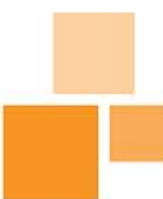
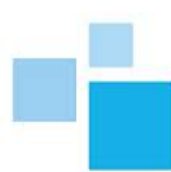




City of North Miami Beach, Florida

Comprehensive Annual
Financial Report
For the Fiscal Year
Ended September 30, 2019

2019



One Vision • One Mission
City of North Miami Beach
NMB One City

**CITY OF NORTH MIAMI BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Prepared by the Finance Department

Janette Smith, CPA, Chief Financial Officer
Marcia Fennell, Finance Director
Racquel Lopez, Assistant Finance Director
Marc Maxy, Finance Coordinator
Karen Shields, Finance Coordinator

CITY OF NORTH MIAMI BEACH, FLORIDA

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I. INTRODUCTORY SECTION

City of North Miami Beach, Florida



March 30, 2020

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, 2019. 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, 2019, 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, 2019, 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 53.2% and 6.4%, respectively. Commercial uses and industrial development represent 15% and 3%, respectively, of the City's land parcels. Actual manufacturing activities are limited to a few small fabricating enterprises. Recreational uses and conservation lands represent 2.7% and 12.6% of the City's land parcels respectively. 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 four 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, 2019, the General Fund unassigned fund balance was \$29.2 million, an increase of 8.0 % over the prior year of \$27.0 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. The City has invested significant capital to enhance the services provided to customers through the development and promotion of the most qualified and motivated individuals to perform the duties and responsibilities required to make the City of North Miami Beach best in class. Some of the investments in human capital include the implementation of leadership development and training programs, the expansion of onboarding/orientation, and the expansion of wellness initiatives.

The Place to Live: Beautiful, Safe and Livable. The City continued implementation of the Parks and Recreation Master Plan including completion of the Corporal Howard B. Hinson Park for Fallen War Heroes, renovations of the Allen Park basketball gymnasium floor, replacement of Highland Village Park fence, installation of LED Musco lighting at Mishcon Park Field and parking lot, replacement of floor membrane for Victory Pool Little Lagoon, replacement of some of Victory Pool's deck furniture, installation of LED lighting in the indoor gymnasium of Uleta Park, overhaul of the Eastern Shores Tot Lot, and resurfacing of the west parking lot of Aqua Bowl. 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 –

- Upgraded Channel 77 TV stream to high definition fiber
- Completed video system upgrade in Commission Chambers
- Implemented closed-captioning services for broadcasts
- Implemented state of the art ransomware protection
- Implemented cloud backup solution
- Installed 2GB internet access circuit
- Implemented Microsoft SharePoint with OneDrive

Human Resources and Risk Management Projects –

- Implemented City-wide Safety Committee
- Automated the City's Tenant Users Liability Insurance Program
- Created and standardized process for recruitment and compensation
- Implemented electronic benefits open enrollment.
- Ratified three-year collective bargaining agreements with AFSCME and IUPA.

NMB Library Projects –

- *STEM Education Kit* – Through an LSTA grant, NMB Library has been able to add OSMOs and iPads to use in a class format for coding instruction. They are used with students ages 4-10 years of age. These kits are also taken to events and classrooms in our community.

- *Passport Service Delivery* – The NMB Library accepted an invitation by the Department of Homeland Security Passport Services to join libraries around the nation who were assisting in meeting the increasing demand for passports. NMB Library is on its second year of offering Passport services. We currently have three staff members certified to assist the public during daytime, evening and weekend hours.
- *RFID Self-Check-out* – The addition and implementation of two self-check-out machines allows the public to complete some of the staff assisted transactions. This new addition liberates some of the staff demands and allows them to provide services that have been added. The RFID conversion has made this possible. The purchase of an additional set of gates has been deferred to fiscal year 2021.
- *Children’s Trust Grant*- NMB Library obtained a Children’s Trust Grant for 98,000 per year for a total of four years. This grant is being used to present a Robotics Camp to the middle schoolers registered for the after-school program.
- *Summer Camp* – Held alongside the traditional nationwide Summer Reading program, the camp captured the students’ attention through team development games and STEM presentations that included a Lunar Rock exhibit, Astronaut program presenters and activities that required creative problem solving. The success of this program has encouraged the provision of services with measurable results. A second summer camp was added with savings provided by The Children’s Trust Grant. This allowed the library to launch a Cybersecurity camp for middle schoolers. This camp delivered cybersecurity information at a level that made it interesting to the students and equip them to prevent falling prey to various cyber-attacks.
- *Developing Partnerships* – NMB Library’s partnership with FIU and the Library of the Caribbean allows the library to have access to academic created and digitized material such as Island Lumina, a celebration of the history of Miami’s Haitian culture. Partnerships with FIU’s Green Foundation provides community access to healthcare. It has also provided STEM classes at the library one Saturday a month during the school year. The partnerships with the Elementary Schools include Science Camp and providing science classes after school and the library on weeknights. In fiscal year 2020, NMB Library is partnered 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. The Library is collaborating during the schools’ open houses and showcased students’ work at the annual Literacy Fair.
- *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 year the benefits increased as three staff members were provided scholarships to attend professional conferences and library managerial training as financed by IMLS.
- *Strategic Planning* – NMB Library hired a library consultant to participate in community wide survey assessment, community discussion and staff interviews in 2018. The strategic planning process provided a good overview of the community needs and desires. NMB Library began the staff development and purchase of needed components as indicated by the plan.
- *Security*- NMB Library enhanced its security cameras to include the study rooms and areas not covered by the previous projects. This greatly increases the security of our visitors.
- *CRA Library Mural*- NMB Library enjoys two beautiful murals that create an interactive experience for those visiting the library. The acclaimed local artist has been on-hand to create and inspire our visitors to their own art activities.

