the effects of interest rate risk by placing limits on the maturity and duration of specific investment vehicles. The objective is to structure the portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity. The City has approximately 81.9% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. At September 30, 2018 the City's investments had the following distribution of maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
US Agencies	\$ 51,703,151	\$ 14,093,717	\$ 37,609,434	\$ -	\$ -
Corporate bonds	12,262,370	-	12,262,370	-	-
Commercial paper	6,980,512	6,376,190	604,322	-	-
Municipal bonds	2,854,130	2,404,989	449,141	-	-
Total	\$ 73,800,163	\$ 22,874,896	\$ 50,925,267	\$ -	\$ -

The OPEB Trust Fund's and the General Management Employees Pension Plan's investments are all mutual funds which do not meet the definition of a 2a-7 like pool. The Plans use the weighted average maturity method (WAM) for the FMIvT Broad Market High Quality Bond Fund which results in a modified duration of 5.00 years and a weighted average maturity of 6.40 years.

The investment policy for the Retirement Plan for General Employees does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in government securities and corporate bonds totaled 20.3% of the portfolio and had the following distribution of maturities at September 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 5,290,211	\$ 886,942	\$ 4,403,269	\$ -	\$ -
US Agencies	3,075,917	2,139,939	-	731,974	204,004
US Treasuries	8,525,196	-	1,796,517	6,728,679	-
Total	\$ 16,891,324	\$ 3,026,881	\$ 6,199,786	\$ 7,460,653	\$ 204,004

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 3 - Deposits and Investments (continued)

Risk Disclosures (continued)

Interest Rate Risk (continued)

The investment policy for the Retirement Plan for Police Officers and Firefighters does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in government securities and corporate bonds totaled 29.0% of the portfolio and had the following distribution of maturities at September 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
US Treasuries	\$ 13,883,229	\$ -	\$ 2,082,715	\$ 11,800,514	\$ -
US Agencies	6,850,377	4,305,000	-	793,078	1,752,299
Corporate bonds	9,097,370	540,799	7,919,096	637,475	-
Total	\$ 29,830,976	\$ 4,845,799	\$ 10,001,811	\$ 13,231,067	\$ 1,752,299

Note 4 – Receivables

Accounts Receivable

Accounts receivable at September 30, 2018 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	<u>Non-major</u>				<u>Non-major</u>		<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Enterprise</u>	
Account Receivable							
Billed	\$ 1,437,193	\$ -	\$ 7,050,740	\$ 1,324,303	\$ 1,495,961	349,853	\$ 11,658,050
Unbilled	870,381	-	4,335,304	851,137	1,324,611	-	7,381,433
Taxes	1,391,612	-	-	-	-	-	1,391,612
Franchise fees	454,815	-	-	-	-	-	454,815
Intergovernmental	-	629,514	13,690	-	-	-	643,204
Grants	-	84,250	-	-	-	-	84,250
Other	593,130	-	34,699	93,526	84,356	220	805,931
Gross receivables	4,747,131	713,764	11,434,433	2,268,966	2,904,928	350,073	22,419,295
Less allowance for uncollectibles	281,804	-	1,378,993	258,705	293,353	69,296	2,282,151
Total accounts receivable	\$ 4,465,327	\$ 713,764	\$ 10,055,440	\$ 2,010,261	\$ 2,611,575	\$ 280,777	\$ 20,137,144

Receivables at September 30, 2018, consist primarily of billed and unbilled charges for services in the enterprise funds. The governmental funds' receivables consist of grants, taxes and intergovernmental receivables mostly due from the state and county pursuant to shared revenue agreements; franchise fees and utility taxes paid in arrears. Other receivables include business tax receipts and fees charged to other municipalities for utility bill processing and collection.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 4 – Receivables (continued)

Notes Receivable

The sewer utility reports a long-term loan receivable totaling \$315,213 in association with the State Revolving Loan program for the Highland Village Sewer Connection Project whereby the City has paid for sewer connections to certain properties within Highland Village and the participants will repay the cost over time.

Note 5 - Restricted Assets

Restricted assets are cash and investments held by the City that are likely to require repayment. These resources are classified as restricted cash with offsetting liabilities on the balance sheet. Customer deposits are collected in the water, sewer, and solid waste funds and are repaid to the customer at the time the account is closed or applied to the customer’s final bill in the case of non-payment. The restricted assets balances at year end are as follows:

	Customer Deposits
Business-type activities:	
Water	\$ 3,947,406
Wastewater	450,883
Solid Waste	22,010
Total business-type activities	\$ 4,420,299

Note 6 – Interfund Receivables, Payables and Transfers

Interfund Receivables

The purpose of all interfund receivables is to eliminate credit cash balances for financial statement presentation. Interfund receivables as of September 30, 2018 are as follows:

Fund	Due to Other Funds	Due from Other Funds
<u>Governmental Activities</u>		
General Fund	\$ -	\$ 117,329
<u>Non-major Governmental Funds</u>		
Grants Fund	100,968	-
Series 2011 Bond Debt Service Fund	16,361	-
Total Non-major Governmental Funds	117,329	-
<u>Business-type Activities</u>		
Building Fund	-	584,406
Solid Waste Fund	584,406	-
Total due to/from other funds	\$ 701,735	\$ 701,735

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 6 – Interfund Receivables, Payables and Transfers (continued)

Interfund transfers

Interfund transfers into the general fund are used to allocate expenses to other operating funds. Allocated costs include general liability and worker's compensation insurances as well as administrative expenses. Interfund transfers into the non-major governmental funds are to provide for debt service payments and grant matching requirements. Interfund transfers made during fiscal year 2018 are as follows:

	Transfers In		
		Non-major	
Transfers out	General	Governmental	Total
	Fund	Funds	Total
General fund	\$ -	\$ 29,077	\$ 29,077
Community Redevelopment Agency	154,340	-	154,340
Non-major governmental funds	110,434	625,206	735,640
Water utility	6,661,749	-	6,661,749
Sewer utility	1,417,836	-	1,417,836
Solid waste	1,616,915	-	1,616,915
Non-major enterprise funds	908,531	-	908,531
Information Technology fund	1,697	-	1,697
Total transfers out	<u>\$10,871,502</u>	<u>\$ 654,283</u>	<u>\$11,525,785</u>

Note 7 - Capital Assets

Depreciation

Depreciation expense for fiscal year 2018 was charged to the following functions of the City:

Governmental Activities:	
General government	\$ 2,776,762
Public safety	824,195
Parks & Recreation	183,738
Library	50,164
Public works	262,765
Information Technology	40,165
Total depreciation expense - governmental activities	<u>\$ 4,137,789</u>
Business-type activities:	
Water	\$ 5,264,715
Sewer	985,828
Stormwater	327,219
SolidWaste	147,312
Building permit	32,604
Total depreciation expense - business-type activities	<u>\$ 6,757,678</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 7 - Capital Assets (continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Capital assets not being depreciated					
Land	\$ 4,345,874	\$ -	\$ -	\$ -	\$ 4,345,874
Construction in progress	23,702,781	1,638,600	-	-	25,341,381
Total capital assets not being depreciated	<u>28,048,655</u>	<u>1,638,600</u>	<u>-</u>	<u>-</u>	<u>29,687,255</u>
Capital assets being depreciated					
Buildings	29,886,029	8,973	(51,199)	-	29,843,803
Improvement other than buildings	33,314,822	200,032	(82,005)	-	33,432,849
Infrastructure	23,866,404	16,693	(3,936)	-	23,879,161
Capital lease equipment	5,264,001	-	-	(5,264,001)	-
Furniture, fixtures, machinery and equipment	22,909,142	2,149,718	(442,348)	5,264,001	29,880,513
Total capital assets being depreciated	<u>115,240,398</u>	<u>2,375,416</u>	<u>(579,488)</u>	<u>-</u>	<u>117,036,326</u>
Less accumulated depreciation					
Buildings	(28,288,038)	(239,170)	48,473	-	(28,478,735)
Improvement other than building	(17,700,881)	(1,337,958)	74,225	-	(18,964,614)
Infrastructure	(6,300,464)	(776,351)	2,130	-	(7,074,685)
Capital lease equipment	(4,075,832)	(444,082)	-	4,519,914	-
Furniture, fixture machinery and equipment	(17,705,926)	(1,340,228)	720,825	(4,519,914)	(22,845,243)
Total accumulated depreciation	<u>(74,071,141)</u>	<u>(4,137,789)</u>	<u>845,653</u>	<u>-</u>	<u>(77,363,277)</u>
Total capital assets being depreciated, net	<u>41,169,257</u>	<u>(1,762,373)</u>	<u>266,165</u>	<u>-</u>	<u>39,673,049</u>
Governmental activities capital assets, net	<u>\$ 69,217,912</u>	<u>\$ (123,773)</u>	<u>\$ 266,165</u>	<u>\$ -</u>	<u>\$ 69,360,304</u>
<u>Business-type Activities</u>					
Capital assets not being depreciated					
Land	\$ 5,872,367	\$ -	\$ -	\$ -	\$ 5,872,367
Construction in progress	45,574,251	10,650,657	(31,334,550)	-	24,890,358
Total capital assets not being depreciated	<u>51,446,618</u>	<u>10,650,657</u>	<u>(31,334,550)</u>	<u>-</u>	<u>30,762,725</u>
Capital assets being depreciated					
Buildings and utility plant	206,339,251	31,339,547	(387,106)	-	237,291,692
Capital lease equipment	3,507,331	-	-	(3,507,331)	-
Machinery and equipment	17,032,025	262,833	(1,732,120)	3,507,331	19,070,069
Total capital assets being depreciated	<u>226,878,607</u>	<u>31,602,380</u>	<u>(2,119,226)</u>	<u>-</u>	<u>256,361,761</u>
Less accumulated depreciation					
Buildings and utility plant	(94,931,121)	(5,811,595)	284,526	-	(100,458,190)
Capital lease equipment	(3,005,606)	(177,727)	-	3,183,333	-
Machinery and equipment	(13,695,323)	(768,356)	1,894,508	(3,183,333)	(15,752,504)
Total accumulated depreciation	<u>(111,632,050)</u>	<u>(6,757,678)</u>	<u>2,179,034</u>	<u>-</u>	<u>(116,210,694)</u>
Total capital assets being depreciated, net	<u>115,246,557</u>	<u>24,844,702</u>	<u>59,808</u>	<u>-</u>	<u>140,151,067</u>
Business-type activities capital assets, net	<u>\$ 166,693,175</u>	<u>\$ 35,495,359</u>	<u>\$ (31,274,742)</u>	<u>\$ -</u>	<u>\$ 170,913,792</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 7 - Capital Assets (continued)

Construction Commitments

Beginning in fiscal year 2009, the City received commitments from the Florida Department of Environmental Protection State Revolving Loan Fund totaling approximately \$35.5 million toward the completion of various capital projects. These loans are considered grants from the U.S. Environmental Protection Agency passed-through the State of Florida and include \$5.5 million of principal forgiveness. The awards include \$14.9 million for the reduction of volatile organic compounds from drinking water produced by the City's utility plant, \$10.9 million for the installation of an automated meter reading system for the City's water meters, \$1.6 million to facilitate sewer connections to City facilities in the Highland Village neighborhood, \$4.0 million for the design and construction of a major sewer rehabilitation project, and \$4.3 million for the inflow and infiltration reduction program.

Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Encumbrances as of September 30, 2018 are as follows:

Major Funds:

General Fund	\$2,337,365
Other governmental funds	<u>1,322,149</u>
Total encumbrances	\$3,659,514

Note 8 – Deferred Outflow/Inflows of Resources

In addition to assets, the Statement of Net Position includes separate sections for the financial statement elements *deferred outflows of resources* and *deferred inflows of resources* that represent consumption of net position and acquisition of net position, respectively that applies to a future period and will be recognized as expenditures or revenues in the future period to which it applies. As of September 30, 2018, the City reported deferred outflows of resources consisting of deferred pension expenses totaling \$20,821,019 and deferred OPEB expenses of \$760,195. Deferred inflows of resources consist of business tax receipts (taxes received in advance) that were billed at the end of the fiscal year but are not due until the following fiscal year totaling \$724,838, deferred pension income of \$2,571,162 and deferred OPEB income of \$196,556.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt

There are a number of limitations and restrictions contained in the various bond indentures. Except as noted, at September 30, 2018 the City is in compliance, in all material respects, with significant covenants and restrictions. Interest and principal payments have been made timely on all debt obligations. The following schedule provides a summary of the changes in long-term debt for the fiscal year.

Bonds Payable

Bond issues authorized and outstanding at September 30, 2018 are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation bonds and notes	\$ 17,430,000	\$ -	\$ (1,280,000)	\$ 16,150,000	\$ 1,330,000
Revenue bonds	1,906,088	-	(623,276)	1,282,812	637,696
Notes payable CRA - Nontaxable	<u>1,583,333</u>	<u>-</u>	<u>(166,667)</u>	<u>1,416,666</u>	<u>166,667</u>
Total bonds and notes payable	20,919,421	-	(2,069,943)	18,849,478	2,134,363
Master leases	729,965	-	(729,965)	-	-
Net pension liability	66,562,679	10,863,247	(11,595,845)	65,830,081	-
Estimated claims	2,182,000	2,942,000	(2,082,000)	3,042,000	811,000
Compensated absences	2,605,712	2,719,263	(2,621,742)	2,703,233	2,151,598
Other post employment benefit obligation	<u>10,142</u>	<u>2,236,048</u>	<u>(404,902)</u>	<u>1,841,288</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 93,009,919</u>	<u>\$ 18,760,558</u>	<u>\$ (19,504,397)</u>	<u>\$ 92,266,080</u>	<u>\$ 5,096,961</u>
Business-type activities:					
Revenue bonds	\$ 50,369,912	\$ -	\$ (2,433,724)	\$ 47,936,188	\$ 2,503,304
Premium on Revenue bonds	<u>4,860,182</u>	<u>-</u>	<u>(326,679)</u>	<u>4,533,503</u>	<u>326,679</u>
Total revenue bonds payable	55,230,094	-	(2,760,403)	52,469,691	2,829,983
Notes payable - Stormwater	752,904	-	(182,182)	570,722	186,153
State Revolving Loans - Water	14,896,510	-	(918,980)	13,977,530	959,792
State Revolving Loans - Sewer	5,722,125	1,205,549	(381,314)	6,546,360	321,505
Master leases	<u>697,778</u>	<u>-</u>	<u>(697,778)</u>	<u>-</u>	<u>-</u>
Total bonds and loans	77,299,411	1,205,549	(4,940,657)	73,564,303	4,297,433
Net pension liability	10,783,200	10,693,091	(10,577,624)	10,898,667	-
Compensated absences	219,865	192,553	(143,700)	268,718	122,076
Other post employment benefit obligation	<u>2,858</u>	<u>478,281</u>	<u>(191,932)</u>	<u>289,207</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 88,305,334</u>	<u>\$ 12,569,474</u>	<u>\$ (15,853,913)</u>	<u>\$ 85,020,895</u>	<u>\$ 4,419,509</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

	<u>Principal Outstanding</u>
<u>General Obligation Bonds and Notes</u>	
\$8,190,000 General Obligation Refunding Bond, Series 2012 Capital Appreciation and term bonds; secured by revenues pledged from voted debt millage; due in annual installments of \$585,000 to \$760,000 from May 1, 2013 to May 1, 2024; interest at 2.08%.	\$ 4,350,000
\$14,835,000 Chase Bank, N.A., Promissory Note, Series 2011, secured by revenues pledged from voted debt millage; due in annual installments of \$350,000 to \$1,220,000 from November 1, 2012 to November 1, 2030; interest at 3.99%.	<u>11,800,000</u>
Total General Obligation Bonds and Notes	<u>\$ 16,150,000</u>
<u>Revenue Bonds</u>	
Governmental Funds	
\$3,635,000 Branch Banking & Trust Company Promissory Note, Series 2013; secured by revenues pledged from Charter County Transit System surtax proceeds; due in annual installments of \$576,000 to \$634,000 from December 1, 2014 to December 1, 2019; interest at 1.71%.	\$ 1,233,000
\$119,539 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$21,635 to \$25,073 from April 1, 2016 to April 1, 2020; interest at 1.48%.	<u>49,812</u>
Total Governmental Funds revenue bonds	<u>\$ 1,282,812</u>
Water Utility System	
\$2,731,461 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$494,365 to \$572,927 from April 1, 2016 to April 1, 2020; interest at 1.48%.	\$ 1,136,188
\$56,060,000 Water Revenue Refunding Bonds, Series 2012; secured by revenues pledged from gross revenues, less operating expenses of the water utility; due in annual installments of \$690,000 to \$4,470,000 beginning August 1, 2013 to August 1, 2032; interest at 2.0% to 5.0%.	<u>46,800,000</u>
Total Water Utility System Revenue Bonds	<u>\$ 47,936,188</u>
Total Revenue Bonds	<u>\$ 49,219,000</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

Bonds Payable (continued)

Debt Service Requirements

Debt service requirements to maturity for each bond series at September 30, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bond, Series 2012			
2019	\$ 690,000	\$ 109,968	\$ 799,968
2020	705,000	92,524	797,524
2021	720,000	74,702	794,702
2022	730,000	56,500	786,500
2023	745,000	38,046	783,046
2024	760,000	19,212	779,212
	<u>\$ 4,350,000</u>	<u>\$ 390,952</u>	<u>\$ 4,740,952</u>
Chase Bank, N.A.			
Promissory Note Series 2011			
2019	\$ 640,000	\$ 556,710	\$ 1,196,710
2020	680,000	524,704	1,204,704
2021	720,000	490,758	1,210,758
2022	760,000	454,872	1,214,872
2023	800,000	417,047	1,217,047
2024-2028	4,720,000	1,440,266	6,160,266
2029-2031	3,480,000	258,957	3,738,957
	<u>\$ 11,800,000</u>	<u>\$ 4,143,314</u>	<u>\$ 15,943,314</u>
Branch Banking and Trust Company			
2013 Series:			
2019	\$ 613,000	\$ 19,271	\$ 632,271
2020	620,000	6,448	626,448
	<u>\$ 1,233,000</u>	<u>\$ 25,719</u>	<u>\$ 1,258,719</u>
Refunding Revenue Note (Water & Capital)			
2015 Series Capital			
2019	\$ 24,696	\$ 737	\$ 25,433
2020	25,116	372	25,488
Subtotal Capital	<u>\$ 49,812</u>	<u>\$ 1,109</u>	<u>\$ 50,921</u>
2015 Series Water Revenue			
2019	\$ 563,304	\$ 16,816	\$ 580,120
2020	572,884	8,479	581,363
Subtotal Water Revenue	<u>1,136,188</u>	<u>25,295</u>	<u>1,161,483</u>
Total Series 2015	<u>\$ 1,186,000</u>	<u>\$ 26,404</u>	<u>\$ 1,212,404</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