Parks and Recreation Projects –

- *Allen Park* – New indoor basketball court resurfacing from rubber tile to wood with basketball, volleyball and pickleball court lines.
- *Allen Park* – New shade structure over one bleacher.
- *Mishcon Park*- New Musco LED lights installed for the field and parking lot.
- *Mishcon Park* – New shade structure over two bleachers.
- *Uleta Park* – New Musco LED lights installed for the indoor basketball courts.
- *Uleta Park* – Resurfaced parking lot.
- *Highland Village* – New fencing around park perimeter.
- *Eastern Shores Tot Lot* – Replacement of playground equipment and safety surface.
- *Victory Pool* – Resurfacing of the Little Lagoon pool surface.
- *Milton Littman Park* – Installed first swing set with pour in place safety surface.
- *Taylor Park West* – Resurfaced parking lot.
- *Corporal Howard B. Hinson Park* – Ribbon cutting of this newly named park from Unnamed Park with the addition of a flagpole, additional walkway and memorial wall.
- *Grants - Hazel Fazzino Park* awarded \$200,000 from LCW and FRDAP and Schreiber Playground awarded \$100,000 from CDBG County.
- *Children’s Trust Grant Renewal*- in the amount of \$336,938 for the enhancement of the after school and summer programs at Highland Village, Washington Park and Uleta Community Centers.
- *After School Program* – 349 participants registered.
- *Athletics* – Combined 320 participants registered for intramural flag football and basketball.
- *Summer Camp* – 574 participants registered.

Public Works Projects –

- *Impact Windows City Hall 4th Floor* – As part of building a resilient city, all the windows on the 4th Floor of City Hall were changed to storm impact windows. This eliminates the need for hurricane shutters and is the first area of city hall to receive this treatment.
- *Hurricane Exposition* – The city held its second annual hurricane exposition to create community awareness for storm preparedness. The event was held at City Hall at the start of the hurricane season and was attended by close to 300 patrons, over 30 vendors as well as a panel discussion on hurricane preparedness.
- *Transit Service Ridership/County Ranking* – Ridership for the NMB Line topped 223,900 in fiscal year 2019, representing a twenty-three percent increase from 2018. This ridership level ranks the City’s transit service 8th out of 25 CITT funded fixed-route services in the county.
- *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 commenced construction in November 2019.
- *Transportation Master Plan* – completion and adoption of the plan. The plan provides a guide to improve the city’s internal roadway network, expand major connectivity points with state and county connectors, future rail connectivity, and very importantly address transit and transportation needs alongside development in the city.

- *Fulford Fountain Restoration* – The historic fountain located at NE 172 Street and NE 23rd Avenue was restored to near original condition. A new plaza surrounding the fountain was constructed with seating, landscaping and night lighting.



- *Completion of Beautification Projects* - Public Works continued several beautification projects throughout the city. These included landscaping improvements to medians on NE 19th Avenue, new landscaping of the Police Department building frontage, new landscaping to Uleta Recreational Center, reconstruction and landscaping of Philip De Rose Wall and new landscaping of the Coral Wall Walkway at City Hall, dedicated for Arbor day 2019.
- *Highland Village Roundabout* –was constructed, providing much needed traffic calming to that community at the intersection of NE 137 Street and Highland Drive.
- *Stormwater Outfall Replacement* The recent rise in sea levels coupled with effects of the King Tides have caused increased saltwater intrusion in the Eastern Shores area. This has resulted in accelerated erosion of the aged drainage infrastructure resulting in total collapse of the steel pipes. Three such outfalls were replaced this fiscal year with more resilient high-density polyethylene pipes.
- *Roadway Improvements* – Sidewalk and ADA upgrades continued in the Uleta area. Mill and resurfacing of roadways in the Skylake community were completed. Several roadways in that community had passed their design life of 15 to 20 years. Drainage and roadway improvements were also completed on a section of NE 153 Street east of West Dixie highway.
- *Neat Street Grant* – The city applied for and was awarded the Neat Street match grant by Miami Dade County. A total of ninety-four (94) trees were planted citywide, increasing the city's tree canopy.
- *Asset Management Software* – The department of Public Works invested in asset management software, Dude Solutions for tracking work orders in the department. Employees are equipped with tablets for working in the field, responding and tracking work orders.
- *Stormwater Pump Station at NE 172nd Street* –rehabilitation of this stormwater lift station in the north east quarter of the city was completed. The station has the capacity to manage flooding in the area, by collection, treatment and safe discharge of runoff into Biscayne Bay.
- *Stormwater Master Plan* –The 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. A draft plan has been completed.

NMB Water Projects –

- *Urgent Reliability Projects* – NMB Water has completed the remaining 9 projects with a total capital value of more than \$11 million and savings of one million dollars compared to the budgeted amount.
- *Planning & Design Projects* – NMB Water has completed seven planning and design projects with a value of more than \$1.78 million with budgetary savings of \$38,416. Some of the Planning & Design projects include Security System Improvements, Eastern Shores Water Distribution System, Hydraulic Model & Calibration, Emergency Generators, Aventura Booster Pump Station, SCADA Master Plan.
- *Water Valve Exercise Program* – NMB Water continued the water valve exercising program in 2019. Distribution staff exercised 1,455 valves, using two motorized Hach Valve Exercising Machines. In addition, 295 valves were adjusted and or repaired. NMB Water has been documenting and updating our CMMS (Computerized Maintenance Management Software) CityWorks software application. An average of 34% of the valves have been exercised in the distribution system.
- *Hydrant Maintenance/Inspection Program* - NMB Water continued with the hydrant maintenance program in 2019. Staff exercised 668 of the 3000 water hydrants located in the NMB Water system. NMB Water has been documenting and updating our CMMS CityWorks software application. An average of 22% of the water hydrants have been exercised in the distribution system.
- *NMB Water completed the second contract year on September 30, 2019* – NMB realized a 70% reduction (\$4,571,885) from Jacobs’ Year 2 Program Management Work Order compared to Year 1. This was accomplished by reducing some of the services provided in Year 1 and allocating some services to the Operating and Maintenance contract.
- *Monthly to Quarterly Billing*- An Ordinance to change the billing frequency for single-family residential customers from monthly to quarterly was approved by the City Commission. The billing frequency was changed from quarterly to monthly billing in October 2018 and this change resulted in increased delinquencies and customer complaints and consequently a return to quarterly billing in fiscal year 2020.
- *Water and Sewer Rate Increase*- An Ordinance related to Water and Sewer services has been approved by the City Commission which provides the required funds, for the next five years for water and two years for sewer, to maintain the health, security and welfare of NMB Water customers. In order to do so, the City contracted with Bartle Wells Associates to prepare a rate study analyzing the existing water and wastewater rates compared to NMB Water’s cost for operation, maintenance, security and capital improvements of the utility and the outcome has been reflected in the approved code amendment.
- *Capital Improvement Plan Optimization*- After an in-depth review of the approved 2017 NMB Water Master Plan which included the 5-year Capital Improvement Projects (CIP), opportunities to optimize the CIP Plan were identified which resulted in a 55% reduction of \$132,156,593 from the originally approved budget of \$238,656,943.

NMB Police Department –

- On June 26, 2019 the Police Department was awarded the “Excelsior” statu by the Commission for Florida Law Enforcement Accreditation, Inc. NMBPD is the first law enforcement agency in Miami-Dade County to achieve this prestigious award.

Continuing Initiatives

Information Technology Projects –

- Video system upgrades to the Julius Littman Theater and the fourth floor conference room are scheduled to be completed during fiscal year 2020.
- City website updated to be 100% Web Content Accessibility Guidelines (WCAG) 2.0 ADA Compliant.
- Cisco VoIP phone system installation to be completed during fiscal year 2020.
- Cybersecurity assessments will be performed and recommendations implemented during fiscal year 2020.

Human Resources and Risk Management Projects –

- Employee file migration to Laserfiche

NMB Library Projects –

- *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 Master Plan and other Department Projects -

- *Taylor Park Design –* The Parks and Recreation Department is working on the scope of work with Public Works CIP Dept.
- *Patricia Mishcon Athletic Field –* The field will be upgraded to an artificial turf with an approximate completion date 2022.
- *Staff Training –* The Parks and Recreation Department is currently evaluating recreation software packages that will enable the department to function and report more efficiently on its operations.
- *Washington Park -* The Design Phase is currently under way.
- *Skate Pocket -* The design and build of a skate pocket were funded in the CIP Budget.
- *Victory Pool -* The design and build of a splash pad were funded in the CIP Budget.
- *Victory Park Playground -* New swing set for Victory Park Playground is estimated to be completed by summer 2020.
- *Columbia Park -* New poured in place safety surface will be applied to the playground.
- *Barry Schreiber Promenade -* New renovated Barry Schreiber Playground to include new accessible playground component, play panels, new fencing, new pour in place safety surface and a picnic area. Park is estimated to be completed by December 2020.
- *Uleta Park -* Field and basketball court lights will be upgraded to LED.
- *Uleta Park -* Shade structure for playground was funded in the CIP Budget.
- *Allen Park -* New pre-fabricated outdoor restrooms were funded in the CIP Budget.