Bonds Payable (continued)

Debt Service Requirements (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Revenue Refunding Bonds			
2012 Series:			
2019	\$ 1,940,000	\$ 2,096,525	\$ 4,036,525
2020	2,030,000	1,999,525	4,029,525
2021	2,780,000	1,898,025	4,678,025
2022	2,920,000	1,759,025	4,679,025
2023	3,065,000	1,613,025	4,678,025
2024-2028	17,425,000	5,997,325	23,422,325
2029-2032	16,640,000	2,131,000	18,771,000
	<u>\$ 46,800,000</u>	<u>\$ 17,494,450</u>	<u>\$ 64,294,450</u>

State Revolving Loan Programs

In 2009, the City began participating in the Revolving Loan Program administered by the State of Florida. This program provides funding for local governments from the Department of Environmental Protection for the construction of wastewater pollution control facilities and public water systems. The loans require semi-annual principal and interest payments and have repayment terms of 20 years with fixed interest rates. Capitalized interest has been included in the loan amount. Primary terms of each agreement are provided as follows:

	<u>Principal Outstanding</u>
State Revolving Loans - Water	
\$450,226 State Revolving Fund Loan Agreement, Number DW130102; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$14,592 from February 15, 2011 to August 15, 2031; interest at 2.71%.	\$ 297,261
\$8,852,388 State Revolving Fund Loan Agreement, Number DW130103; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$286,413 from October 15, 2012 to April 15, 2032; interest at 2.58%.	5,713,912
\$10,861,192 State Revolving Fund Loan Agreement, Number DW130130; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$349,944 from April 15, 2016 to April 15, 2036; interest at 3.06%.	<u>7,966,357</u>
Total Water State Revolving Loans	<u>\$ 13,977,530</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

State Revolving Loan Programs (continued)

	<u>Principal Outstanding</u>
State Revolving Loans - Sewer	
\$1,195,062 State Revolving Fund Loan Agreement, Number WW130100; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$35,977 from May 15, 2011 through November 15, 2030; interest at 1.94%.	\$ 795,281
\$366,668 State Revolving Fund Loan Agreement, Number WW130101; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,046 from May 15, 2011 through November 15, 2030; interest at a combined rate of 1.86%.	245,451
\$4,284,596 State Revolving Fund Loan Agreement, Number WW130110; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$131,732 from March 15, 2013 through September 15, 2033; interest at 2.10%.	2,505,908
\$341,123 State Revolving Fund Loan Agreement, Number WW745080; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,385 from March 15, 2014 to September 15, 2034; interest at 2.05%.	292,742
\$3,693,070 State Revolving Fund Loan Agreement, Number WW 745081; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$111,728 from November 15, 2015 through May 15, 2035.	2,706,978
Total Sewer State Revolving Loans	<u>\$ 6,546,360</u>

Debt Service Requirements

Debt service requirements to maturity for each loan series at September 30, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 130100 (Sewer)			
2019	\$ 56,800	\$ 15,154	\$ 71,954
2020	57,908	14,047	71,955
2021	59,037	12,918	71,955
2022	60,187	11,767	71,954
2023	61,361	10,594	71,955
2024-2028	325,219	34,554	359,773
2029-2031	174,769	5,119	179,888
	<u>\$ 795,281</u>	<u>\$ 104,153</u>	<u>\$ 899,434</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

State Revolving Loan Programs (continued)

Debt Service Requirements (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 130101 (Sewer)			
2019	\$ 17,619	\$ 4,474	\$ 22,093
2020	17,947	4,146	22,093
2021	18,281	3,811	22,092
2022	18,622	3,471	22,093
2023	18,969	3,123	22,092
2024-2028	100,288	10,175	110,463
2029-2031	53,725	1,506	55,231
	<u>\$ 245,451</u>	<u>\$ 30,706</u>	<u>\$ 276,157</u>
WW 130110 (Sewer)			
2019	\$ 155,713	\$ 51,811	\$ 207,524
2020	159,001	48,524	207,525
2021	162,357	45,167	207,524
2022	165,785	41,740	207,525
2023	169,284	38,240	207,524
2024-2028	901,559	136,061	1,037,620
2029-2032	792,209	37,889	830,098
	<u>\$ 2,505,908</u>	<u>\$ 399,432</u>	<u>\$ 2,905,340</u>
WW 745080 (Sewer)			
2019	\$ 16,854	\$ 5,915	\$ 22,769
2020	17,201	5,568	22,769
2021	17,556	5,214	22,770
2022	17,917	4,852	22,769
2023	18,287	4,483	22,770
2024-2028	97,243	16,603	113,846
2029-2033	107,684	6,163	113,847
	<u>\$ 292,742</u>	<u>\$ 48,798</u>	<u>\$ 341,540</u>
WW 745081 (Sewer)			
2019	\$ 74,519	\$ 117,505	\$ 192,024
2020	141,899	50,125	192,024
2021	144,651	47,373	192,024
2022	147,456	44,568	192,024
2023	150,316	41,708	192,024
2024-2028	796,449	163,671	960,120
2029-2033	876,732	83,388	960,120
2034-2035	374,956	9,087	384,043
	<u>\$ 2,706,978</u>	<u>\$ 557,425</u>	<u>\$ 3,264,403</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

State Revolving Loan Programs (continued)

Debt Service Requirements (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
DW 130102 (Water)			
2019	\$ 21,271	\$ 7,913	\$ 29,184
2020	21,851	7,332	29,183
2021	22,447	6,736	29,183
2022	23,060	6,124	29,184
2023	23,689	5,495	29,184
2024-2028	128,499	17,417	145,916
2029-2030	56,444	1,925	58,369
	<u>\$ 297,261</u>	<u>\$ 52,942</u>	<u>\$ 350,203</u>
DW 130103 (Water)			
2019	\$ 427,912	\$ 144,914	\$ 572,826
2020	439,040	133,786	572,826
2021	450,457	122,369	572,826
2022	462,172	110,654	572,826
2023	474,191	98,635	572,826
2024-2028	2,562,472	301,658	2,864,130
2029-2030	897,668	24,941	922,609
	<u>\$ 5,713,912</u>	<u>\$ 936,957</u>	<u>\$ 6,650,869</u>
DW 130130 (Water)			
2019	\$ 510,609	\$ 189,279	\$ 699,888
2020	523,040	176,848	699,888
2021	535,774	164,114	699,888
2022	548,819	151,069	699,888
2023	562,180	137,708	699,888
2024-2028	3,022,995	476,445	3,499,440
2029-2032	2,262,940	106,452	2,369,392
	<u>\$ 7,966,357</u>	<u>\$ 1,401,915</u>	<u>\$ 9,368,272</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

Notes Payable

Note issues authorized and outstanding at September 30, 2017 are summarized as follows:

	<u>Principal Outstanding</u>
Community Redevelopment	
\$3,000,000 Bank of America, Community Redevelopment Agency, Non-taxable, Series 2007A, secured by Tax Increment Financing revenues; principal and interest payments are due quarterly from May 1, 2009 to February 1, 2027; interest is paid at a variable rate	\$ 1,416,666
Stormwater	
\$1,672,000 Branch Banking & Trust Company Promissory Note, Series 2011A; secured by revenues pledged from net stormwater utility revenues; due in annual installments of \$64,858 to \$194,358 from May 1, 2012 to May 1, 2021; interest at 2.18%.	<u>\$ 570,722</u>
Total Notes Payable	<u>\$ 1,987,388</u>

Debt Service Requirements

Debt service requirements to maturity for each note series at September 30, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Bank of America, CRA Non-taxable			
Series 2007A			
2019	\$ 166,667	\$ 40,076	\$ 206,743
2020	166,667	35,144	201,811
2021	166,667	30,211	196,878
2022	166,667	25,279	191,946
2023	166,667	20,346	187,013
2024-2027	<u>583,331</u>	<u>32,369</u>	<u>615,700</u>
	<u>\$ 1,416,666</u>	<u>\$ 183,425</u>	<u>\$ 1,600,091</u>
Branch Banking and Trust Company			
Promissory Note Series 2011A			
2019	\$ 186,153	\$ 12,442	\$ 198,595
2020	190,211	8,384	198,595
2021	<u>194,358</u>	<u>4,238</u>	<u>198,596</u>
	<u>\$ 570,722</u>	<u>\$ 25,064</u>	<u>\$ 595,786</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 9 - Long-term Debt (continued)

Pledged Revenues

An evaluation of the sufficiency of pledged revenues for all of the City's long-term debt for fiscal year ending September 30, 2018 follows:

<u>Issue</u>	<u>Revenue Source</u>	<u>Ratio</u>
General Obligation Bonds and Notes		
Series 2011	Voted debt millage	1.00
Series 2012	Voted debt millage	1.00
Revenue Bonds		
Series 2012	Gross revenue less operating expenses	2.03
Series 2013	Transit surtax revenue	2.76
Series 2015	Gross revenue less operating expenses	7.21
Notes issues:		
Series 2007B	TIF revenue and interest earnings	6.54
Series 2011A	Operating revenue less operating expenses	3.22
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	2.76
WW Series	Gross revenue less operating expenses and senior debt obligations	-5.48

At September 30, 2018, the City disclosed to the State of Florida an incident of technical non-compliance with the debt service coverage ratio of the WW Series of agreements. Pursuant to the State Revolving Loan agreements, the City is required to maintain a debt service coverage of 1.15 percent for each loan. The specific agreement numbers include:

WW 130100; WW 130101; WW 130110; WW 745080; and WW 745081.

The City continues to meet all debt payment obligations throughout fiscal year 2018 and to date and has taken necessary corrective action. A rate increase was passed in October 2018. The City expects the increase to be sufficient to restore compliance with the debt service coverage ratio requirement.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 10 – Risk Management

Self-Insurance

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. The City established a risk management program for workers' compensation and general liabilities. Premiums are paid into the self-insurance funds, which are reported with the General Fund. Florida law limits the liability in negligence matters to \$200,000 per person up to \$300,000 per occurrence. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic factors.

There were no reductions in insurance coverages from the prior years, however, the deductible on property insurance changed from \$50,000 to \$100,000 in order to contain costs. The City did not settle any claims that exceeded this coverage within the last three fiscal years. Additional coverage was obtained to protect the City from employment practices liability, after a careful market review. Finally, in order to ensure that an effective, comprehensive risk management program is in place, careful analysis of all coverage and related activity is monitored on a regular basis.

Balances and changes in the balances of claims liabilities during the past two fiscal years are as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning	\$ 2,328	\$ 2,182
IBNR claims	2,749	193
Claim payments	<u>(2,035)</u>	<u>(47)</u>
Unpaid claims, ending	<u>\$ 3,042</u>	<u>\$ 2,328</u>

Contingent Liabilities

Federal and State programs in which the City participates were audited in accordance with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, and the Rules of the Auditor General of the State of Florida. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. Grantor agencies may subject grant programs to additional compliance tests, which could result in disallowed expenditures. Future disallowances of grant program expenditures, while not expected, could be material.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 10 – Risk Management (continued)

Litigation

The City is the defendant in several lawsuits incidental to its operations. Based upon the City Attorney's evaluation of pending cases, the estimated liability to which the City might be exposed is below \$1.0 million. The self-insurance funds, which are included in the General Fund, have assigned fund balances of approximately \$3.8 million at September 30, 2018.

Note 11 – Prior Period Adjustments

The October 1, 2017 beginning net asset positions of the Governmental and Business-type Activities were restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. An additional restatement of \$114,070 was made in the Solid Waste Fund because of classification error that occurred in the presentation of the fiscal year 2017 Comprehensive Annual Financial Report.

<u>Governmental Activities</u>	
Net position, October 1, 2017, as previously stated	\$ 36,464,011
Restatement of net position	<u>(1,230,021)</u>
Net position, October 1, 2017, restated	<u>\$ 35,233,990</u>
<u>Business-type Activities</u>	
<u>Water Utility</u>	
Net position, October 1, 2017, as previously stated	\$ 99,414,623
Restatement of net position	<u>(128,313)</u>
Net position, October 1, 2017, restated	<u>\$ 99,286,310</u>
<u>Wastewater Utility</u>	
Net position, October 1, 2017, as previously stated	\$ 35,384,978
Restatement of net position	<u>(9,610)</u>
Net position, October 1, 2017, restated	<u>\$ 35,375,368</u>
<u>Solid Waste</u>	
Net position, October 1, 2017, as previously stated	\$ 3,045,461
Restatement of net position	<u>72,510</u>
Net position, October 1, 2017, restated	<u>\$ 3,117,971</u>
<u>Stormwater Utility</u>	
Net position, October 1, 2017, as previously stated	\$ 4,483,106
Restatement of net position	<u>(2,946)</u>
Net position, October 1, 2017, restated	<u>\$ 4,480,160</u>
<u>Building Fund</u>	
Net position, October 1, 2017, as previously stated	\$ 7,787,655
Restatement of net position	<u>(9,503)</u>
Net position, October 1, 2017, restated	<u>\$ 7,778,152</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems

The City, as a single employer, maintains the following three public employee retirement system defined benefit pension plans covering substantially all full-time employees and certain former City firemen: the Retirement Plan for General Employees of the City of North Miami Beach, the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach and the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach. These Plans are recorded as Pension Trust Funds. The Plans are administered by separate Boards of Trustees. In accordance with various provisions of State statutes and the City Charter, the City is obligated to fund the liabilities of the Plans based upon actuarial valuations performed at least every two years.

The Retirement Plan for General Employees of the City of North Miami Beach and the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach issue a publicly available report that includes financial statements and required supplementary information for the Plans. These reports may be obtained by writing to: City of North Miami Beach Employees' Retirement System, 17011 NE 19th Ave., North Miami Beach, Florida 33162.

Plan Membership

Membership in each of the City's pension plans is included in the following schedule.

	<u>General Employees</u>	<u>Police & Firefighters</u>	<u>General Management Employees</u>	<u>OPEB</u>
Covered Payroll	\$ 5,137,361	\$ 6,128,138	\$ 3,075,576	\$ 16,684,762
Plan members:				
Currently receiving or entitled to receive benefits	355	159	35	310
Active employees				266
Vested	60	39	3	
Non-vested	44	35	11	
Total members	459	233	49	576

Summary of Significant Accounting Policies

Basis of Accounting

Public Employee Retirement Systems (PERS) financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Method Used to Value Investments

The investment portfolios of the Retirement Plan for General Employees and the Retirement Plan for Police Officers and Firefighters are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are based on quoted prices in active markets for identical assets; Level 2 inputs are based on significant other observable inputs; Level 3 inputs are based on unobservable inputs. A description of valuation methodologies follows.

Common stock: closing price reported on the New York Stock Exchange

Government securities: pricing models maximizing observable inputs for similar securities

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

Hedge funds: net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.

Real estate: net asset value of shares held by the Plan at year end. The Plans have investments in a private market real estate investment for which no liquid public market exists.

The following tables present the Plans' fair value hierarchy for investments at fair value at September 30, 2018:

Retirement Plan for General Employees

<u>Investment by fair value level</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Equity securities	\$51,868,367	\$ 51,868,367	\$ -
Debt securities:			
U.S. treasury securities	8,525,196	8,525,196	-
U.S. agency securities	3,075,917	-	3,075,917
Corporate bonds	5,290,211	-	5,290,211
Total debt securities	<u>16,891,324</u>	<u>8,525,196</u>	<u>8,366,128</u>
Total assets at fair value	<u>\$68,759,691</u>	<u>\$ 60,393,563</u>	<u>\$ 8,366,128</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Method Used to Value Investments (continued)

Retirement Plan for Police Officers and Firefighters

		Fair Value Measurement Using	
<u>Investment by fair value level</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity securities	\$ 59,105,748	\$ 59,105,748	\$ -
Debt securities:			
U.S. treasury securities	13,883,229	13,883,229	-
U.S. agency securities	6,850,377	-	6,850,377
Corporate bonds	9,097,370	-	9,097,370
Total debt securities	29,830,976	13,883,229	15,947,747
Total assets at fair value	\$ 88,936,724	\$ 72,988,977	\$15,947,747

Plan Descriptions

The following brief descriptions of the Retirement Plans are provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Retirement Plan for General Employees

The benefit provisions and all other requirements of the Retirement Plan for General Employees are established by City Ordinance and are summarized as follows:

Vesting

Benefits are fully vested after 6 years of credited service if attained prior to September 30, 2013 and 10 years thereafter.

Eligibility for Retirement

Attainment of age 62 or age 55 with 20 years of credited service; or attainment of age 66 with 6 years of credited service, or age 59 with 30 years of credited service; or attainment of age 62 with 10 years of credited service, or age 60 with 25 years of credited service depending on bargaining unit and hire date.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan for General Employees (continued)

Annual Retirement Benefit

Normal retirement benefits are based upon 3.0% of "final monthly compensation" ("FMC"), as defined by the pension plan, times years of credited service through December 31, 2013 and 2.0% of "FMC" times credited service after December 31, 2013.

Other Benefits

The Plan provides for optional retirement benefits, early retirement, deferred retirement, deferred retirement option program (DROP) disability retirement and death benefits to some members.

Employee Contributions

Employees contribute 7% of their basic annual compensation beginning after two years of service. If any employee leaves covered employment before vesting, accumulated employee contributions plus interest are refunded to the employee.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee contributions and fund earnings, are sufficient to fund the plan. The City's actuarially determined and actual contribution amount for the current year was 3,453,684, or 67.23% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2017 actuarial valuation using the entry age normal cost method. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial Assumptions

Investment rate of return	7.75%
Projected salary increases	4.25% to 8.00%
Cost of living adjustments	0%, 0.75%, 2.25%
Inflation	3.25%

RP 2000 Combined Mortality Table for males and females with fully generational projections to each future decrement date using Scale AA

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan for Police Officers and Firefighters

The benefit provisions and all other requirements of the Retirement Plan for Police Officers and Firefighters are established by City Ordinance and are summarized as follows:

Vesting

Benefits are fully vested after ten years of credited service.

Eligibility for Retirement

Normal retirement is the earlier of age 52 or 22 years of service for firefighters and the earlier of age 52 or 20 years of credited service for police officers.

Annual Retirement Benefit

Normal retirement benefits are based upon 3.3% for firefighters and 3% for police officers of "final monthly compensation", as defined by the pension plan, times years of credited service.