Public Works Projects –

- City Hall 3rd floor impact windows
- City Hall lobby redesign
- Human Resources office renovation
- Eastern Shores 35th Avenue roadway improvements
- City Hall elevator upgrade
- City Hall complex electrical upgrades

NMB Water Projects –

- *We Care Program* – This policy was approved to assist families and individuals with of the utility bill payment. This program is funded by concerned customers, business owners and corporations who contribute freely to assist families in need. The We Care Program is available for approved applicants that are in crisis and meet the established program requirements.
- *Payment Plan* – This policy was approved to establish the standard procedures to treat and manage payment plans at NMB Water. This allows a uniform policy for approving and setting customer account payment arrangements for those customers requesting to remediate their outstanding debt.
- *Water Infrastructure Finance and Innovation Act (WIFIA) Program* – NMB has submitted an application for credit assistance from the U.S. Environmental Protection Agency (EPA). Constant communication with EPA is necessary to complete the steps and milestones involved in obtaining WIFIA credit assistance.
- *Program Management Transition* - NMB has approved a responsible phaseout of Jacobs' Program Management through WO#29. To achieve this transition, NMB has added five new positions to NMB Water to systematically replace Jacobs services which includes budgeting, finance, administrative services, Capital Improvement Plan management, and RFQ preparation for staff support.
- *NMB Water and Social Media presence* - NMB Water continues 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.

Police Department –

- NMBPD recently revamped their Traffic Unit with 3 new motorcycles, 7 Traffic Homicide Investigators, 15 DUI enforcement officers and a red-light camera program. The implementation of these units has reduced the number of traffic related fatalities.
- NMBPD's Marine Patrol Unit is now a recurring rescue and enforcement presence in South Florida's waterways with two state-of-the-art boats operated by skilled Marine Patrol Officers and Rescue Divers.
- NMBPD has taken South Florida policing efforts into the 21st century by implementing a Social Media Unit, which has changed how law enforcement interacts with local media outlets for all agencies. Additionally, we have launched our own mobile app which comes with several useful features including emergency alerts, crime mapping and a case video upload feature.
- License plate readers have been placed at strategic points throughout the city which alert officers to stolen or criminally-implicated vehicles entering the jurisdictional boundaries of North Miami Beach.

- Every patrol officer is equipped with an Automated External Defibrillator, tourniquet, and NARCAN (an opioid antagonist used for the complete or partial reversal of opioid overdose).

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, the Payroll/Human Resources module, and the procurement card module are fully functional. Current resources are focused on implementation of the Energov module for planning, zoning and permitting; Employee Self-service, cashiering for all city departments and the Risk Management module.

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 2019 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, 2018. This was the thirtieth 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.

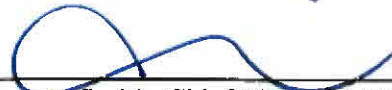
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We express our appreciation 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, Chief Financial Officer



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, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF NORTH MIAMI BEACH, FLORIDA

CITY OFFICIALS
SEPTEMBER 30, 2019

CITY COMMISSION

Anthony F. DeFillipo, Mayor

Paule Villard	Phyllis S. Smith
Fotuna Smukler	McKenzie Fleurimond
Barbara Kramer	Michael Joseph

CITY MANAGER

Esmond K. Scott

CITY ATTORNEY

Sarah Johnston

CITY CLERK

Andrise Bernard, CMC

FINANCE DIRECTOR

Janette Smith, CPA

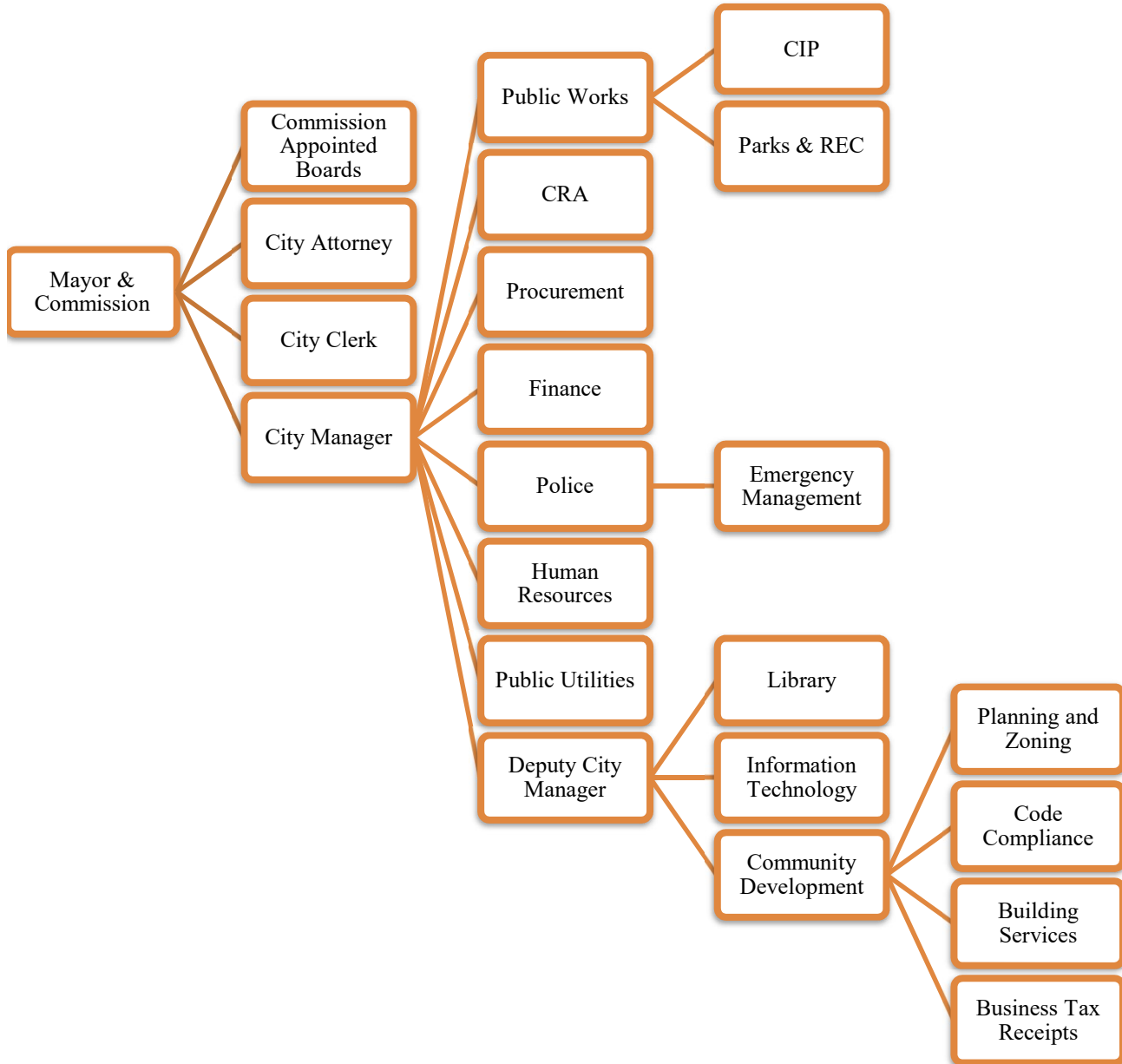
INDEPENDENT AUDITORS

Caballero Fierman Llerena + Garcia, LLP

CITY OF NORTH MIAMI BEACH, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2019



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 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 36%, 35% and 19%, 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 45%, 44% and 27%, 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, 2019, 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.

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 20 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, schedule of expenditures of federal awards, 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)* 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 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 schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
Miami, Florida
March 30, 2020

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

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

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, 2019. 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 13 of this report.

Financial Highlights

- *Total net position* of the City of North Miami Beach increased by \$5.2 million or 3.0% more than the prior fiscal year net position to \$179.0 million primarily because of increased tax collections in the General Fund.
- *Total assets* increased by \$9.6 million or 2.7%. Governmental activities contributed \$6.1 million, while Business-type activities contributed \$3.5 million to the total. Capital assets accounted for \$5.7 million of the increase indicating an increase in City infrastructure such as parks, streets and improvements to facilities. *Current assets* increased by \$3.8 million primarily due to an increase in accounts receivable, while non-current assets were flat and restricted assets increased by \$0.1 million. *Deferred outflows of resources* increased by \$3.3 million, indicating higher pension costs.
- *Total liabilities* increased by \$7.6 million or 3.9%. Governmental activities contributed \$7.7 million because of increasing pension and OPEB liabilities. Business-type activities contributed (\$3.6) million reflecting debt service payments. *Current liabilities* increased by about \$3.5 million indicating that the City owes more to its vendors than the prior year. *Deferred inflows of resources* increased by \$0.1 million.
- *Total governmental activities revenues* increased by about \$7.7 million, or 15.6% because of the aforementioned increase in tax collections. Total governmental activities expenses were flat, decreasing by \$0.1 million.
- *Total business-type activities revenues* increased by \$6.1 million or 10.5%. Water and sewer billing for residential customers was transitioned from quarterly to monthly billing resulting in tripling the amount of the base charges that were previously applied quarterly. Total business-type activities expenses decreased by \$2.8 million or -4.7% primarily as a result of returning to normal operations in the Solid Waste Fund from the prior year costs associated with Hurricane Irma.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48.3 million, an increase of \$3.7 million over the prior fiscal year. Approximately 60.5% or \$29.2 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

- The City's enterprise funds reported combined unrestricted net position of \$25.5 million, a decrease of \$9.4 million from the previous fiscal year. However, the enterprise fund total net position increased by \$1.0 million as a result of corresponding increases in restricted net position of \$3.2 million and increases in net investments in capital assets of \$7.2 million.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

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.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

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:

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 and Community Redevelopment Agency. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget. Additional RSI displays the City's changes in net pension and OPEB liabilities and employer contributions to the various plans.

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

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

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 111-130 of this report.