Other Benefits

The Plan also provides for optional retirement benefits, early retirement, deferred retirement, deferred retirement option program (DROP) disability retirement and death benefits.

Employee Contributions

7% of pretax earnings

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee and state contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were \$5,560,258 or 90.73% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2016 actuarial valuation using the entry age normal cost method. Pursuant to Florida Statutes Section 185 and Section 175, the State of Florida makes contributions to fund police and firefighter benefits. These State contributions were recognized as revenue and expenditures by the City. During fiscal year 2018, the amounts were \$317,311 and \$167,805 for police and firefighters, respectively.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan for Police Officers and Firefighters (continued)

Additional information as of the latest actuarial valuation, dated October 1, 2017, follows:

Valuation Date	October 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial Assumptions

Investment rate of return	8.00%
Projected salary increases	3.00%
Cost of living adjustments	2.50%
Inflation	3.00%

RP 2000 Generational, males-10% White Collar/90% Blue Collar Scale BB
females-100% White Collar Scale BB

Retirement Plan and Trust for General Management Employees

On January 7, 2003, the City Commission approved the creation of the General Management Employees Pension Plan. The Plan includes all full-time employees not eligible for inclusion in the General Employees or Police and Firefighters Plans. The creation of this plan allowed employees previously in the City's defined contribution 401(a) plan the option of transferring their holdings and join this Plan. During fiscal year 2013, the Plan was amended to reduce the cost of providing retirement benefits to the City's management.

The Florida Municipal Pension Trust Fund, a division of the Florida League of Cities, administers the Plan. The benefit provisions and all other requirements of the Plan are established by City ordinance and are summarized as follows:

Vesting

Benefits are fully vested after six years of credited service, 50% after four years.

Eligibility for Retirement

Normal retirement is the attainment of the age at which normal social security benefits may be collected with four years of service.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan and Trust for General Management Employees (continued)

Annual Retirement Benefit

Normal retirement benefits are based upon 3% of "average final compensation", as defined by the pension plan, times the number of years of credited service prior to February 1, 2013 and 2% thereafter.

Employee Contributions

Management personnel contribute 8% of their basic annual compensation.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were \$946,609 or 30.78% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2017 actuarial valuation using the aggregate actuarial cost method.

Additional information related to the actuarial valuation follows:

Valuation Date	October 1, 2017
Actuarial cost method	Aggregate
Amortization method	Level dollar, fixed
Remaining amortization period	19 years
Asset valuation method	Market value

Actuarial Assumptions

Investment rate of return	7.50%
Inflation	2.89%
Projected salary increases	4.00%
Cost of living adjustments (prior to February 1, 2013)	2.25%

RP 2000 Combined Mortality Table with full generational
projections using sex-distinct Scale BB

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Florida Retirement System (FRS) and Retiree Health Subsidy Program (HIS)

The City contributes to the FRS and HIS on behalf of its elected officials. FRS is a cost-sharing multiple employer defined benefit pension plan established by and administered in accordance with Chapter 121, Florida Statutes. HIS is a cost-sharing multiple employer defined benefit pension plan established by and administered in accordance with section 112.363, Florida Statutes. The City's covered payroll for the 7 elected officials covered by the FRS and HIS for the year ended September 30, 2018 was \$19,654.

Vesting

Benefits are fully vested after eight years of credited service.

Eligibility for Retirement

Normal retirement is the attainment of the age 65 or after 33 years of creditable service.

Annual Retirement Benefit

Normal retirement benefits are based upon 3% of "average final compensation", as defined by the pension plan, times the number of years of credited service.

Employee Contributions

Elected officials contribute 3% of their basic annual compensation.

City Contributions

City contributions are established by the Florida Legislature. The City's proportionate share of pension contributions and allocated contributions were as follows:

<u>Contribution Period</u>	<u>Florida Retirement System</u>	
	<u>Proportion</u>	<u>Contribution</u>
July 1, 2015 to June 30, 2016	0.000295834%	\$ 7,214
July 1, 2016 to June 30, 2017	0.000268619%	6,993
July 1, 2017 to June 30, 2018	0.000226949%	6,468

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Florida Retirement System (FRS) and Retiree Health Subsidy Program (HIS) (continued)

Contribution Period	Health Insurance Subsidy	
	Proportion	Contribution
July 1, 2015 to June 30, 2016	0.000069977%	\$ 359
July 1, 2016 to June 30, 2017	0.000067773%	359
July 1, 2017 to June 30, 2018	0.000060319%	327

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the July 1, 2018 actuarial valuation using the individual entry age method. Additional information related to the actuarial valuation follows:

Valuation Date	July 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	5 years smoothed

Actuarial Assumptions

Investment rate of return	FRS - 7.0%; HIS - 3.87%
Inflation	2.60%
Projected salary increases	3.25%
Cost of living adjustments (prior to July 1, 2011)	3.00%

Generational RP-2000 with projection Scale BB

Additional audited financial information, Comprehensive Annual Financial Report and actuarial reports may be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Research and Education Section
PO Box 9000
Tallahassee, FL 32315-9000

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for the Retirement Plan for the General Employees, 8.00% for the Retirement Plan for Police Officers and Firefighters, 7.50% for the Retirement Plan and Trust for General Management Employees, 7.00% for the FRS and 3.87% for the HIS Program. These rates were based on the expected rate of return on Plan investments. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined current contribution rates and the member contribution rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following table presents the City's net pension liability calculated using the current discount rates and the liability using discount rates that are one percentage point lower and one percentage point higher than the current rates to indicate the sensitivity of the net pension liability to changes in discount rate assumptions.

<u>Retirement Plan</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employees (7.75%)	\$ 43,684,456	\$ 30,871,075	\$ 20,187,844
Police and Firefighters (8.00%)	60,634,883	43,775,772	29,825,398
General Management (7.50%)	4,497,676	2,007,159	(73,221)
Florida Retirement System (7.00%)	124,757	68,358	21,516
Health Insurance Subsidy (3.87%)	7,271	6,384	5,645

Long-term Expected Rate of Return

Long-term expected rates of return on the Plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Net Pension Liability (continued)

Long-term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the General Employees, the Police and Firefighters and the General Management Employees Plans' target asset allocations as of October 1, 2017 and the Florida Retirement System Plan as of July 1, 2018 are summarized in the following table:

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
General Employees	Large Cap Value	8.00%
	Large Cap Growth	8.30%
	Small Cap Value	9.15%
	Mid Cap Growth	9.50%
	International Value	8.10%
	International Growth	8.10%
	Hedge Funds	3.40%
	Real Estate	5.40%
	Fixed Income	2.80%
Police and Firefighters	Large Cap Value	8.00%
	Large Cap Growth	8.30%
	Small Cap Value	9.15%
	Mid Cap Growth	9.50%
	International Value	8.10%
	International Growth	8.10%
	Hedge Funds	3.40%
	Real Estate	5.40%
	Fixed Income	2.80%
General Management	Core Bonds	0.50%
	Multi-Sector	1.00%
	US Large Cap Equity	6.00%
	US Small Cap Equity	6.75%
	Non-US Equity	6.75%
Florida Retirement System	Cash	2.90%
	Fixed Income	4.30%
	Global Equity	6.30%
	Real Estate	6.00%
	Private Equity	7.80%
	Strategic Investments	5.70%

The Health Insurance Subsidy plan is not pre-funded and therefore uses the municipal bond rate of 2.85% to calculate the total pension liability of the plan.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Changes in the Net Pension Liability

The Schedules of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements present multiyear trend information about the City's pension liability and its progress toward funding that liability over time.

	Retirement Plan				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
Total pension liability - beginning	\$ 106,569,038	\$ 137,871,599	\$ 22,462,768	\$ 416,752	\$ 6,557
Changes for the year					
Service cost	953,146	1,577,364	179,639	5,501	156
Interest	8,273,928	10,759,761	1,642,670	29,158	235
Difference between expected and actual experience	458,125	469,201	(30,202)	1,259	114
Change of assumptions	2,910,146	3,429,737	(627,869)	5,074	(241)
Adjustment for Chapter 175/185 reserves	-	150,662	-	-	-
Benefit payments	(8,348,341)	(10,098,177)	(1,415,763)	(23,552)	(296)
Net change in total pension liability	<u>4,247,004</u>	<u>6,288,548</u>	<u>(251,525)</u>	<u>17,440</u>	<u>(32)</u>
Total pension liability - ending (a)	<u>\$ 110,816,042</u>	<u>\$ 144,160,147</u>	<u>\$ 22,211,243</u>	<u>\$ 434,192</u>	<u>\$ 6,525</u>
Plan fiduciary net position - beginning	\$ 76,555,716	\$ 94,164,922	\$ 18,923,591	\$ 349,599	\$ 108
Employer contributions	3,249,182	5,589,783	946,609	6,468	327
Employee contributions	551,371	765,541	93,351	1,694	-
Other contributions	-	508,655	-	-	-
Net investment income (loss)	8,115,172	9,698,773	1,719,676	31,671	2
Benefit payments	(8,348,341)	(10,098,177)	(1,415,763)	(23,552)	(296)
Administrative expenses	(178,133)	(245,122)	(63,380)	(46)	-
Net change in plan fiduciary net position	<u>3,389,251</u>	<u>6,219,453</u>	<u>1,280,493</u>	<u>16,235</u>	<u>33</u>
Plan fiduciary net position - ending (b)	<u>\$ 79,944,967</u>	<u>\$ 100,384,375</u>	<u>\$ 20,204,084</u>	<u>\$ 365,834</u>	<u>\$ 141</u>
Net pension liability (a-b)	<u>\$ 30,871,075</u>	<u>\$ 43,775,772</u>	<u>\$ 2,007,159</u>	<u>\$ 68,358</u>	<u>\$ 6,384</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

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

Deferred outflows and inflows of resources and pension costs related to pensions are as follows:

	Retirement Plan					Total
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy	
<u>Deferred outflows</u>						
Difference between expected and actual experience	\$ 267,240	\$ 492,452	\$ -	\$ 5,791	\$ 98	\$ 765,581
Difference between expected and actual earnings on investments	524,512	3,176,110	226,976	-	4	3,927,602
Changes in assumptions	<u>1,697,585</u>	<u>2,204,831</u>	<u>2,239,522</u>	<u>22,336</u>	<u>711</u>	<u>6,164,985</u>
Subtotal	2,489,337	5,873,393	2,466,498	28,127	813	10,858,168
Contributions subsequent to the measurement date	<u>3,453,684</u>	<u>5,560,258</u>	<u>946,609</u>	<u>2,213</u>	<u>87</u>	<u>9,962,851</u>
Total deferred outflows and contributions subsequent to the measurement date	<u>\$ 5,943,021</u>	<u>\$ 11,433,651</u>	<u>\$ 3,413,107</u>	<u>\$ 30,340</u>	<u>\$ 900</u>	<u>\$ 20,821,019</u>
<u>Deferred inflows</u>						
Difference between expected and actual experience	\$ 100,061	\$ -	\$ 690,726	\$ 210	\$ 11	\$ 791,008
Changes in assumptions	-	-	702,205	-	675	702,880
Difference between expected and actual earnings on investments	-	-	1,071,992	5,282	-	1,077,274
Total deferred inflows	<u>\$ 100,061</u>	<u>\$ -</u>	<u>\$ 2,464,923</u>	<u>\$ 5,492</u>	<u>\$ 686</u>	<u>\$ 2,571,162</u>
Pension Expense	\$ 8,379,775	\$ 13,080,623	\$ 619,129	\$ 16,987	\$ 2,741	

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows and deferred inflows of resources related to pension expense will be recognized as follows:

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

Fiscal Year:	Retirement Plan				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
2019	\$ 1,787,181	\$ 3,271,145	\$ (200,106)	\$ 8,770	\$ 88
2020	1,436,959	3,129,672	(427,081)	5,985	88
2021	(361,819)	(66,472)	(187,067)	834	61
2022	(473,045)	(460,952)	356,096	3,985	14
2023	-	-	254,152	2,665	(85)
After	-	-	205,581	396	(39)
	<u>\$ 2,389,276</u>	<u>\$ 5,873,393</u>	<u>\$ 1,575</u>	<u>\$ 22,635</u>	<u>\$ 127</u>

Management Employees Excess Benefits Plan

Plan Description

On January 7, 2003, the City established the Management Employees Excess Benefit Plan as part of the General Management Employees Pension Plan to be an unfunded, nonqualified excess benefit plan, containing the terms and provisions set forth in the subpart (Sec. 15-341) and intended to be a qualified governmental excess benefit arrangement as defined in Section 415 (m) (3) of the Internal Revenue Code.

Excess Benefit Participants

Any member of the Retirement Plan and Trust for General Management Employees whose retirement benefit exceeds the maximum benefit under Section 415 of the Code is a participant.

Benefits Provided

A participant shall be eligible to receive benefits after termination of employment, as an unrestricted monthly benefit that otherwise would have been received under the terms of the Retirement Plan and Trust for General Management Employees in the absence of IRS Code Section 415 limits.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Management Employees Excess Benefits Plan (continued)

Funding Policy

The City cannot advance fund assets, or any benefit payable under the Plan, and any assets held by the Plan during any period can only pay benefits coming due or the expenses of the plan during the period. The City cannot restrict any assets to provide funding for these benefits. The City has in the past and will continue to stand by its obligation to pay these benefits from its annual budgeted funds, as the liability becomes payable under this plan. An actuarial valuation has not been performed because the plan costs must be paid on an annual basis. A schedule of funding progress has not been provided as the plan does not maintain assets. Accordingly, the plan held no assets at September 30, 2017. The City's annual pension cost at September 30, 2018 is as follows:

Annual required contribution	\$ 298,973
Annual pension cost	298,973
Contributions made	298,973
Change in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	\$ -

Retirement Plan and Trust for General Management Employees

On July 18, 2017, City Commission approved Ordinance 2017-8 to close the Retirement Plan and Trust for General Management Employees to new members and provided for the option of existing non-vested plan members to transfer to the Management Employee Defined Contribution Money Purchase Plan. As part of that ordinance, the Money Purchase Plan was also amended to reduce the City's contribution from 17% of members' salary to 10%.

Separate stand-alone financial statements are not issued for the Retirement Plan and Trust for General Management Employees. Therefore, presented below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position for the current year:

Statement of Fiduciary Net Position

Retirement Plan and Trust for General Management Employees
As of September 30, 2018

Assets	
Investments at fair value	\$ 20,204,084
Net Position	
Held in trust for pension benefits	\$ 20,204,084

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 12 - Employee Retirement Systems (continued)

Retirement Plan and Trust for General Management Employees (continued)

Statement of Changes in Fiduciary Net Position

Retirement Plan and Trust for General Management Employees
For the Year Ended September 30, 2018

Additions

Contributions:

Employer	\$	946,609
Employees		95,067

Investment income:

Net appreciation in fair value of investments		1,719,677
Investment expenses		(16,951)

Total additions		<u>2,744,402</u>
------------------------	--	------------------

Deductions

Pension benefit payments		1,415,763
Administrative expenses		46,430

Total deductions		<u>1,462,193</u>
-------------------------	--	------------------

Increase in net assets		1,282,209
-------------------------------	--	-----------

Net position - beginning		<u>18,921,875</u>
---------------------------------	--	-------------------

Net position - ending	\$	<u><u>20,204,084</u></u>
------------------------------	----	--------------------------

Note 13 - Defined Contribution Plan

The City is a single employer that contributes to two Money Purchase Plans, which are defined contribution pension plans created in accordance with Internal Revenue Code 401(a). The City contributes 10% of annual covered payroll and the employee is required to contribute 8% for the Management Plan. The City contributes 20% of annual covered payroll and the employee is not required to contribute to the Charter Officer Plan. During the fiscal year ending September 30, 2018, the City made contributions of approximately \$56,909 to the Charter Officer Plan for two employees and approximately \$543,326 to the Management Plan for 22 employees. Plan provisions and contribution requirements are established and may be amended by the City Manager. On January 16, 2018, Resolution 2018-1 was adopted which reduced the employee mandatory contribution to the Management Employees Defined Contribution Money Purchase Plan from 8% of salary to 5%.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 14 - Other Post-Employment Benefits (OPEB)

Description of Benefits

In addition to providing the pension benefits described, the City provides optional post-employment healthcare coverage to eligible individuals, as well as dental and vision benefits. In addition, all retirees are covered by a group life insurance policy under a single-employer plan.

Eligibility

Eligible individuals include certain regular employees of the City of North Miami Beach who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the City. Elected officials elected prior to October 1, 2008 are eligible after serving at least four terms. In most cases, eligibility for healthcare coverage also includes spouses and dependent children. Spousal coverage generally ends at age 65 or after the employee's death.

Healthcare Plans

Eligible individuals may choose healthcare coverage under three plans from the City's current health insurance provider. Options include a Health Maintenance Organization (HMO) plan, a Preferred Provider Organization (PPO) plan or a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) partially funded by the City. Medicare-eligible individuals may choose any of the three plans or choose coverage under a Medicare supplement plan. Retirees must pay a monthly premium as determined by the insurance carrier, less any applicable subsidies provided by the City. The premiums vary depending on the chosen plan and the type of coverage.

The City subsidizes 100% of the premium for single coverage under the PPO plan for eligible elected officials. In addition, the City subsidizes a portion of the premium for single coverage under the PPO plan for retired management-level personnel (and some currently employed) hired prior to October 1, 2008 depending on age and length of service at retirement.

Post-employment Life Insurance Coverage

The City provides \$ 10,000 of life insurance coverage to all retirees. Management-level personnel receive an additional \$10,000 of coverage if they have earned at least 15 years of service at retirement or an additional \$20,000 of coverage if they have earned at least 20 years of service.

Actuarial methods and assumptions

During fiscal year 2011, the City established an OPEB Trust to accumulate the assets necessary to fund the OPEB liability and to pay future benefits. The fund in which the employee's payroll expense has been recorded is typically used to liquidate OPEB liabilities. The annual required contributions for the Plan were determined as part of the October 1, 2016 actuarial valuation using the projected unit credit cost method. Information related to the actuarial valuation follows:

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 14 - Other Post-Employment Benefits (continued)

Actuarial methods and assumptions (continued)

Valuation Date	October 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	4.08%
Healthcare cost trend rate	7.50%
Inflation	2.92%
RP 2000 Combined Mortality Table with full generational projections using Scale BB	

Net OPEB Liability

Target Allocation and Long-term Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Bonds	16.00%	0.50%
Multi-Sector	24.00%	1.00%
US Large Cap Equity	39.00%	6.00%
US Small Cap Equity	11.00%	6.75%
Non-US Equity	10.00%	6.75%

Discount Rate

The rate of 7.00% per annum was used to discount all future benefit payments and is based on the expected long-term return on assets, which was determined as of the valuation date by the Asset Consulting Group.