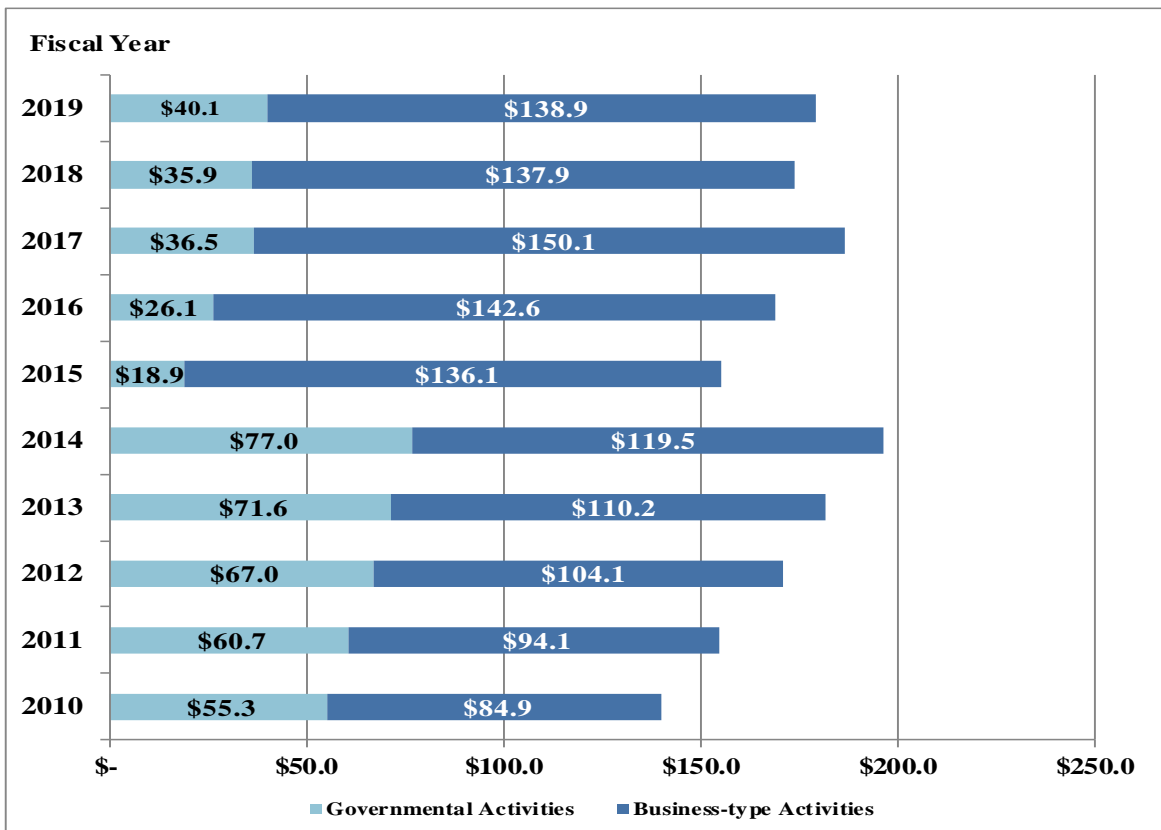
Government-Wide Financial Analysis

Net investment in capital assets - The largest portion of the City's net position (87.4%) 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 (11.1%) 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 \$2.8 million or 1.6% of total net position at September 30, 2019.

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, 2019

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).

	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets and Deferred						
<u>Outflows of Resources</u>						
Current	\$ 53.7	\$ 55.8	\$109.5	\$ 49.1	\$ 56.6	\$105.7
Non-current	-	0.3	0.3	-	0.3	0.3
Restricted assets	-	4.5	4.5	-	4.4	4.4
Capital assets, net	<u>70.8</u>	<u>175.1</u>	<u>245.9</u>	<u>69.3</u>	<u>170.9</u>	<u>240.2</u>
Total assets	<u>\$ 124.5</u>	<u>\$ 235.7</u>	<u>\$360.2</u>	<u>\$ 118.4</u>	<u>\$ 232.2</u>	<u>\$350.6</u>
Deferred outflows of resources	<u>\$ 22.6</u>	<u>\$ 2.3</u>	<u>\$ 24.9</u>	<u>\$ 15.6</u>	<u>\$ 6.0</u>	<u>\$ 21.6</u>
Liabilities and Deferred						
<u>Inflows of Resources</u>						
Long-term liabilities	\$ 99.9	\$ 81.4	\$181.3	\$ 92.2	\$ 85.0	\$177.2
Other liabilities	<u>4.5</u>	<u>16.7</u>	<u>21.2</u>	<u>3.4</u>	<u>14.3</u>	<u>17.7</u>
Total liabilities	<u>\$ 104.4</u>	<u>\$ 98.1</u>	<u>\$202.5</u>	<u>\$ 95.6</u>	<u>\$ 99.3</u>	<u>\$194.9</u>
Deferred inflows of resources	<u>\$ 2.6</u>	<u>\$ 1.0</u>	<u>\$ 3.6</u>	<u>\$ 2.5</u>	<u>\$ 1.0</u>	<u>\$ 3.5</u>
Net Position						
Net investment in capital assets	\$ 51.9	\$ 104.5	\$156.4	\$ 50.5	\$ 97.3	\$147.8
Restricted	10.9	8.9	19.8	10.8	5.7	16.5
Unrestricted	<u>(22.7)</u>	<u>25.5</u>	<u>2.8</u>	<u>(25.4)</u>	<u>34.9</u>	<u>9.5</u>
Total net position	<u>\$ 40.1</u>	<u>\$ 138.9</u>	<u>\$179.0</u>	<u>\$ 35.9</u>	<u>\$ 137.9</u>	<u>\$173.8</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