Sensitivity of the Net OPEB Liability to the Discount & Healthcare Cost Trend Rate Assumptions

The following tables present the City's net OPEB liability calculated using the current discount and healthcare cost trend rates and the liability using discount rates that are one percentage point lower and one percentage point higher than the current rates to indicate the sensitivity of the net OPEB liability to changes in rate assumptions.

Rate	1% Decrease	Current Rate	1% Increase
Discount Rate (7.00%)	\$ 2,620,526	\$ 2,130,495	\$ 1,711,007
Healthcare Cost Trend Rate (7.50%)	1,810,006	2,130,495	2,495,934

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 14 - Other Post-Employment Benefits (continued)

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of September 30, 2017	\$ 4,415,393	\$ (2,804,689)	\$ 1,610,704
Change due to:			
Service cost	119,959	-	119,959
Expected interest growth	305,541	(204,405)	101,136
Unexpected investment income	-	(19,035)	(19,035)
Demographic experience	(109,329)	-	(109,329)
Employer contributions	-	(250,000)	(250,000)
Benefit payments & refunds	(346,834)	-	(346,834)
Administrative expenses	-	15,269	15,269
Assumption changes	<u>1,008,625</u>	<u>-</u>	<u>1,008,625</u>
Balance as of September 30, 2018	<u>\$ 5,393,355</u>	<u>\$ (3,262,860)</u>	<u>\$ 2,130,495</u>

OPEB expense recognized for fiscal year ending September 30, 2018 totaled \$74,250.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance as of September 30, 2017	\$ -	\$ 131,902
Change due to:		
Amortization Payments	(248,430)	(63,710)
Investment gain/loss	-	19,035
Demographic gain/loss	-	109,329
Assumption changes	<u>1,008,625</u>	<u>-</u>
Balance as of September 30, 2018	<u>\$ 760,195</u>	<u>\$ 196,556</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2018

Note 15 - Community Redevelopment Agency

The North Miami Beach Community Redevelopment Agency (NMB CRA) Component Unit incurred the following expenditures during the fiscal year ended September 30, 2018:

<u>Expenditures</u>	<u>Amount</u>
General government	\$ 209,543
Capital outlay	22,126
Debt service:	
Principal	166,667
Interest	<u>38,408</u>
Total expenditures	<u>\$ 436,744</u>

In 2018, the major activities of the CRA included:

- Completion Commercial Property Improvement Grants.
- Creation of Florida's first Brewery District

Tax Abatements

During fiscal year 2015, the CRA created a new redevelopment program aimed at spurring the redevelopment of properties within the redevelopment area via CRA Policy Resolution 2015-4. Applicants whose projects are deemed acceptable to the CRA Board may receive a partial return of the property taxes that were paid. The rebate is calculated based on the increment by which the development increases in property value. A total of 75% of the taxes paid on the increment will be rebated if the total real estate taxes are paid prior to delinquency. If the taxes are not paid timely, there is no rebate of the property tax increment. This rebate program has no effect on the revenues of the primary government, the City of North Miami Beach.

One award was granted in January 2016 to the NoMa project, a 249 residential unit mixed use development located on West Dixie Highway. As part of the TIF Recapture program, the recipient has agreed to install certain Waterfront Improvements and Art in Public Places as defined in the agreement. The project was completed during early 2018, which is considered the base year for increment measurement. Rebates will begin in fiscal year 2019.

Note 16 - Pronouncements Issued, Not Yet Effective, and Recently Adopted

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what effect, if any, implementation of the statements may have on the financial statements of the City.

**III. REQUIRED SUPPLEMENTARY
INFORMATION (Other Than MD&A)**

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>REVENUES</u>	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive/ (Negative)
Taxes:				
Property taxes	\$ 15,467,000	\$ 15,467,000	\$ 15,478,213	\$ 11,213
User surcharges	6,950,000	6,950,000	7,154,089	204,089
Utility taxes	3,237,610	3,237,610	3,565,792	328,182
Communication service taxes	1,806,000	1,806,000	1,681,998	(124,002)
Sales taxes	3,311,532	3,311,532	3,556,060	244,528
Franchise fees	1,933,000	1,933,000	2,126,388	193,388
Fuel taxes	819,000	819,000	845,659	26,659
Total taxes	33,524,142	33,524,142	34,408,199	884,057
Intergovernmental:				
State shared revenue	1,637,028	1,637,028	1,752,906	115,878
State insurance premium taxes	550,000	550,000	485,116	(64,884)
Other State and County revenues	145,300	145,300	181,650	36,350
Total intergovernmental	2,332,328	2,332,328	2,419,672	87,344
Charges for services:				
General services fees	667,440	667,440	645,191	(22,249)
Parks & recreation fees	761,908	761,908	933,193	171,285
Police services fees	105,000	105,000	214,422	109,422
Total charges for services	1,534,348	1,534,348	1,792,806	258,458
Fines and forfeitures	970,000	970,000	1,635,865	665,865
Licenses and permits	812,050	812,050	977,986	165,936
Other income:				
Investment income	150,000	150,000	275,531	125,531
Impact fees	60,000	60,000	9,893	(50,107)
Miscellaneous	102,800	102,800	574,067	471,267
Total other income	312,800	312,800	859,491	546,691
Total revenues	\$ 39,485,668	\$ 39,485,668	\$ 42,094,019	\$ 2,608,351

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
	Original	Final	Amounts	
Operating expenditures:				
General government:				
Administrative	\$ 1,736,077	\$ 1,963,122	\$ 1,790,618	\$ 172,504
Legislative	7,426,057	6,992,923	6,442,487	550,436
Executive	3,426,499	3,975,385	2,892,666	1,082,719
Human resources	3,350,424	3,365,424	2,921,567	443,857
Financial services	1,302,328	1,331,099	1,274,758	56,341
Total general government	17,241,385	17,627,953	15,322,096	2,305,857
Public safety	22,069,407	22,259,026	21,530,830	728,196
Library	919,284	933,608	891,984	41,624
Parks & REC	4,570,791	5,067,507	4,467,533	599,974
Public services	4,742,198	5,248,602	4,501,718	746,884
Total operating expenditures	49,543,065	51,136,696	46,714,161	4,422,535
Capital Outlay:				
General government	-	50,460	97,182	(46,722)
Public safety	410,769	919,451	537,332	382,119
Library	24,500	40,963	40,875	88
Parks & REC	866,250	972,655	317,119	655,536
Public services	3,200,700	4,133,789	1,568,993	2,564,796
Total capital outlay	4,502,219	6,117,318	2,561,501	3,555,817
Debt service:				
Principal	38,675	38,675	19,253	19,422
Interest and other fiscal charges	400	400	784,833	(784,433)
Total debt service	39,075	39,075	804,086	(765,011)
Total expenditures	54,084,359	57,293,089	50,079,748	7,213,341
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	10,659,119	10,659,119	10,871,502	212,383
Transfers out	(28,534)	(28,534)	(29,077)	(543)
Prior year appropriations	3,968,106	7,176,836	-	(7,176,836)
Total other financing sources (uses)	14,598,691	17,807,421	10,842,425	(6,964,996)
Net change in fund balance	\$ -	\$ -	\$ 2,856,696	\$ 2,856,696

See notes to budgetary comparison schedules

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COMMUNITY REDEVELOPMENT AGENCY

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,320,830	\$ 1,320,830	\$ 1,320,830	\$ -
Other income	12,000	12,000	19,591	7,591
Total revenues	1,332,830	1,332,830	1,340,421	7,591
Expenditures:				
Operating:				
General government	1,610,368	1,510,368	209,543	1,300,825
Capital outlay	767,422	889,548	22,126	867,422
Debt service:				
Principal	166,700	166,700	166,667	33
Interest and other fiscal charges	34,000	34,000	38,408	(4,408)
Total expenditures	2,578,490	2,600,616	436,744	2,163,872
Excess of revenues over expenditures	(1,245,660)	(1,267,786)	903,677	2,171,463
Other financing sources (uses):				
Transfers out	(154,340)	(154,340)	(154,340)	-
Appropriations of prior year fund balance	1,400,000	1,422,126	-	(1,422,126)
Total other financing sources (uses)	1,245,660	1,267,786	(154,340)	(1,422,126)
Net changes in fund balance	\$ -	\$ -	749,337	\$ 749,337
Fund balance, beginning			1,312,609	
Fund balance, ending			\$ 2,061,946	

See notes to budgetary comparison schedules

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2018

Note 1 - Budgets and Budgetary Accounting

Annual budgets are adopted for the General Fund, the Transit Surtax Fund, the Community Redevelopment Agency, the debt service funds and the Alley Restoration Program on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 1, the City Manager submits a budget estimate of revenues and expenditures for all City departments for the fiscal year commencing October 1 to the City Commission.
2. The City Commission holds various budget workshops to review and amend the proposed budget.
3. Public hearings are held to obtain taxpayers' comments.
4. Prior to October 1, the budget is legally enacted through passage of a resolution.
5. No department may legally expend or contract to expend amounts in excess of amounts appropriated for any department within an individual fund. Budget appropriations for salary and related costs and for operating costs lapse at year end. Appropriations for capital outlay expenditures carry forward to the next fiscal year for open purchase orders.
6. The resolution authorizes the City Manager to amend, modify, or otherwise adjust the City's annual budget in accordance with the spending limitations as established by Chapter 3, Purchasing, of the North Miami Beach Code of Ordinances (\$50,000). The City Commission approves all other budget amendments.
7. Encumbrance accounting is used in governmental funds. Encumbered purchase orders outstanding at year-end are reported as assignments of fund balances to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 2 – Negative Variance

The City's non-taxable loan agreements for Series 2011 and Series 2012 include terms whereby the City is required to adjust the interest rate of the loans should tax rates decrease, which occurred as a result of the tax changes imposed by the federal government during fiscal year 2018. The negative variance in the General Fund interest and other charges occurred because the capital lease agreement for the Enterprise Resource Planning system should have been budgeted in the Information Technology Fund but was paid by the General Fund.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST FOUR FISCAL YEARS

Measurement date September 30,	Retirement Plan for General Employees		
	2014	2015	2016
Total pension liability - beginning	\$ 98,072,000	\$ 102,007,534	\$ 104,972,279
Changes for the year:			
Service cost	1,258,325	1,151,136	1,156,065
Interest	7,539,274	7,805,702	7,928,162
Difference between expected and actual experience	515,726	867,625	(350,213)
Change of assumptions	(5,377,791)	(6,859,718)	(7,137,255)
Benefit payments	3,935,534	2,964,745	1,596,759
Net change in total pension liability	102,007,534	104,972,279	106,569,038
Total pension liability - ending (a)	\$ 200,079,534	\$ 206,979,813	\$ 211,541,317
Plan fiduciary net position - beginning	\$ 71,776,351	\$ 77,890,314	\$ 74,770,502
Employer contributions	3,545,108	3,528,201	3,285,155
Employee contributions	643,099	632,868	708,318
Net investment income (loss)	7,469,081	(261,263)	5,109,744
Benefit payments	(5,377,791)	(6,859,718)	(7,137,255)
Administrative expenses	(165,534)	(159,900)	(180,748)
Net change in plan fiduciary position	6,113,963	(3,119,812)	1,785,214
Plan fiduciary net position - ending (b)	\$ 77,890,314	\$ 74,770,502	\$ 76,555,716
Net pension liability (a-b)	\$ 24,117,220	\$ 30,201,777	\$ 30,013,322
Plan fiduciary net position as a percentage of total pension liability	76.36%	71.23%	71.84%
Covered payroll	\$ 8,935,213	\$ 8,438,765	\$ 7,937,439
Net pension liability as a percentage of covered employee payroll	269.91%	357.89%	378.12%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST FOUR FISCAL YEARS

Measurement date September 30,	Retirement Plan for Police Officers and Firefighters			
	2014	2015	2016	2017
Total pension liability - beginning	\$ 127,462,645	\$ 130,231,957	\$ 136,441,317	\$ 137,871,599
Changes for the year:				
Service cost	1,616,907	1,839,411	1,601,153	1,577,364
Interest	9,980,051	10,286,023	10,661,632	10,759,761
Difference between expected and actual experience	-	780,939	(1,959,016)	469,201
Change of assumptions	-	-	614,873	150,662
Adjustment for Chapter 175/185 reserves	-	432,298	242,987	3,429,737
Benefit payments	(8,827,646)	(7,129,311)	(9,731,347)	(10,098,177)
Net change in total pension liability	2,769,312	6,209,360	1,430,282	6,288,548
Total pension liability - ending (a)	<u>\$ 130,231,957</u>	<u>\$ 136,441,317</u>	<u>\$ 137,871,599</u>	<u>\$ 144,160,147</u>
Plan fiduciary net position - beginning	\$ 86,242,705	\$ 93,283,466	\$ 91,342,471	\$ 94,164,922
Employer contributions	6,357,669	6,498,316	6,254,492	5,589,783
Employee contributions	775,749	669,356	692,487	765,541
Other contributions	790,839	690,234	605,857	508,655
Net investment income (loss)	8,534,464	(2,917,644)	5,238,367	9,698,773
Benefit payments	(8,827,646)	(7,129,311)	(9,731,347)	(10,098,177)
Administrative expenses	(179,329)	(227,726)	(237,405)	(257,983)
Other changes	(410,985)	475,780	-	12,861
Net change in plan fiduciary position	7,040,761	(1,940,995)	2,822,451	6,219,453
Plan fiduciary net position - ending (b)	<u>\$ 93,283,466</u>	<u>\$ 91,342,471</u>	<u>\$ 94,164,922</u>	<u>\$ 100,384,375</u>
Net pension liability (a-b)	<u>\$ 36,948,491</u>	<u>\$ 45,098,846</u>	<u>\$ 43,706,677</u>	<u>\$ 43,775,772</u>
Plan fiduciary net position as a percentage of total pension liability	71.63%	66.95%	68.30%	69.63%
Covered payroll	\$ 5,597,265	\$ 5,127,475	\$ 6,586,705	\$ 6,573,350
Net pension liability as a percentage of covered employee payroll	660.12%	879.55%	663.56%	665.96%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST FOUR FISCAL YEARS

	Retirement Plan and Trust for General Management Employees		
	2014	2015	2016
Measurement date September 30,			
Total pension liability - beginning	\$ 19,734,068	\$ 22,100,505	\$ 24,218,726
Changes for the year:			
Service cost	335,056	406,730	435,918
Interest	1,356,133	1,523,007	1,794,281
Difference between expected and actual experience	(182,852)	(10,542)	(1,003,172)
Change of assumptions	2,237,444	1,598,203	(1,244,447)
Benefit payments	(1,379,344)	(1,399,177)	(1,738,538)
Net change in total pension liability	2,366,437	2,118,221	(1,755,958)
Total pension liability - ending (a)	<u>\$ 22,100,505</u>	<u>\$ 24,218,726</u>	<u>\$ 22,462,768</u>
Plan fiduciary net position - beginning	\$ 16,711,216	\$ 16,121,723	\$ 16,894,185
Employer contributions	598,464	668,241	1,077,364
Employee contributions	234,924	255,493	266,060
Net investment income (loss)	14,143	1,303,799	2,485,771
Benefit payments	(1,379,344)	(1,399,177)	(1,738,538)
Administrative expenses	(57,680)	(55,894)	(61,251)
Net change in plan fiduciary position	(589,493)	772,462	2,029,406
Plan fiduciary net position - ending (b)	<u>\$ 16,121,723</u>	<u>\$ 16,894,185</u>	<u>\$ 18,923,591</u>
Net pension liability (a-b)	<u>\$ 5,978,782</u>	<u>\$ 7,324,541</u>	<u>\$ 3,539,177</u>
Plan fiduciary net position as a percentage of total pension liability	72.95%	69.76%	84.24%
Covered payroll	\$ 2,398,885	\$ 2,027,135	\$ 2,391,509
Net pension liability as a percentage of covered employee payroll	249.23%	361.32%	147.99%
			67.87%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS LAST FISCAL YEAR

	Other Post Employment Benefits <u>2018</u>
Measurement date September 30,	
Total OPEB liability - beginning	\$ 4,415,393
Changes for the year:	
Service cost	119,959
Expected interest growth	305,541
Demographic experience	(109,329)
Benefit payments & refunds	(346,834)
Assumption change and actual experience	<u>1,008,625</u>
Net change in total pension liability	<u>977,962</u>
Total pension liability - ending (a)	<u>\$ 5,393,355</u>
Plan fiduciary net position - beginning	\$ 2,804,689
Expected interest growth	204,405
Unexpected investment income	19,035
Employer contributions	250,000
Administrative expenses	<u>(15,269)</u>
Net change in plan fiduciary position	<u>458,171</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,262,860</u>
Net pension liability (a-b)	<u>\$ 2,130,495</u>
Plan fiduciary net position as a percentage of total pension liability	60.50%
Covered payroll	\$ 16,684,762
Net pension liability as a percentage of covered employee payroll	12.77%
Note:	This schedule is intended to have ten years of data. Implementation of GASB No. 75 occurred in fiscal year 2018. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FOUR FISCAL YEARS