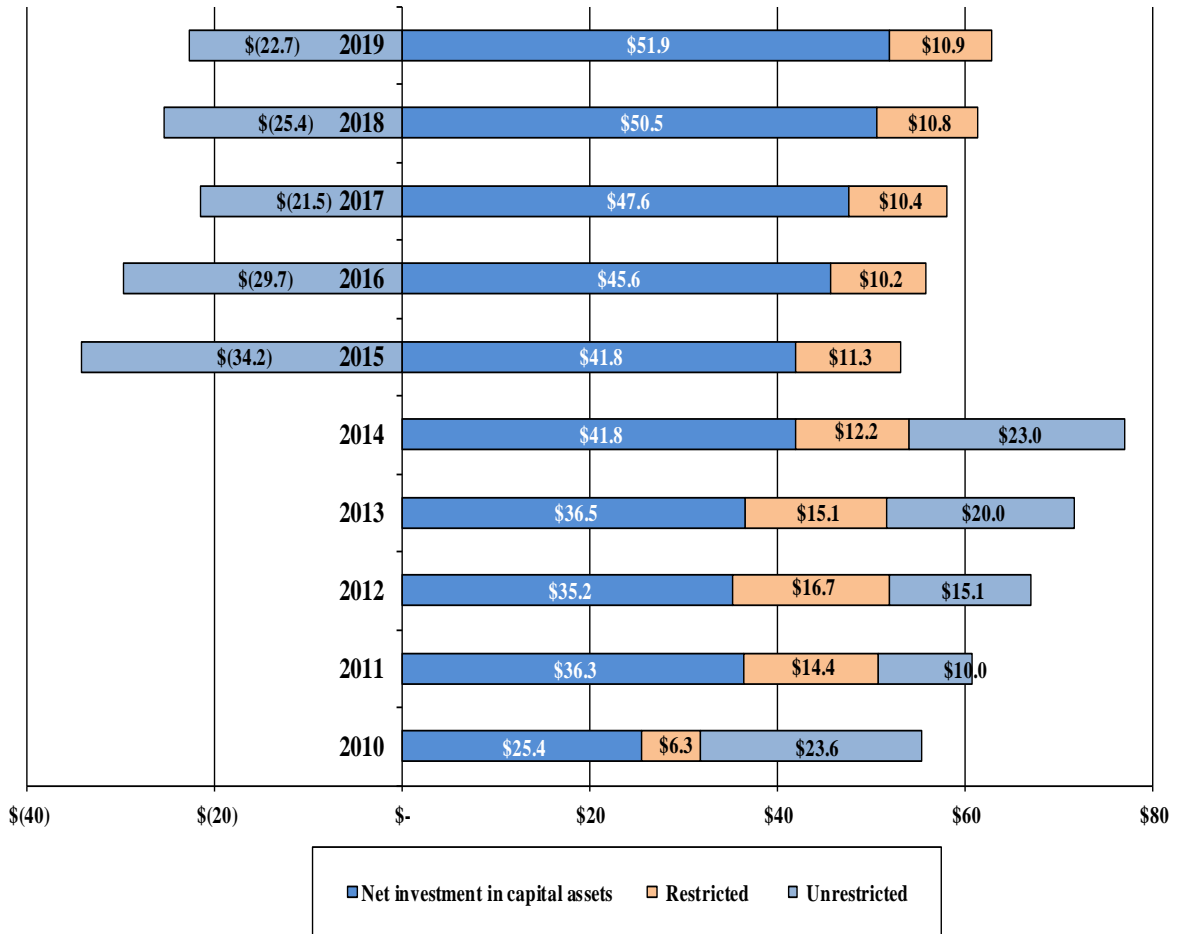
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2019

Governmental activities:

Net position of the City's governmental activities increased by \$4.2 resulting in a balance of \$40.1 million at the end of the current fiscal year. Property taxes continue to strengthen, finally reaching pre-recession levels. Water and sewer billing for residential customers was transitioned from quarterly to monthly billing resulting in tripling the amount of the base charges that were previously applied quarterly. Coincidentally, the fees charged to customers outside the City increased proportionately to the increase in those base charges, as the surcharges are applied to the base charge.

Governmental activities Net Position (in millions)