Fiscal Year Ended	Employer Contributions	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as percentage of covered payroll	Actuarial Assumptions	
						Retirement Plan for General Employees	Retirement Plan for Police Officers and Firefighters
9/30/2014	\$ 3,545,108	\$ 3,545,108	\$ -	\$ 8,935,213	39.68%	Actuarial cost method	Entry age normal
9/30/2015	3,528,201	3,528,201	-	8,438,765	41.81%	Amortization method	Level percent of pay, closed
9/30/2016	3,285,155	3,285,155	-	7,937,439	41.39%	Remaining amortization period	30 years
9/30/2017	3,249,182	3,249,182	-	6,934,420	46.86%	Asset valuation method	Smoothed market value
9/30/2018	3,453,684	3,453,684	-	5,137,361	67.23%	Investment rate of return	7.75%
						Projected salary increases	4.25% to 8.00%
						Cost of living adjustments	3.25%
						Inflation	
						RP 2000 Combined Mortality Table for males and females with fully generational projections to each future decrement date using Scale AA	
9/30/2014	\$ 6,357,669	\$ 6,357,669	\$ -	\$ 5,597,265	113.59%	Actuarial cost method	Entry age normal
9/30/2015	6,498,316	6,337,328	(160,988)	5,127,475	126.74%	Amortization method	Level percent closed
9/30/2016	6,254,492	6,254,492	-	6,586,705	94.96%	Remaining amortization period	30 years
9/30/2017	5,578,590	5,578,590	-	6,573,350	84.87%	Asset valuation method	Actuarial Value
9/30/2018	5,560,258	5,560,258	-	6,128,138	90.73%	Investment rate of return	8.00%
						Projected salary increases	3.00%
						Cost of living adjustments	2.50%
						Inflation	3.00%
						RP 2000 Generational, males-10% White Collar/90% Blue Collar Scale BB females-100% White Collar Scale BB	
9/30/2014	\$ 594,082	\$ 598,464	\$ (4,382)	\$ 2,398,885	24.76%	Actuarial cost method	Aggregate
9/30/2015	598,464	598,464	-	2,027,135	29.52%	Amortization method	Level dollar, fixed
9/30/2016	668,241	693,932	(25,691)	2,391,509	27.94%	Remaining amortization period	19 years
9/30/2017	1,077,364	1,095,074	(17,710)	2,957,285	36.43%	Asset valuation method	Market value
9/30/2018	946,609	946,609	-	3,075,576	30.78%	Investment rate of return	7.00%
						Projected salary increases	4.00%
						Cost of living adjustments	2.25%
						Inflation	2.92%
						RP 2000 Combined Mortality Table with full generational projections using Scale BB	
9/30/2018	250,000	-	250,000	16,684,762	1.50%	Actuarial cost method	Entry age normal
						Investment rate of return	4.08%
						Projected salary increases	3.00%
						Healthcare cost trend rate	7.50%
						Inflation	2.92%
						RP 2000 Combined Mortality Table with full generational projections using Scale BB	

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Implementation of GASB No. 75 occurred in fiscal year 2018. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST FOUR FISCAL YEARS

Measurement date June 30,	2015	2016	2017	2018
<u>Florida Retirement System</u>				
City's proportion of the net pension liability	0.000312830%	0.000295834%	0.000268619%	0.000226949%
City's proportionate share of the net pension liability	\$ 48,034	\$ 74,698	\$ 79,456	\$ 68,358
Covered payroll	\$ 21,291	\$ 21,692	\$ 21,769	\$ 19,804
City's proportionate share of the net pension liability as a percentage of covered employee payroll	221.51%	349.82%	365.00%	345.17%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	84.88%	83.89%	84.26%
<u>Health Insurance Subsidy</u>				
City's proportion of the net pension liability	0.000072633%	0.000069977%	0.000067773%	0.000060319%
City's proportionate share of the net pension liability	\$ 7,406	\$ 8,154	\$ 7,247	\$ 6,384
Covered payroll	\$ 21,685	\$ 21,353	\$ 21,769	\$ 19,804
City's proportionate share of the net pension liability as a percentage of covered employee payroll	34.15%	38.19%	33.29%	32.24%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.16%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST FOUR FISCAL YEARS

	2015	2016	2017	2018
Fiscal year ended September 30,				
<u>Florida Retirement System</u>				
Contractually required contribution	\$ 7,627	\$ 7,214	\$ 6,993	\$ 7,214
Contributions in relation to the contractually required contribution	<u>7,947</u>	<u>7,745</u>	<u>7,373</u>	<u>7,507</u>
Contribution deficiency (excess)	\$ (320)	\$ (531)	\$ (380)	\$ (293)
Covered payroll	\$ 21,685	\$ 21,353	\$ 21,602	\$ 19,654
Contributions as a percentage of covered employee payroll	36.65%	36.27%	34.13%	38.20%
 <u>Health Insurance Subsidy</u>				
Contractually required contribution	\$ 278	\$ 359	\$ 359	\$ 359
Contributions in relation to the contractually required contribution	<u>278</u>	<u>359</u>	<u>359</u>	<u>359</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,685	\$ 21,353	\$ 21,602	\$ 19,654
Contributions as a percentage of covered employee payroll	1.28%	1.68%	1.66%	1.83%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

SEPTEMBER 30, 2018

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Total Contributions</u>	<u>Percentage Contributed</u>
<u>Excess Benefit Plan¹</u>				
2010	\$ 183	\$ 183	\$ 183	100%
2011	197	197	197	100%
2012	204	204	204	100%
2013	211	211	211	100%
2014	223	223	223	100%
2015	257	257	257	100%
2016	278	278	278	100%
2017	290	290	290	100%
2018	299	299	299	100%

¹ The Plan did not incur expenses until the fiscal year ending September 30, 2010.

**COMBINING, INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2018

Special Revenue Funds

Special revenue funds are used to account for specific sources of revenue that are legally restricted to expenditure for particular purposes.

Grants – This fund is used to account for the various federal, state and local grants awarded to the City.

Transit Surtax – This fund is used to account for the City's portion of the Miami-Dade County one-half percent sales surtax approved by voters in November 2002.

Confiscated Property – This fund is used to account for confiscated and forfeited property received from federal and state government. The uses of the property are governed by State of Florida Statutes, Chapter 932; the United States Department of Justice publication, *A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies*; and the United States Treasury Department publication, *Guide to Equitable Sharing for Foreign Countries and Federal, State and Local Law Enforcement Agencies*.

Debt Service Funds

Debt service funds are used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Series 2011 – This fund is used to account for the principal and interest payments relating to the \$14,835,000 promissory note issued to defease the Series 2000B bonds originally issued to fund improvements related to the Proud Neighborhood plan.

Series 2012 – This fund is used to account for the debt service of the \$8,190,000 promissory note issued to defease the Series 2002A Series Capital Appreciation and Term Bonds. The 2002A bond proceeds were used to defease the Series 1994 bonds originally issued to fund the expansion of the police station and various neighborhood improvements.

Series 2013 – This fund is used to account for the principal and interest payments relating to the \$3,635,000 Revenue Bonds, Series 2013. The proceeds were used to refund Florida Municipal Loan Council Revenue Bonds, Series 2003B. The original issue was used to fund various transit/transportation related projects.

Series 2015 – This fund is used to account for the principal and interest payments relating to the City's portion of the Series 2015 Revenue Refunding bonds issued to refund the Florida Municipal Loan Council Revenue Bonds, Series 2005C. The bond proceeds were used to defease the Series 2000A bonds originally issued to fund the bike path and street improvements, including lighting and traffic calming devices.

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2018

Capital Projects Fund

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Alley Restoration Program – This fund accounts for improvements to the City's alley infrastructure in order to facilitate traffic flow of solid waste equipment, stormwater run-off and trash collection.

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Special Revenue Funds			Total Special Revenue
	Grants Funds	Transit Surtax	Confiscated Property	
<u>ASSETS</u>				
Pooled cash and investments	\$ 152,146	\$ 1,098,616	\$ 5,787,523	\$ 7,038,285
Accounts receivable:				
Intergovernmental	-	629,514	-	629,514
Grants	84,250	-	-	84,250
Prepays	-	-	3,166	3,166
Total assets	\$ 236,396	\$ 1,728,130	\$ 5,790,689	\$ 7,755,215
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 71,072	\$ 276,827	\$ 49,419	\$ 397,318
Due to other funds	100,968	-	-	100,968
Total liabilities	172,040	276,827	49,419	498,286
Fund balances:				
Nonspendable:				
Prepays	-	-	3,166	3,166
Restricted:				
Interlocal agreements	64,356	1,451,303	-	1,515,659
Public Safety	-	-	5,738,104	5,738,104
Total fund balances	64,356	1,451,303	5,741,270	7,256,929
Total liabilities and fund balances	\$ 236,396	\$ 1,728,130	\$ 5,790,689	\$ 7,755,215

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2018

	Debt Service Funds				Total Debt Service
	Series 2011	Series 2012	Series 2013	Series 2015	
<u>ASSETS</u>					
Pooled cash and investments	\$ -	\$ 6,692	\$ 85,390	\$ -	\$ 92,082
Prepaid expenses	-	-	-	369	369
Total assets	\$ -	\$ 6,692	\$ 85,390	\$ 369	\$ 92,451
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities:</u>					
Due to other funds	16,361	\$ -	\$ -	\$ -	\$ 16,361
<u>Fund balances:</u>					
Nonspendable:					
Prepaid costs	-	-	-	369	369
Restricted:					
Debt service	-	6,692	85,390	-	92,082
Unassigned:	(16,361)	-	-	-	(16,361)
Total fund balances	(16,361)	6,692	85,390	369	76,090
Total liabilities and fund balances	\$ -	\$ 6,692	\$ 85,390	\$ 369	\$ 92,451

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2018

	Capital Projects Fund	Total Capital Projects	Total Non-major Governmental Funds
<u>ASSETS</u>			
Pooled cash and investments	\$ 293,383	\$ 293,383	\$ 7,423,750
Accounts receivable:			
Intergovernmental	-	-	629,514
Grants	-	-	84,250
Prepaid costs	-	-	3,535
Total assets	\$ 293,383	\$ 293,383	\$ 8,141,049
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 397,318
Due to other funds	-	-	117,329
Total liabilities	-	-	514,647
Fund balances:			
Nonspendable:			
Prepaid costs	-	-	3,535
Restricted:			
Interlocal agreements	-	-	1,515,659
Debt service	-	-	92,082
Public Safety	-	-	5,738,104
Committed:			
Alley restoration	293,383	293,383	293,383
Unassigned:			
Debt service	-	-	(16,361)
Total fund balances	293,383	293,383	7,626,402
Total fund balances and liabilities	\$ 293,383	\$ 293,383	\$ 8,141,049

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds			Total Special Revenue
	Grants Funds	Transit Surtax	Confiscated Property	
Revenues:				
Intergovernmental	\$ -	\$ 1,724,622	\$ -	\$ 1,724,622
Grants	362,385	-	-	362,385
Fines and forfeitures	-	-	1,394,256	1,394,256
Miscellaneous	-	-	20,757	20,757
Total revenues	362,385	1,724,622	1,415,013	3,502,020
Expenditures:				
Operating expenditures:				
General government	-	973,642	-	973,642
Public safety	56,977	-	1,596,804	1,653,781
Parks & REC	30,722	-	-	30,722
Public services	46,439	-	-	46,439
Capital outlay	53,200	495,956	885,030	1,434,186
Total expenditures	231,934	1,469,598	2,481,834	4,183,366
Excess (deficiency) of revenues over expenditures	130,451	255,024	(1,066,821)	(681,346)
Other financing uses:				
Transfers out	-	(719,856)	(15,784)	(735,640)
Total other financing uses	-	(719,856)	(15,784)	(735,640)
Net change in fund balances	130,451	(464,832)	(1,082,605)	(1,416,986)
Fund balances, beginning	(66,095)	1,916,135	6,823,875	8,673,915
Fund balances, ending	64,356	1,451,303	5,741,270	7,256,929

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Debt Service Funds					Total Debt Service
	Series 2011	Series 2012	Series 2013	Series 2015	Series 2015	
Revenues:						
Property taxes	\$ 1,087,895	\$ 779,525	\$ -	\$ -	\$ -	\$ 1,867,420
Expenditures:						
Debt service:						
Principal	605,000	675,000	599,000	24,276	24,276	1,903,276
Interest and other fiscal charges	516,692	112,024	26,206	1,096	1,096	656,018
Total expenditures	<u>1,121,692</u>	<u>787,024</u>	<u>625,206</u>	<u>25,372</u>	<u>25,372</u>	<u>2,559,294</u>
Excess (deficiency) of revenues over expenditures	(33,797)	(7,499)	(625,206)	(25,372)	(25,372)	(691,874)
Other financing sources (uses):						
Transfers in	-	-	625,206	29,077	29,077	654,283
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>625,206</u>	<u>29,077</u>	<u>29,077</u>	<u>654,283</u>
Net change in fund balances	(33,797)	(7,499)	-	3,705	3,705	(37,591)
Fund balances, beginning	17,436	14,191	85,390	(3,336)	(3,336)	113,681
Fund balances, ending	<u>\$ (16,361)</u>	<u>\$ 6,692</u>	<u>\$ 85,390</u>	<u>\$ 369</u>	<u>\$ 369</u>	<u>\$ 76,090</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Capital Projects Fund Alley Restoration Program	Total Capital Projects	Total Non-major Governmental Funds
Revenues:			
Property taxes	\$ -	\$ -	\$ 1,867,420
Intergovernmental	-	-	1,724,622
Grants	-	-	362,385
Fines and forfeitures	-	-	1,394,256
Other income	-	-	20,757
Total revenues	-	-	5,369,440
Expenditures:			
Operating expenditures:			
General government	-	-	973,642
Public safety	-	-	1,653,781
Library	-	-	44,596
Parks & REC	-	-	30,722
Public services	-	-	46,439
Capital outlay	-	-	1,434,186
Debt service:			
Principal	-	-	1,903,276
Interest and other fiscal charges	-	-	656,018
Total expenditures	-	-	6,742,660
Excess (deficiency) of revenues over expenditures	-	-	(1,373,220)
Other financing sources (uses):			
Transfers in	-	-	654,283
Transfers out	-	-	(735,640)
Total other financing sources (uses)	-	-	(81,357)
Net change in fund balances	-	-	(1,454,577)
Fund balances, beginning	293,383	293,383	9,080,979
Fund balances, ending	\$ 293,383	\$ 293,383	\$ 7,626,402

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
TRANSIT SURTAX FUND				
Revenues:				
Intergovernmental	\$ 1,684,687	\$ 1,684,687	\$ 1,724,622	\$ 39,935
Expenditures:				
Operating:				
General government	987,246	1,148,209	973,642	174,567
Capital outlay	757,880	1,449,447	495,956	953,491
Total expenditures	1,745,126	2,597,656	1,469,598	1,128,058
Excess of revenues over expenditures	(60,439)	(912,969)	255,024	1,167,993
Other financing sources (uses):				
Transfers out	(719,856)	(719,856)	(719,856)	-
Appropriations of prior year fund balance	780,295	1,632,825	-	(1,632,825)
Total other financing sources (uses)	60,439	912,969	(719,856)	(1,632,825)
Net changes in fund balance	\$ -	\$ -	(464,832)	\$ (464,832)
Fund balance, beginning			1,916,135	
Fund balance, ending			\$ 1,451,303	

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	SERIES 2011		SERIES 2012		
	Original	Final	Original	Final	Actual
Revenues:					
Property taxes	\$ 1,087,895	\$ 1,087,895	\$ 779,525	\$ 779,525	\$ 779,525
Total revenues	1,087,895	1,087,895	779,525	779,525	779,525
Expenditures:					
Debt service:					
Principal	605,000	605,000	675,000	675,000	675,000
Interest and other fiscal charges	482,895	482,895	104,525	104,525	112,024
Total expenditures	1,087,895	1,087,895	779,525	779,525	787,024
Net changes in fund balance	\$ -	\$ -	\$ -	\$ -	(7,499)
Fund balance, beginning					14,191
Fund balance, ending					\$ 6,692
					(continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS (continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	SERIES 2013		SERIES 2015		Variance from Final Budget - Favorable (Unfavorable)
	Budgeted Amounts Original	Budgeted Amounts Final	Budgeted Amounts Original	Budgeted Amounts Final	
Expenditures:					
Debt service:					
Principal	\$ 599,000	\$ 599,000	\$ 24,276	\$ 24,276	\$ -
Interest and other fiscal charges	26,206	26,206	4,258	4,258	3,162
Total expenditures	625,206	625,206	28,534	28,534	3,162
Other financing sources:					
Transfers in	625,206	625,206	28,534	28,534	543
Total other financing sources	625,206	625,206	28,534	28,534	543
Net changes in fund balance	\$ -	\$ -	\$ -	\$ -	\$ (2,619)
Fund balance, beginning		85,390		(3,336)	
Fund balance, ending		<u>\$ 85,390</u>		<u>\$ 369</u>	(continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2018

ALLEY RESTORATION PROGRAM

	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Operating:				
Public services	\$ 500	\$ 500	\$ -	\$ 500
Capital outlay	224,000	224,000	-	224,000
Total expenditures	224,500	224,500	-	224,500
Other financing sources:				
Prior year appropriations	224,500	224,500	-	(224,500)
Total other financing sources	224,500	224,500	-	(224,500)
Net changes in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			293,383	
Fund balance, ending			\$ 293,383	

NON-MAJOR ENTERPRISE FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2018

Non-major Enterprise Funds

Stormwater Fund – accounts for providing stormwater services within City limits.

Building Permit Fund - accounts for activities as they relate to the issuance of building permits to residences and businesses within the City.



CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF NET POSITION NON-MAJOR PROPRIETARY FUNDS

SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Pooled cash and investments	\$ 1,312,872	\$ 8,699,789	\$ 10,012,661
Accounts receivable, net	280,557	220	280,777
Due from other funds	-	584,406	584,406
Total current assets	1,593,429	9,284,415	10,877,844
Non-current assets			
Capital assets, non-depreciable	660,156	39,621	699,777
Capital assets - net of accumulated depreciation	3,238,189	115,360	3,353,549
Total assets	\$ 5,491,774	\$ 9,439,396	\$ 14,931,170
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	\$ 195,462	\$ 860,313	\$ 1,055,775
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 124,438	\$ 471,063	\$ 595,501
Current portions of:			
Notes payable	186,153	-	186,153
Compensated absences	15,595	52,135	67,730
Total current liabilities	326,186	523,198	849,384
Non-current liabilities:			
Notes payable	384,569	-	384,569
Net pension liability	400,558	789,168	1,189,726
Compensated absences	7,783	52,209	59,992
Other post-employment benefits	4,820	14,460	19,280
Total non-current liabilities	797,730	855,837	1,653,567
Total liabilities	\$ 1,123,916	\$ 1,379,035	\$ 2,502,951
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	\$ 3,707	\$ 355,665	\$ 359,372
<u>NET POSITION</u>			
Net investment in capital assets	\$ 3,327,623	\$ 154,981	\$ 3,482,604
Unrestricted	1,231,990	8,410,028	9,642,018
Total net position	\$ 4,559,613	\$ 8,565,009	\$ 13,124,622

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,220,785	\$ 2,564,965	\$ 3,785,750
Total operating revenues	<u>1,220,785</u>	<u>2,564,965</u>	<u>3,785,750</u>
Operating expenses:			
Personnel services	374,305	1,495,285	1,869,590
Other operating costs	303,504	239,543	543,047
Depreciation	327,219	32,604	359,823
Total operating expenses	<u>1,005,028</u>	<u>1,767,432</u>	<u>2,772,460</u>
Operating income	215,757	797,533	1,013,290
Non-operating revenue (expense):			
Investment income	13,647	78,677	92,324
Miscellaneous income	82,957	603,502	686,459
Interest and other fiscal charges	(17,088)	(144)	(17,232)
Total non-operating revenue	<u>79,516</u>	<u>682,035</u>	<u>761,551</u>
Income before transfers	295,273	1,479,568	1,774,841
Transfers out	<u>(215,820)</u>	<u>(692,711)</u>	<u>(908,531)</u>
Change in net position	79,453	786,857	866,310
Net position - beginning, as previously stated	4,483,106	7,787,655	12,270,761
Restatement of net position (See Note 11)	<u>(2,946)</u>	<u>(9,503)</u>	<u>(12,449)</u>
Net position - beginning, as restated	4,480,160	7,778,152	12,258,312
Net position, ending	<u>\$ 4,559,613</u>	<u>\$ 8,565,009</u>	<u>\$ 13,124,622</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Stormwater <u>Utility</u>	Building <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,353,202	\$ 3,168,247	\$ 4,521,449
Cash payments to internal service funds	-	(131,893)	(131,893)
Cash payments to suppliers	(239,027)	(238,557)	(477,584)
Cash payments to and on behalf of employees	<u>(404,134)</u>	<u>(2,383,768)</u>	<u>(2,787,902)</u>
Net cash provided by operating activities	710,041	414,029	1,124,070
Cash flows from noncapital financing activities:			
Transfers to other funds	(215,820)	(692,711)	(908,531)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,512,217)	(127,070)	(1,639,287)
Disposal of capital assets	1,090,258	80,498	1,170,756
Principal paid on long-term debt	(278,196)	(20,552)	(298,748)
Interest paid on long-term debt	<u>(17,088)</u>	<u>(144)</u>	<u>(17,232)</u>
Net cash used in capital and related financing activities	(717,243)	(67,268)	(784,511)
Cash flows from investing activities:			
Investment purchases	(856,527)	(6,815,248)	(7,671,775)
Investment calls and maturities	856,003	6,811,073	7,667,076
Investment income	<u>14,171</u>	<u>82,852</u>	<u>97,023</u>
Net cash provided by investing activities	13,647	78,677	92,324
Net decrease in pooled cash and investments:			
Pooled cash and investments, beginning	<u>1,522,247</u>	<u>8,967,062</u>	<u>10,489,309</u>
Pooled cash and investments, ending	<u>\$ 1,312,872</u>	<u>\$ 8,699,789</u>	<u>\$ 10,012,661</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 215,757	\$ 797,533	\$ 1,013,290
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	327,219	32,604	359,823
Other income	82,957	603,502	686,459
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	49,460	(220)	49,240
Deferred outflows of resources	(64,604)	(83,566)	(148,170)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	70,585	(117,889)	(47,304)
Pension and OPEB liabilities	29,536	(742,140)	(712,604)
Deferred inflows of resources	<u>(869)</u>	<u>(75,795)</u>	<u>(76,664)</u>
Total adjustments	<u>494,284</u>	<u>(383,504)</u>	<u>110,780</u>
Net cash provided by operating activities	<u>\$ 710,041</u>	<u>\$ 414,029</u>	<u>\$ 1,124,070</u>
Non-cash investing, capital and financing activities:			
Increase in fair value of investments	<u>\$ (8,217)</u>	<u>\$ (57,966)</u>	<u>\$ (66,183)</u>



FIDUCIARY FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2018

	Pension Trust Funds				
	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 2,531	\$ 2,717	\$ -	\$ -	\$ 5,248
Investments:					
Common stock	51,868,367	59,105,748	-	-	110,974,115
Money market funds	2,014,678	2,183,133	20,204,084	3,262,860	27,664,755
U.S. Government securities	11,601,113	20,733,606	-	-	32,334,719
Corporate bonds	5,290,211	9,097,370	-	-	14,387,581
Real estate	8,445,647	7,718,061	-	-	16,163,708
Hedge funds	4,082,612	4,160,275	-	-	8,242,887
Total investments	<u>83,302,628</u>	<u>102,998,193</u>	<u>20,204,084</u>	<u>3,262,860</u>	<u>209,767,765</u>
Accrued interest receivable	95,797	152,278	-	-	248,075
Other receivables	62,079	1,009,376	-	-	1,071,455
Total assets	<u>\$ 83,463,035</u>	<u>\$ 104,162,564</u>	<u>\$ 20,204,084</u>	<u>\$ 3,262,860</u>	<u>\$ 211,092,543</u>
<u>LIABILITIES</u>					
Accounts payable	<u>\$ 250,622</u>	<u>\$ 1,257,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508,557</u>
<u>NET POSITION</u>					
Net position restricted for pensions	<u>\$ 83,212,413</u>	<u>\$ 102,904,629</u>	<u>\$ 20,204,084</u>	<u>\$ 3,262,860</u>	<u>\$ 209,583,986</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Pension Trust Funds			
	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>
<u>ADDITIONS</u>				<u>Total</u>
Contributions:				
Employer	\$ 3,453,684	\$ 5,560,258	\$ 946,609	\$ 10,546,805
Employee	387,959	792,489	95,067	1,275,515
State of Florida	-	480,388	-	480,388
Total contributions	<u>3,841,643</u>	<u>6,833,135</u>	<u>1,041,676</u>	<u>12,302,708</u>
Investment income (expense):				
Net appreciation in fair value of investments	5,507,857	6,047,708	1,719,677	13,498,682
Interest and dividends	1,763,913	2,131,595	-	3,895,508
Investment expenses	(502,408)	(583,589)	(16,951)	(1,102,948)
Net investment gain	6,769,362	7,595,714	1,702,726	16,291,242
Other income	46,717	26,751	-	73,468
Total additions	<u>10,657,722</u>	<u>14,455,600</u>	<u>2,744,402</u>	<u>28,667,418</u>
<u>DEDUCTIONS</u>				
Pension benefit payments	7,170,315	11,708,778	1,415,763	20,631,110
Administrative expenses	219,961	226,568	46,430	508,228
Total deductions	<u>7,390,276</u>	<u>11,935,346</u>	<u>1,462,193</u>	<u>21,139,338</u>
Change in position held in trust	3,267,446	2,520,254	1,282,209	7,528,080
Net position restricted for pensions, beginning	79,944,967	100,384,375	18,921,875	202,055,906
Net position restricted for pensions, ending	<u>\$ 83,212,413</u>	<u>\$ 102,904,629</u>	<u>\$ 20,204,084</u>	<u>\$ 209,583,986</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Police Holding Account			
	<u>Beginning Balance</u>	<u>Seizures</u>	<u>Distributions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash	\$ <u>739,220</u>	\$ <u>498,784</u>	\$ <u>(540,892)</u>	\$ <u>697,112</u>
<u>LIABILITIES</u>				
Deposits awaiting adjudication	\$ <u>739,220</u>	\$ <u>498,784</u>	\$ <u>(540,892)</u>	\$ <u>697,112</u>



IV. STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	130-133
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	134-140
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	141-144
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	145-147
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	148-149

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NORTH MIAMI BEACH, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 35,288	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494	\$ 41,846	\$ 41,751	\$ 45,614	\$ 47,555	\$ 50,498
Restricted	7,679	6,324	14,422	16,699	15,054	12,186	11,326	10,202	10,412	10,826
Unrestricted	11,565	23,577	9,913	15,121	20,026	22,992	(34,160)	(29,701)	(21,503)	(25,448)
Total governmental activities net position	<u>\$ 54,532</u>	<u>\$ 55,301</u>	<u>\$ 60,613</u>	<u>\$ 67,022</u>	<u>\$ 71,574</u>	<u>\$ 77,024</u>	<u>\$ 18,917</u>	<u>\$ 26,115</u>	<u>\$ 36,464</u>	<u>\$ 35,876</u>
Business-type activities:										
Net investment in capital assets	\$ 87,440	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063	\$ 86,582	\$ 92,456	\$ 89,253	\$ 89,394	\$ 97,350
Restricted	204	833	907	1,545	3,380	7,691	10,256	14,524	15,990	5,651
Unrestricted (deficit)	(2,657)	(2,534)	10,200	21,600	19,780	25,188	33,337	38,801	44,731	34,893
Total business-type activities net position	<u>\$ 84,987</u>	<u>\$ 84,922</u>	<u>\$ 94,084</u>	<u>\$ 104,158</u>	<u>\$ 110,223</u>	<u>\$ 119,461</u>	<u>\$ 136,049</u>	<u>\$ 142,578</u>	<u>\$ 150,115</u>	<u>\$ 137,894</u>
Total government:										
Net investment in capital assets	\$ 122,728	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557	\$ 128,428	\$ 134,207	\$ 134,867	\$ 136,949	\$ 147,848
Restricted	7,883	7,157	15,329	18,244	18,434	19,877	21,582	24,726	26,402	16,477
Unrestricted	8,908	21,043	20,113	36,721	39,806	48,180	(823)	9,100	23,228	9,445
Total City net position	<u>\$ 139,519</u>	<u>\$ 140,223</u>	<u>\$ 154,697</u>	<u>\$ 171,180</u>	<u>\$ 181,797</u>	<u>\$ 196,485</u>	<u>\$ 154,966</u>	<u>\$ 168,693</u>	<u>\$ 186,579</u>	<u>\$ 173,770</u>

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 16,556	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018	\$ 10,493	\$ 13,752	\$ 15,009	\$ 12,378	\$ 24,627
Public safety	22,042	22,091	25,069	22,452	22,793	22,206	21,824	21,918	25,422	22,918
Parks and R.E.C.	5,021	5,373	4,950	4,561	4,555	4,771	4,617	5,166	5,432	5,669
Public works	12,966	10,718	10,631	5,213	4,087	4,147	4,386	3,988	4,304	4,811
Interest on long-term debt	1,952	1,943	1,735	1,580	1,153	1,214	813	736	643	1,485
Total governmental activities	<u>58,537</u>	<u>58,946</u>	<u>57,664</u>	<u>45,822</u>	<u>43,606</u>	<u>42,831</u>	<u>45,392</u>	<u>46,817</u>	<u>48,179</u>	<u>59,510</u>
Business-type activities:										
Water	23,344	23,990	23,367	22,579	23,424	21,082	16,329	26,092	27,015	34,394
Wastewater	5,007	5,305	4,487	3,952	4,156	3,929	4,033	5,306	6,057	11,993
Solid waste	-	-	-	6,574	6,749	7,186	6,551	8,813	8,276	10,355
Stormwater	762	868	864	886	633	645	592	1,002	998	1,022
Building permits	-	1,359	1,437	1,293	1,257	1,289	1,355	2,077	1,567	1,768
Total business-type activities	<u>29,113</u>	<u>31,522</u>	<u>30,155</u>	<u>35,284</u>	<u>36,219</u>	<u>34,131</u>	<u>28,860</u>	<u>43,290</u>	<u>43,913</u>	<u>59,532</u>
Total government expenses	<u>\$ 87,650</u>	<u>\$ 90,468</u>	<u>\$ 87,819</u>	<u>\$ 81,106</u>	<u>\$ 79,825</u>	<u>\$ 76,962</u>	<u>\$ 74,252</u>	<u>\$ 90,107</u>	<u>\$ 92,092</u>	<u>\$ 119,042</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 10,021	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913	\$ 1,629	\$ 1,732	\$ 1,583	\$ 2,120	\$ 2,612
Public safety	8,996	1,513	5,095	6,801	2,857	1,512	177	194	1,634	1,850
Parks and R.E.C.	639	597	821	838	956	823	841	856	783	933
Public works	8,991	8,870	8,956	(979)	-	-	-	-	-	-
Operating grants and contributions	1,215	2,013	1,028	945	169	78	2,209	2,439	1,438	573
Capital grants and contributions	379	3	2,013	1,069	1,129	706	543	1,614	440	938
Total governmental activities program revenue	<u>30,241</u>	<u>15,768</u>	<u>21,010</u>	<u>10,350</u>	<u>7,024</u>	<u>4,748</u>	<u>5,502</u>	<u>6,686</u>	<u>6,415</u>	<u>6,906</u>
Business-type activities:										
Charges for services:										
Water	27,599	31,465	33,790	27,990	27,795	27,547	32,915	30,546	32,232	31,656
Sewer	6,360	7,082	7,701	7,490	7,487	7,532	7,036	6,956	7,451	7,029
Solid waste	-	-	-	9,992	8,832	8,860	8,939	9,343	10,181	9,666
Stormwater	1,280	1,282	1,268	1,279	1,266	1,273	1,269	1,235	1,313	1,221
Building permits	-	1,250	1,204	1,514	1,307	2,073	3,800	3,311	4,726	2,565
Operating grants and contributions	56	1,536	2,334	-	-	-	-	-	-	-
Capital grants and contributions	4,917	770	482	2,163	-	-	-	-	-	-
Total business-type activities program revenue	<u>40,212</u>	<u>43,385</u>	<u>46,779</u>	<u>50,428</u>	<u>46,687</u>	<u>47,285</u>	<u>53,959</u>	<u>51,391</u>	<u>55,903</u>	<u>52,137</u>
Total program revenues	<u>\$ 70,453</u>	<u>\$ 59,153</u>	<u>\$ 67,789</u>	<u>\$ 60,778</u>	<u>\$ 53,711</u>	<u>\$ 52,033</u>	<u>\$ 59,461</u>	<u>\$ 58,077</u>	<u>\$ 62,318</u>	<u>\$ 59,043</u>
Net (expense) revenue:										
Governmental activities	\$ (28,296)	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)	\$ (38,083)	\$ (39,890)	\$ (40,131)	\$ (41,764)	\$ (52,604)
Business-type activities	11,099	11,863	16,624	15,144	10,468	13,154	25,099	8,101	11,990	(7,395)
Total net expense	<u>\$ (17,197)</u>	<u>\$ (31,315)</u>	<u>\$ (20,030)</u>	<u>\$ (20,328)</u>	<u>\$ (26,114)</u>	<u>\$ (24,929)</u>	<u>\$ (14,791)</u>	<u>\$ (32,030)</u>	<u>\$ (29,774)</u>	<u>\$ (59,999)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067	\$ 16,470	\$ 17,346
Sales and other taxes	9,628	9,282	9,559	9,601	10,021	10,081	11,124	11,399	11,464	11,776
State and local shared revenue	5,429	5,085	5,671	5,325	5,311	5,187	4,319	4,841	5,334	5,465
Unrestricted investment earnings (losses)	339	353	131	223	(389)	700	382	146	173	295
User surcharges	-	-	-	-	-	-	-	7,163	8,571	7,164
Miscellaneous	1,439	1,793	284	675	441	7,149	7,999	962	890	595
Transfers	5,973	13,054	13,769	12,757	13,386	7,546	7,946	8,750	9,210	10,605
Total governmental activities	<u>40,959</u>	<u>45,830</u>	<u>41,966</u>	<u>41,881</u>	<u>41,134</u>	<u>43,532</u>	<u>45,522</u>	<u>47,328</u>	<u>52,112</u>	<u>53,246</u>
Business-type activities:										
Unrestricted investment earnings (losses)	192	167	46	94	(324)	956	1,202	845	726	859
User surcharges	-	-	-	-	-	-	-	3,466	2,842	1,582
Miscellaneous	519	2,218	6,261	7,593	9,307	2,673	5,035	2,867	1,190	3,415
Transfers	(5,973)	(13,054)	(13,769)	(12,757)	(13,386)	(7,546)	(7,946)	(8,750)	(9,210)	(10,605)
Total business-type activities	<u>(5,262)</u>	<u>(10,669)</u>	<u>(7,462)</u>	<u>(5,070)</u>	<u>(4,403)</u>	<u>(3,917)</u>	<u>(1,709)</u>	<u>(1,572)</u>	<u>(4,452)</u>	<u>(4,749)</u>
Total general revenues	<u>\$ 35,697</u>	<u>\$ 35,161</u>	<u>\$ 34,504</u>	<u>\$ 36,811</u>	<u>\$ 36,731</u>	<u>\$ 39,615</u>	<u>\$ 43,813</u>	<u>\$ 45,756</u>	<u>\$ 47,660</u>	<u>\$ 48,497</u>
Change in net position:										
Governmental activities	\$ 12,663	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552	\$ 5,449	\$ 5,632	\$ 7,197	\$ 10,348	\$ 642
Business-type activities	5,837	1,194	9,162	10,074	6,065	9,237	23,390	6,529	7,538	(12,144)
Total change in net position	<u>\$ 18,500</u>	<u>\$ 3,846</u>	<u>\$ 14,474</u>	<u>\$ 16,483</u>	<u>\$ 10,617</u>	<u>\$ 14,686</u>	<u>\$ 29,022</u>	<u>\$ 13,726</u>	<u>\$ 17,886</u>	<u>\$ (11,502)</u>

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017	2018
General fund:								
Nonspendable:								
Inventories	\$ 226,484	\$ 226,484	\$ 200,022	\$ 185,230	\$ 203,438	\$ 154,851	\$ 147,157	\$ 168,360
Prepaid costs	795	-	12,576	681	38,731	78,553	32,852	62,268
Restricted:								
Impact fees	35,093	114,299	188,418	199,549	629,237	554,641	316,224	1,434,748
Assigned:								
Capital projects and equipment	643,567	1,214,391	1,595,884	5,467,664	3,428,991	2,601,783	3,159,394	2,337,365
Liability claims	1,249,412	719,451	1,595,969	1,974,927	825,856	782,523	1,163,957	1,597,883
Workers' compensation claims	1,263,113	1,560,601	1,837,375	2,080,125	2,436,211	2,436,211	2,095,339	2,169,016
Land acquisition	115,996	100,000	100,000	68,574	68,574	68,574	68,574	68,574
Unassigned	8,838,322	11,541,766	12,878,350	13,972,463	17,014,464	19,393,802	25,013,469	27,015,338
Total general fund	12,372,782	15,476,992	18,408,594	23,949,213	24,645,502	26,070,938	31,996,966	34,853,552
All other governmental funds:								
Nonspendable:								
Prepaid costs	752,078	7,232	416,053	-	6,362	3,740	4,485	3,535
Restricted:								
Grant related	487,396	130,565	-	-	-	-	-	-
Debt service	221,486	244,360	31,511	139,339	113,003	115,913	117,017	92,082
Community Redevelopment	5,633,272	5,037,009	4,484,008	625,845	719,620	843,322	1,311,639	2,061,946
Interlocal agreements	1,126,663	1,278,569	1,302,212	580,165	1,472,246	1,831,817	1,916,135	1,515,659
Public safety	6,953,112	10,008,634	9,047,233	7,788,345	6,547,101	6,859,229	6,820,599	5,738,104
Committed:								
Alley restoration	258,871	257,143	258,102	273,623	274,175	293,382	293,382	293,383
Assigned:								
Capital projects and equipment	-	400,053	519,442	1,069,695	997,485	-	-	-
Unassigned								
Grant related	(689,088)	(159,390)	(135,807)	(71,131)	(74,483)	-	(66,333)	-
Debt service	(841,057)	(202)	(281,259)	-	-	(3,160)	(3,336)	(16,361)
Total all other governmental funds	13,902,733	17,203,973	15,641,495	10,405,881	10,055,509	9,944,243	10,393,588	9,688,348
Total governmental funds	\$ 26,275,515	\$ 32,680,965	\$ 34,050,089	\$ 34,355,094	\$ 34,701,011	\$ 36,015,181	\$ 42,390,554	\$ 44,541,900

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented for the fiscal year ending September 30, 2011.

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property taxes	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067	\$ 16,470	\$ 17,346
User surcharges	-	-	-	-	-	-	-	7,164	8,571	7,164
Franchise fees	2,292	2,225	2,019	1,943	1,898	2,064	2,098	2,072	2,138	2,126
Utility taxes	2,516	2,680	2,751	2,794	2,936	3,162	3,209	3,356	3,406	3,566
Communication service tax	2,491	2,140	2,314	2,168	2,105	1,827	1,792	1,843	1,748	1,682
Other taxes	558	561	628	733	3,932	3,829	4,025	4,149	4,172	4,402
Licenses and permits	1,760	574	885	919	937	829	940	786	939	978
Intergovernmental revenue	7,200	6,761	7,518	7,288	4,391	4,321	4,319	4,841	5,334	5,465
Charges for services	11,662	11,571	12,210	869	2,130	1,786	1,809	1,847	1,570	1,793
Fines and forfeitures	8,958	1,465	4,874	6,547	2,658	1,349	2,005	3,183	2,842	3,030
Other	9,115	3,951	3,325	2,728	1,810	7,997	8,746	1,832	1,224	957
Investment income (losses)	339	353	131	223	(389)	700	382	146	176	295
Total revenues	65,042	48,544	49,207	39,512	34,772	40,733	43,077	45,266	48,590	48,804
Expenditures:										
Current:										
General government	14,398	15,237	13,116	10,498	10,052	10,384	12,873	13,179	13,300	16,506
Public safety	22,721	24,566	24,501	21,812	22,147	21,526	21,049	21,196	22,371	23,185
Library	-	-	-	-	-	-	-	-	839	937
Parks and R.E.C.	5,496	5,175	4,945	4,402	4,382	4,589	4,423	4,992	4,372	4,498
Public works	9,796	10,001	10,214	3,469	3,943	4,004	4,230	3,820	4,093	4,548
Capital outlay	5,088	6,310	5,897	1,675	2,754	3,864	4,985	6,055	3,708	4,018
Debt service:										
Principal	2,434	2,523	2,393	2,338	2,357	5,516	2,441	2,672	2,047	2,089
Interest and other fiscal charges	1,977	1,907	1,830	1,719	1,154	941	813	771	697	1,479
Total expenditures	61,910	65,719	62,896	45,913	46,789	50,824	50,814	52,685	51,427	57,260
Deficiency of revenues over expenditures	3,132	(17,175)	(13,689)	(6,401)	(12,017)	(10,091)	(7,737)	(7,419)	(2,837)	(8,456)
Other financing sources (uses):										
Transfers in	9,012	17,980	15,750	14,508	15,089	8,563	9,232	9,628	10,085	11,526
Transfers out	(3,054)	(4,926)	(1,981)	(1,752)	(1,703)	(1,017)	(1,287)	(878)	(872)	(919)
Lease proceeds	788	-	-	-	-	2,851	-	-	-	-
Debt issuance	4,000	517	14,835	8,190	3,719	-	120	-	-	-
Payment to escrow agent	-	-	(14,835)	(8,140)	(3,719)	-	-	-	-	-
Total other financing sources (use)	10,746	13,571	13,769	12,806	13,386	10,397	8,065	8,750	9,213	10,607
Net change in fund balances	13,878	(3,604)	80	6,405	1,369	306	328	1,331	6,376	2,150
Fund balances - beginning	17,417	29,800	26,196	26,276	32,681	34,050	34,356	34,684	36,015	42,391
Fund balances - ending	\$ 31,295	\$ 26,196	\$ 26,276	\$ 32,681	\$ 34,050	\$ 34,356	\$ 34,684	\$ 36,015	\$ 42,391	\$ 44,541
Debt service as a percentage of non-capital expenditures	7.76%	7.46%	7.41%	9.17%	7.97%	13.75%	7.10%	7.38%	5.75%	6.70%

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

NET ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Gross Assessed Value</u>	<u>Real Estate Exempt Properties</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2009	2,521,418	124,873	1,392	2,647,683	5,087	2,642,596	7.5831
2010	2,156,288	112,131	1,377	2,269,796	4,297	2,265,499	7.5731
2011	1,684,317	121,656	1,024	1,806,997	3,137	1,803,860	7.8096
2012	1,610,062	130,944	1,060	1,742,066	2,968	1,739,098	7.8616
2013	1,608,856	128,634	872	1,738,362	(2,974)	1,741,336	7.6445
2014	1,612,382	127,560	1,056	1,740,998	6,785	1,734,213	7.7052
2015	1,741,749	126,088	1,229	1,869,066	3,000	1,866,066	7.6369
2016	1,882,680	116,515	1,392	2,000,587	4,444	1,996,143	7.5769
2017	2,216,752	112,628	1,540	2,330,920	178,620	2,152,300	7.3360
2018	2,413,847	120,213	1,617	2,535,677	11,046	2,524,631	7.1752

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Miami Dade County Property Appraiser's Office for Certification of Taxable Value for the City of North Miami Beach.

CITY OF NORTH MIAMI BEACH, FLORIDA
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

Fiscal Year	Overlapping Rates (1)														
	City of North Miami Beach				Miami-Dade County				Miami-Dade County				Other Taxing Authorities & Special Districts		Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Board Millage	School Millage	Special Districts				
2009	\$ 6.6236	\$ 0.9595	\$ 7.5831	\$ 4.8379	\$ 0.2850	\$ 5.1229	\$ 7.6980	\$ 0.2970	\$ 7.9950	\$ 3.3856	\$ 24.0866				
2010	6.6136	0.9595	7.5731	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0766				
2011	6.6036	1.2060	7.8096	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	3.7538	25.6849				
2012	6.6036	1.2580	7.8616	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	3.4335	24.3901				
2013	6.6036	1.0409	7.6445	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	3.4261	24.0571				
2014	6.6036	1.1016	7.7052	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	3.4078	24.2155				
2015	6.6036	1.0333	7.6369	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	3.3508	24.0786				
2016	6.6036	0.9733	7.5769	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	3.3164	23.6222				
2017	6.5000	0.8360	7.3360	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	3.2909	23.0158				
2018	6.4000	0.7752	7.1752	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	3.2375	22.4736				

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

(1) Overlapping rates are those of local and county governments and other special taxing districts that apply to property owners within the City of North Miami Beach. Not all overlapping rates apply to all City of North Miami Beach property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Sources: Miami-Dade County Property Appraiser's Office.

CITY OF NORTH MIAMI BEACH, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (AMOUNTS EXPRESSED IN THOUSANDS)

		2018			2009		
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Value</u>
Florida Power & Light	Utility	\$ 51,765	1	2.05%	\$ 240,554	1	9.10%
Dezer Intracoastal Mall LLC	Retail	48,603	2	1.93%	-	-	-
Southern Memorial Park	Special Use	40,192	3	1.59%	-	-	-
Biscayne Commons (Edens) LLC	Retail	30,115	4	1.19%	21,119	5	0.80%
A.Sur Net Inc	Telecommunications	18,050	5	0.67%	-	-	-
Oleta Partners Biscayne	Retail	16,940	6	0.67%	-	-	-
Sonic Ward Inc (K-Mart)	Retail	16,400	7	0.65%	15,800	8	0.60%
NMB Commerce Center	Mixed Use	15,000	8	0.59%	-	-	-
Grand Island Square LLC	Retail	14,840	9	0.59%	-	-	-
Canal Park Office	Office Building	13,919	10	0.55%	-	-	-
U M Hospital (RHC Parkway)	Hospital	-	-	-	125,887	2	4.76%
Bell South	Telecommunications	-	-	-	74,139	3	2.81%
MSW Intracoastal Mall, LLC	Shopping Mall	-	-	-	41,000	4	1.55%
Comcast	Utility	-	-	-	20,438	6	0.77%
Klien Motors	Retail	-	-	-	19,815	7	0.75%
Costco Corporation	Retail	-	-	-	15,616	9	0.59%
Divine Square LLC	Condo	-	-	-	15,100	10	0.57%
Total		\$ 265,824		10.49%	\$ 589,468		22.31%
Total assessed value				\$ 2,524,631			\$ 2,642,596

Source: Miami Dade County Property Appraisers Office.

CITY OF NORTH MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30,	Total Taxes Levied for Operating Purposes for Fiscal Year	Levied Taxes Collected within the Fiscal Year		Delinquent Tax Collections (1)	Total Tax Collections	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	\$ 17,503	\$ 15,936	91%	\$ 168	\$ 16,104	92%
2010	14,983	13,491	90%	704	14,195	95%
2011	11,912	9,978	84%	564	10,542	88%
2012	11,504	10,687	93%	531	11,218	98%
2013	11,479	10,642	93%	2	10,644	93%
2014	11,498	10,663	93%	384	11,047	96%
2015	12,343	11,918	97%	-	11,918	97%
2016	13,211	11,721	89%	491	12,212	92%
2017	15,159	13,923	92%	692	14,615	96%
2018	16,482	14,845	90%	633	15,478	94%

(1) Property Taxes are levied and collected by Miami-Dade County for all municipalities within the County. Information on delinquent taxes is not distributed by the County. Prior period delinquent real estate taxes are recorded as collections of the current year.

Source: City of North Miami Beach Certificate of Taxable Value.

CITY OF NORTH MIAMI BEACH, FLORIDA
WATER PRODUCED AND CONSUMED
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30,	Gallons of Water Produced by City's Norwood Treatment Plant (1)	Gallons of Water Purchased from Miami-Dade County WASA (1)	Gallons of Water Consumed (2)	Water Operating Revenue Collected	Direct Rate (3)
2009	7,926,955	104,170	7,073,975	\$ 27,599	\$ 20
2010	7,359,260	100,234	6,753,329	26,410	21.57
2011	7,492,095	99	6,664,525	33,790	23.84
2012	7,570,517	82	6,509,654	27,890	23.84
2013	7,278,694	233	6,471,569	27,775	23.84
2014	7,586,722	237	6,368,875	27,547	26.11
2015	7,375,327	3,640	6,913,853	33,374	26.11
2016	7,380,058	585	6,490,459	31,511	26.11
2017	7,410,600	889	6,566,017	32,232	26.11
2018	7,556,118	107	6,624,810	31,656	28.70

Notes:

- (1) Gallons are presented in thousands.
- (2) Gallons are presented in thousands and includes bulk sales.
- (3) Direct rate used represents a typical single-family residential customer consuming 7,000 gallons per month.

Sources:

- (1) & (2) City of North Miami Beach Water Department
- (3) City of North Miami Beach Finance Department

CITY OF NORTH MIAMI BEACH, FLORIDA

WATER RATE HISTORY

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(1) Minimum Chg - Single Family:										
5/8"	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71	\$ 10.71	\$ 10.71	\$ 10.71	\$ 10.71
3/4"	9.10	8.85	9.78	9.78	9.78	10.71	10.71	10.71	10.71	10.71
1"	22.75	22.13	24.75	24.45	24.45	26.78	26.78	26.78	26.78	26.78
1 1/2"	45.50	44.25	48.90	48.90	48.90	53.55	53.55	53.55	53.55	53.55
2"	72.80	70.80	78.34	78.24	78.24	85.68	85.68	85.68	85.68	85.68
3"	145.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	227.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	455.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8"	728.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10"	1,046.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Minimum Chg - Multi-Fam/Non-Residential:

5/8"	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40	\$ 12.40	\$ 12.40	\$ 12.40	\$ 12.40
3/4"	9.10	10.24	11.32	11.32	11.32	12.40	12.40	12.40	12.40	12.40
1"	22.75	25.60	28.30	28.30	28.30	31.00	31.00	31.00	31.00	31.00
1 1/2"	45.50	51.20	56.60	56.60	56.60	62.00	62.00	62.00	62.00	62.00
2"	72.80	81.92	90.56	90.56	90.56	99.20	99.20	99.20	99.20	99.20
3"	145.60	163.84	181.12	181.12	181.12	198.40	198.40	198.40	198.40	198.40
4"	227.50	256.00	283.00	283.00	283.00	310.00	310.00	310.00	310.00	310.00
6"	455.00	512.00	566.00	566.00	566.00	620.00	620.00	620.00	620.00	620.00
8"	728.00	819.20	905.60	905.60	905.60	992.00	992.00	992.00	992.00	992.00
10"	1,046.50	1,177.60	1,301.80	1,301.80	1,301.80	1,426.00	1,426.00	1,426.00	1,426.00	1,426.00

(2) Conservation Increments (Blocks):

<u>Single Fam/Non-Resi</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
0 - 7 mgs	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22
8 - 12 mgs	2.64	2.97	3.28	3.28	3.28	3.59	3.59	3.59	3.59	3.59
over 12 mgs	3.28	3.69	4.08	4.08	4.08	4.47	4.47	4.47	4.47	4.47
<u>Multi-family</u>										
0 - 5 mgs/unit	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22
6 - 9 mgs/unit	2.64	2.97	3.28	3.28	3.28	3.59	3.59	3.59	3.59	3.59
over 9 mgs/unit	3.28	3.69	4.08	4.08	4.08	4.47	4.47	4.47	4.47	4.47

(1) Single family customers are charged minimum charge based on the meter size.

(2) Non-Residential customers are charged for all consumption based on the Tier Rates

CITY OF NORTH MIAMI BEACH, FLORIDA
 PRINCIPAL WATER CUSTOMERS
 CURRENT YEAR AND NINE YEARS AGO

	2018			2009		
	Type of Business	Water Units Sold (MG)	% of Water Consumption	Water Units Sold (MG)	Rank	% of Water Consumption
Customer						
Miami-Dade Water & Sewer	Water Mgmt District	145,272	2.19%	-	-	-
Intracoastal Yacht Club	Condominium	49,320	0.74%	48,497	9	0.69%
Williams Island	Condominium	45,876	0.69%	-	-	-
Plaza Del Prado	Shopping Mall	42,348	0.64%	49,094	8	0.69%
Plaza of the Americas Club	Shopping Mall	39,516	0.60%	-	-	-
Commodore Plaza Condo Assoc.	Condominium	38,784	0.59%	48,094	10	0.68%
Arlen - Burke	Condominium	35,748	0.54%	-	-	-
Arlen House E Condo Assoc.	Condominium	34,560	0.52%	69,497	2	0.98%
Admirals Port	Condominium	33,876	0.51%	52,230	6	0.74%
Trump Intl. Sonesta Beach	Condominium	33,804	0.51%	-	-	-
Winston Towers	Condominium	-	-	202,786	1	2.87%
Ocean View Condo Assoc.	Condominium	-	-	57,913	3	0.82%
Ocean Three Condo Assoc	Condominium	-	-	55,783	4	0.79%
Sun Life Stadium (Pro Player)	Stadium	-	-	53,857	5	0.76%
Oceania Towers I, II, III	Condominium	-	-	52,106	7	0.74%
Total		<u>499,104</u>	<u>7.53%</u>	<u>689,857</u>		<u>8.37%</u>
Total Consumption			<u>6,624,810</u>			<u>7,073,975</u>

Source: City of North Miami Beach Engineering Department

CITY OF NORTH MIAMI BEACH, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	Governmental Activities				Business-type Activities				Total	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Capital Leases	Redevelopment Notes	Revenue Bonds	Water Revenue Bonds	Stormwater Notes	Capital Leases	State Revolving Loans			
2009	\$ 32,387	\$ 1,300	\$ 7,778	\$ 5,982	\$ 71,278	\$ 1,990	\$ 256	-	\$ 120,971	\$ 2,880	6.86%
2010	31,020	1,106	7,333	5,555	70,362	3,669	862	1,783	121,690	2,931	7.42%
2011	29,332	595	6,889	5,097	68,486	1,672	591	5,140	117,802	2,772	13.73%
2012	28,079	94	6,445	4,629	66,540	1,607	276	6,382	114,052	2,654	14.67%
2013	22,090	-	6,000	3,879	65,306	1,444	-	5,996	104,715	2,421	12.94%
2014	20,995	2,851	2,083	3,711	62,938	1,276	2,725	6,204	102,783	2,354	12.25%
2015	19,855	2,155	1,917	3,122	60,495	1,106	1,790	16,567	107,007	2,434	13.10%
2016	18,660	1,448	1,750	2,518	57,889	931	1,384	21,996	106,576	2,394	12.07%
2017	17,430	729	1,583	1,906	55,230	753	698	20,619	98,948	2,178	10.97%
2018	16,150	-	1,417	1,283	52,470	571	-	20,524	92,415	2,026	9.79%

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

(1) See the Schedule of Demographic and Economic Statistics on page 145 for personal income and population data.

CITY OF NORTH MIAMI BEACH, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA)

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of Assessed Property Value (1)</u>	<u>Per Capita(2)</u>
	<u>General Obligation Bonds</u>	<u>Less Amount in Debt Service</u>	<u>Net Amount</u>		
2009	\$ 32,387	\$ 232	\$ 32,155	1.42%	\$ 909
2010	31,020	222	30,798	1.71%	871
2011	29,332	131	29,201	1.68%	687
2012	28,079	244	27,835	1.60%	648
2013	22,090	166	21,924	1.26%	507
2014	20,995	139	20,856	1.20%	478
2015	19,855	31	19,824	1.06%	451
2016	18,660	31	18,630	0.93%	419
2017	17,430	31	17,399	0.81%	383
2018	16,150	32	16,119	0.64%	353

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

(1) See the Schedule of Net Assessed Value of Taxable Property on Page 134 for net assessed property value data.

(2) See the Schedule of Demographic and Economic Statistics on Page 145 for population data.

CITY OF NORTH MIAMI BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 SEPTEMBER 30, 2018
 (AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2018		
	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of North Miami Beach (1)</u>	<u>Amount Applicable to the City of North Miami Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 1,828,451	0.94%	\$ 17,184
Miami-Dade County School Board	2,445	0.85%	21
Other debt:			
Miami-Dade County	2,281,442	0.94%	21,442
Miami-Dade County School Board	903	0.85%	8
Subtotal, Overlapping Debt			38,655
City of North Miami Beach Direct Debt			18,850
Total Direct and Overlapping Debt			\$ 57,505

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses 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 residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using net taxable assessed property values. It is calculated by taking the value that is within the City's boundaries and dividing it by the County's and School Board's total net taxable assessed value. This approach was also used for the other debt.

CITY OF NORTH MIAMI BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30,	Transit Surtax Bonds - Series 2013					Community Redevelopment - CRA				
	County Transit Surtax	Debt Service		Coverage	TIF + Interest Revenue	Principal	Interest	Coverage		
		Principal	Interest							
2009	\$ 1,195	\$ 415	\$ 272	1.74	\$ 898	\$ 222	\$ 153	2.39		
2010	1,202	425	261	1.75	711	444	149	1.20		
2011	1,261	440	248	1.83	1,139	444	139	1.95		
2012	1,409	450	235	2.06	481	444	109	0.87		
2013*	1,494	465	219	2.18	550	445	122	0.97		
2014	1,566	485	127	2.56	425	167	35	2.10		
2015	1,660	569	56	2.66	426	167	34	2.12		
2016	1,733	582	46	2.76	694	167	32	3.49		
2017	1,904	588	36	3.05	1,023	167	28	5.25		
2018	1,725	599	27	2.76	1,340	167	38	6.54		

Fiscal Year Ended September 30,	Stormwater - Series 2011A					Water Utility Bonds - Series 2012 and 2015				
	Operating Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2009	\$ 772	\$ 104	\$ 24	6.03	\$ 13,202	\$ 280	\$ 3,244	0.11		
2010	690	104	6	6.27	17,850	505	3,235	4.77		
2011**	684	214	5	3.12	23,262	1,445	3,217	4.99		
2012	685	65	15	8.56	19,813	1,505	2,546	4.89		
2013	910	164	35	4.57	16,925	1,565	2,485	4.18		
2014	943	167	31	4.76	15,610	2,030	2,595	3.38		
2015	710	171	28	3.57	24,439	2,104	2,536	5.27		
2016	267	174	24	1.35	11,656	2,189	2,365	2.56		
2017	333	178	20	1.68	11,621	2,332	2,275	2.52		
2018	640	182	16	3.22	9,401	2,434	2,178	2.03		

Fiscal Year Ended September 30,	State Revolving Loan - Water					State Revolving Loan - Sewer				
	Gross Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2009	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-		
2010	-	-	-	-	-	-	-	-		
2011	23,262	9	6	1,550.80	8,240	25	11	228.89		
2012	19,813	162	112	72.31	6,119	81	34	53.21		
2013	16,925	364	238	28.11	5,771	264	84	16.58		
2014	15,610	497	233	21.38	4,891	254	125	12.91		
2015	24,439	829	443	19.21	3,454	425	179	5.72		
2016	11,656	829	444	9.16	1,005	426	179	1.66		
2017	11,621	857	444	8.93	1,944	469	136	3.21		
2018	3,593	919	383	2.76	(3,308)	493	111	(5.48)		

Note *: Capital Improvement Bonds 2003B Series was refunded in 2013.

Note **: Stormwater Series 2011A refinanced in 2011. Previously Commercial Paper loan.

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (in Thousands) (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2009	42,000	1,764,000	42,000	37.0	10.7%
2010	41,523	1,639,453	39,483	34.5	13.0%
2011	42,504	858,113	20,189	37.0	10.8%
2012	42,971	777,646	18,097	36.4	8.8%
2013	43,250	809,251	18,711	35.6	8.1%
2014	43,664	839,135	19,218	36.3	6.8%
2015	43,971	817,025	18,581	37.8	6.6%
2016	44,512	883,341	19,845	38.1	5.2%
2017	45,437	901,924	19,850	37.7	4.5%
2018	45,612	943,667	20,689	36.4	3.8%

Sources:

- (1) United States Census Bureau (for years 2005 through 2007). Estimated by City of North Miami Beach Economic Development (for years 2008 to 2011). U S Census Bureau 2012 - 2018.
- (2) United States Census Bureau.
- (3) U.S. Bureau of Labor Statistics.

Note: Population information is based on surveys conducted during the last quarter of the calendar year. Unemployment Personal income information is a total for the year.

CITY OF NORTH MIAMI BEACH, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Jackson North Medical Center	1,121	1	1,100	2
City of North Miami Beach	471	2	N/A	N/A
Waste Management of Dade County	370	3	N/A	N/A
Bryant Security Corporation	279	4	N/A	N/A
IPIC Theaters	250	5	N/A	N/A
Regal Home Services	175	6	N/A	N/A
Target	172	7	N/A	N/A
Publix	129	8	2,000	1
T G I Fridays	110	9	N/A	N/A
Apex Building	100	10	N/A	N/A
Aventura Columbia Medical Center	N/A		1,100	2
FMS Management Systems	N/A		1,000	4
Sysco Food Services	N/A		750	5
Southern Wine & Spirits	N/A		600	6
Nabi	N/A		500	7
Perko	N/A		450	8
AT & T Cable Services	N/A		430	9
Turnberry Associates	N/A		400	10
Total	<u>3,177</u>		<u>8,330</u>	

Special Note: The above list includes private and public employers in the Greater North Miami Beach area. City of NMB total includes 152 part-timers.

CITY OF NORTH MIAMI BEACH, FLORIDA
 FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	6	6	6	6
Clerk's office	5	6	6	4	4	4	4	4	4	4
Mayor and Council's office	2	2	2	-	-	1	1	1	1	0
Executive	41	9	8	18	18	25	27	27	31.5	35.5
Human Resources	7	6	6	6	6	6	6	6	11	8
Financial Services	33	46	44	12	12	12	12	13	11	12
Police:										
Police Officers	112	117	110	85	85	110	106	105	108	113
Civilians	42	39	45	35	34	20	36	36	34	35
Library	9	9	9	7	7	7	7	6	8	8
Parks and R.E.C.	38	37	36	30	28	32	28	28	29	29
Public Works	84	85	76	21	34	34	36	32	34	35
Stormwater	7	10	10	8	9	9	6	4	4	5.5
Water	105	104	101	115	86	90	91	92	84	4
Sewer	13	14	13	11	11	13	14	14	13	-
Building Permit	-	10	10	10	9	12	13	13	14.25	14.5
Solid Waste	-	-	-	50	53	48	46	18	14.25	13.5
Customer Service	-	-	-	-	21	21	23	26	22	-
Total number of employees	503	499	481	417	422	449	462	431	429	323

Source: City of North Miami Beach annual budgets

CITY OF NORTH MIAMI BEACH, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations (operated by Miami-Dade County)	2	2	2	2	2	3	3	3	3	3
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	76,533	78,196	79,664	76,634	66,366	56,567	55,563	55,091	46,227	33,642
Number of licensed databases	66	64	64	96	51	50	64	66	74	74
Audio materials volumes	4,426	4,470	4,481	4,143	3,266	2,415	1,405	1,162	1,290	1,300
Video materials volumes	5,583	6,120	6,737	6,263	5,743	4,156	4,269	4,230	5,748	5,758
Parks and R.E.C.:										
Parks	10	26	26	26	26	26	26	27	27	28
Senior centers	1	1	1	1	1	1	1	1	1	1
Municipal swim centers	3	3	3	3	3	3	3	3	3	3
Tennis centers	1	1	1	1	1	1	1	1	1	1
Recreational centers	5	5	5	5	5	5	5	5	5	5
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Parks acreage	51.0	86.0	86.0	86.0	86.0	86.0	86.0	87.0	87.0	88.0
Streets:										
Miles of streets and alleys	130.0	119.0	119.0	119.0	119.0	119.99	119.99	119.99	120.0	119.99
Water:										
Water mains (miles)	547	548	549	550	550	550	550	555	603	605
Fire hydrants	2,660	2,717	2,770	2,800	2,900	2,930	2,945	2,959	3,052	3,052
Valves	9,700	10,258	10,310	10,350	10,350	10,425	10,705	10,996	11,000	11,627
Sewer:										
Lift stations	35	35	35	33	35	33	33	33	35	35
Sewer mains (miles)	109	109	109	113	113	114	112	113	132	132

Sources: Various city departments

CITY OF NORTH MIAMI BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety:										
Police:										
Police calls for service	99,357	87,254	88,986	92,057	85,839	82,997	97,366	98,684	100,883	98,304
Parking citations	1,273	1,258	1,338	907	986	1,256	1,474	1,316	1,332	1,351
Traffic citations	15,398	12,410	13,293	5,650	4,842	4,399	5,757	5,726	5,949	5,145
Arrests	2,069	2,177	1,880	1,466	1,322	1,562	1,561	1,600	1,453	1,351
SRT call outs	41	46	48	39	24	53	52	13	12	27
Community development:										
Building permits issued	2,451	2,524	4,985	4,872	3,165	2,714	2,878	3,712	3,584	3,180
Library:										
Number of registered borrowers	35,254	36,117	38,663	35,465	31,572	36,955	38,410	36,410	38,541	38,828
Total annual circulation	115,659	122,015	85,292	100,651	113,935	120,741	135,487	136,532	150,773	226,347
Total reference transactions	84,654	103,343	67,888	37,378	24,960	105,574	94,210	94,241	93,632	92,928
Annual number of users of public internet computers	50,309	65,000	43,320	56,750	68,365	56,903	68,892	69,630	69,718	69,889
Parks and recreation:										
After school program enrollment	312	282	280	232	300	287	302	300	256	272
Summer camp program enrollment	463	505	505	382	500	519	588	556	554	442
Camp No-Mi-Be enrollment (1)	125	113	113	78	54	55	n/a	n/a	n/a	n/a
Theater camp enrollment (2)	35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation:										
Refuse collected (tons / year)	33,694	41,557	32,583	33,952	34,639	36,285	34,718	28,788	32,559	42,644
Water:										
Number of customers	32,258	32,279	32,125	32,298	34,397	32,522	32,047	32,424	34,053	39,700
Average daily water consumption (millions of gallons)	21.72	20.16	20.53	20.74	19.94	19.07	20.21	20.22	20.30	20.70
Annual water produced (millions of gallons)	7,927	7,359	7,492	7,571	7,279	6,960	7,375	7,380	7,410	7,556
Sewer:										
Number of customers	7,289	7,434	7,449	7,522	7,627	7,662	7,645	7,754	8,003	8,058

(1) Camp No-Mi-Be was eliminated in FY15.

(2) Theater camp program was discontinued in FY 10

Sources: Various city departments



IV. COMPLIANCE SECTION



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

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami Beach, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described as 2015-1 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Finding

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
April 29, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
STATE PROJECT, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited the City of North Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and state projects for the fiscal year ended September 30, 2018. The City's major federal programs and state projects are identified in the summary of auditors' 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 and state financial assistance.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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); and Chapter 10.550, Rules of the Auditor General of the State of Florida. Those standards, Uniform Guidance and Chapter 10.550, 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 or state project 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 and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

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 and state projects for the fiscal 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 and state project 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 state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, 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 or state financial assistance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project 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 or state project 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.

Purpose of this Report

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 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
April 29, 2019

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Program or Cluster Title	CFDA /CSFA Number	Pass Through Agency & Number	Grant Name & Number	Expenditures
Highway Planning and Construction Cluster				
U.S. DEPARTMENT OF TRANSPORTATION				
	20.205	Florida Department of Transportation	Greynolds Park Bike Lane/Path AR872	\$ 46,439
	20.205	Florida Department of Transportation The University of South Florida Board of Trustees	Highway Planning and Construction High Visibility Enforcement G0E08	7,794
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				\$ 54,233
Total Highway Planning and Construction Cluster				\$ 54,233
Other Programs				
U.S. DEPARTMENT OF JUSTICE				
	16.922	N/A		\$ 1,802,085
	16.738	2016-DJ-BX-0677		3,298
	16.607	2017-BUB		240
	16.738	2016-BUB		7,620
	16.575	State of Florida Office of the Attorney General	Victims of Crime Act (VOCA) 2013-2014 00308	33,663
TOTAL U.S. DEPARTMENT OF JUSTICE				1,846,906
Total Other Programs				\$ 1,846,906
Total Federal Expenditures				\$ 1,901,139
State Agency/Program Title				
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
	37.077	WW130110		\$ 571,236
	37.077	WW745081		634,313
Total Florida Department of Environmental Protection				\$ 1,205,549
FLORIDA DEPARTMENT OF STATE				
DIVISION OF LIBRARY AND INFORMATION				
	45.030	11-ST-34		\$ 2
	45.030	12-ST-34		2,049
	45.030	13-ST-33		264
	45.030	14-ST-35		2,780
	45.030	15-ST-35		21,385
	45.030	16-ST-34		20,456
	45.030	17-ST-33		1,985
DIVISION OF HISTORICAL RESOURCES				
	45.032	SC735		2,900
Total Florida Department of State				\$ 51,821
FLORIDA DEPARTMENT OF TRANSPORTATION				
	55.003	G0P13		\$ 32,600
Total State Expenditures				\$ 1,289,970

The accompanying notes are an integral part of this schedule
-154-

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal and state grant activity of the City of North Miami Beach for the fiscal year ended September 30, 2018. The information in this Schedule is presented in accordance with the 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), and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City of North Miami Beach, it's not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City of North Miami Beach.

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. Such expenditures are recognized following the cost principles contained in the Rules of the Department of Financial Services of the State of Florida and Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE INDIRECT COST RECOVERY

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF NORTH MIAMI BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

The following addresses the status of the findings reported in the fiscal year ended September 30, 2017 Schedule of Findings and Questioned Costs.

Matter that is repeated in the accompanying Schedule of Findings and Questioned Costs:

- 2015-1 New Enterprise Resource Program System Implementation Observations relating to capital assets.

II. PRIOR YEAR FEDERAL AID AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.

III. PRIOR YEAR RECOMMENDATION AND STATUS

None.

CITY OF NORTH MIAMI BEACH, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion
 Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiencies identified? yes None reported
 Noncompliance material to financial statements noted? yes no

Federal Awards and State Financial Assistance

Internal control over major federal awards and state financial assistance:
 Material weakness(es) identified? yes no
 Significant deficiencies identified? yes None reported
 Type of auditors' report issued on compliance for major federal awards
 programs and state financial assistance projects: Unmodified Opinion
 Any audit findings disclosed that are required to be reported in accordance
 with CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?
 yes no

Identification of major programs:

Federal CFDA No.

16.922

Federal Awards Program

Federal Equitable Sharing Program (Non-Treasury)

State CSFA No.

37.077

State Financial Assistance

Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between Type A
 and Type B programs:

Federal \$750,000
 State \$386,991

Auditee qualified as low risk auditee for audit of federal
 awards programs?

yes no

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II FINANCIAL STATEMENT FINDINGS

Significant Deficiency

015 1 Ne Enterprise Resource Program System Implementation Observations

Criteria

The financial accounting and reporting system should provide the information management needs to monitor the City's financial condition and make appropriate decisions in a timely manner.

Condition

On October 1, 2015, the City commenced the implementation of phase one of a new Enterprise Resource Program (ERP) system. Phase one included the following modules: general ledger, budgeting, accounts payable, purchasing, fixed assets, project & grant accounting, cash management, and contract management. The following matters which are not unusual during the implementation of new ERP system were noted during our audit:

- Fiscal year 2015 general ledger postings were not substantially completed until approximately eight months (May 2016) after September 30, 2015.
- Delays in the general ledger detailed conversion validation impacting the timeliness of financial statements.
- Bank reconciliations were not completed in a timely manner.
- Delays in recording depreciation expense due to the time required to validate the fixed assets conversion.
- Limited financial reports available from the system.

Questioned Costs

None

Cause

Unforeseen vendor programming issues.

Effect

The above condition resulted in delays in completing the Comprehensive Annual Financial Report.

Recommendation

We recommend that the City conduct an evaluation of the existing ERP system and an analysis of projected needs for the future. This evaluation should focus on ensuring that there are sufficient resources to operate and maintain the system currently in place while taking into consideration resource demands on future system enhancements and upgrades. Also, additional training on the new ERP for the City's staff should be required as well as the development of reports that provide information to management and other interested parties. Further, we suggest that efforts be made to document the flow of transactions in the Fixed Assets module. This documentation should detail how Fixed Asset transactions post to the general ledger and how those accounts are presented in the CAFR.

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II FINANCIAL STATEMENT FINDINGS Continued

2015-1 New Enterprise Resource Program System Implementation Observations (Continued)

Management's Response

Management agrees with the recommendation. The ERP implementation occurred on October 1, 2015 and subsequently significant system issues arose that required the immediate attention of Finance Team, which diverted resources from working on the year-end close. In addition, the City engaged with Tyler Technologies to perform a detailed general ledger conversion. Due to limited resources of Tyler and the highly technical and complex process of a detailed conversion, issues identified through the validation process were not corrected by Tyler in a timely manner. As a result, subsequent processes, such as fixed assets conversion even further delayed the year-end.

The delays that occurred in this year's close process were primarily driven by one-time events: implementation of a new financial management system and a detailed general ledger conversion. Consequently, the City believes significant delays in future years is unlikely. However, the City has taken a proactive approach and has created an ERP Team to continuously assess the needs of the organization, including ongoing training, development of manuals, and the creation of site specific reports to ensure timely and accurate financial reporting in future years.

Current Year Status

We noted in the current year that the City lacked the development of accurate capital asset reports necessary to verify that the assets were being properly maintained prior to the audit period and therefore the finding is repeated this year.

Current Year Management Response

Management agrees that the development of accurate capital asset reports was necessary to verify that the assets are being properly maintained. Certain reports have been developed and new reports are in the process of being developed that will adequately demonstrate the City's maintenance activities.

SECTION III FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

None.

SECTION IV LOCAL FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.



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

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of North Miami Beach (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 29, 2019.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' 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; Independent Auditors' Report on Compliance for Each Major Federal Program and State Financial Assistance Project, and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; and Independent Accountants' Report on an examination conducted in accordance with A CPA 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 April 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In accordance with our audit, corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the accompanying summary schedule of prior audit findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements. The City included the following blended component unit: The North Miami Beach Community Redevelopment Agency (the CRA).

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
April 29, 2019



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 18.15 FLORIDA STATUTES

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

We have examined City of North Miami Beach, Florida, (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018. Management of the City is responsible for the City's compliance with those specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the City's compliance with specified requirements. In our opinion, the City complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of management, the Mayor, the City Commission, others within the City and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
April 29, 2019