Fiscal Year



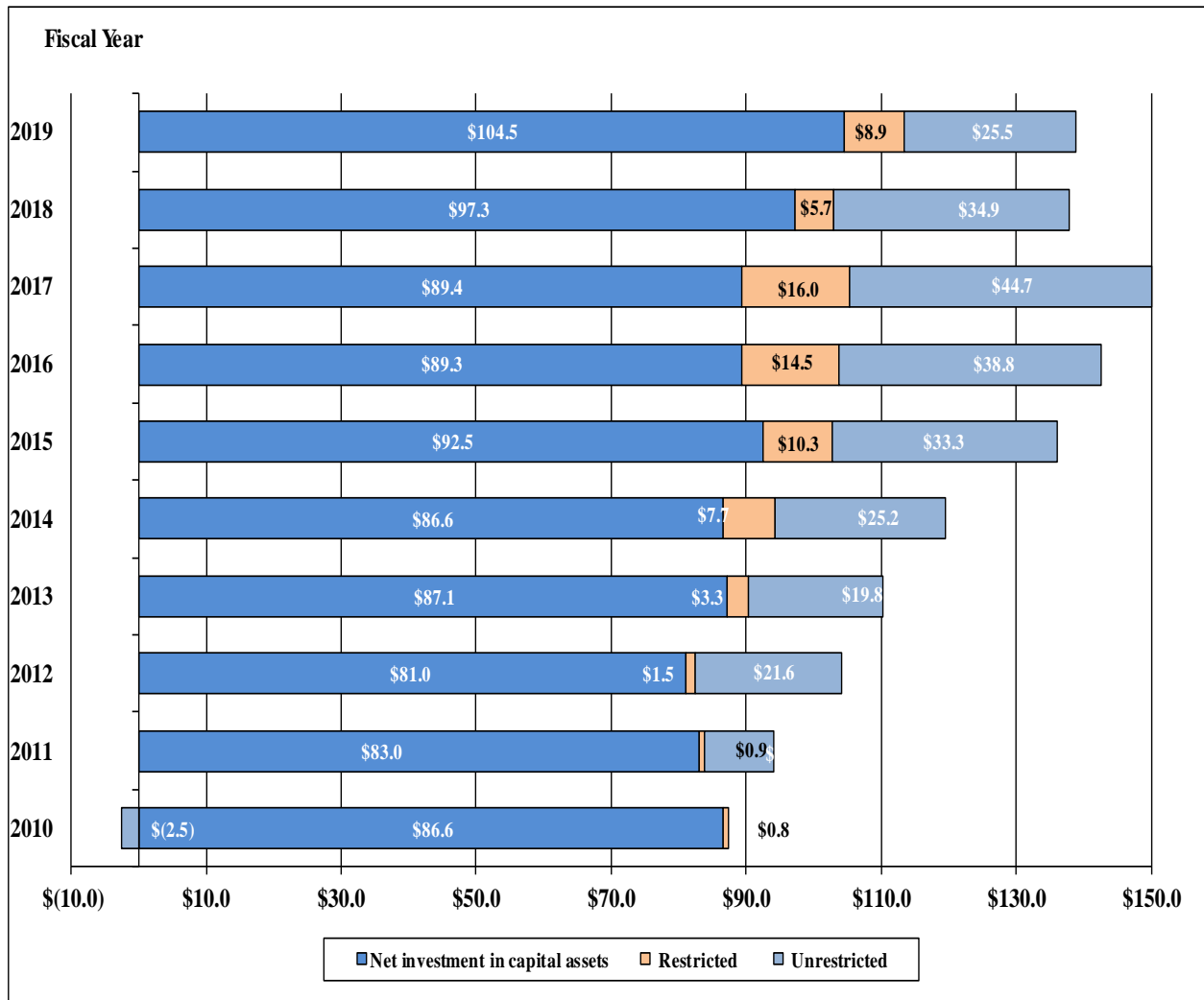
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2019

Business-type activities:

The City's net position of the business-type activities increased by approximately \$1.0 million or 0.7% from the prior fiscal year amount. Notably, unrestricted net position decreased from the prior year, by approximately \$9.4 million but were offset by corresponding increases in restricted net position of \$3.2 million and increases in net investments in capital assets of \$7.2 million.

**Business-type Activities
 Net Position (in millions)**



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

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).

	2019			2018		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 4.8	\$ 57.5	\$ 62.3	\$ 5.4	\$ 52.1	\$ 57.5
Operating grants & contributions	2.1	-	2.1	0.6	-	0.6
Capital grants & contributions	0.4	-	0.4	0.9	-	0.9
General Revenues:						
Property taxes	19.7	-	19.7	17.3	-	17.3
Other taxes	22.1	1.5	23.6	18.9	1.6	20.5
Intergovernmental	6.1	-	6.1	5.5	-	5.5
Other miscellaneous	2.0	5.1	7.1	0.9	4.3	5.2
Total revenues	<u>57.2</u>	<u>64.1</u>	<u>121.3</u>	<u>49.5</u>	<u>58.0</u>	<u>107.5</u>
Expenses:						
General government	16.7	-	16.7	24.6	-	24.6
Public safety	30.4	-	30.4	22.9	-	22.9
Parks and R.E.C.	5.8	-	5.8	5.7	-	5.7
Public services	5.8	-	5.8	4.8	-	4.8
Interest on long-term debt	0.7	-	0.7	1.5	-	1.5
Water	-	35.9	35.9	-	34.4	34.4
Sewer	-	9.4	9.4	-	12.0	12.0
Solid Waste	-	8.3	8.3	-	10.3	10.3
Stormwater	-	1.2	1.2	-	1.0	1.0
Building permits	-	1.9	1.9	-	1.8	1.8
Total Expenses	<u>59.4</u>	<u>56.7</u>	<u>116.1</u>	<u>59.5</u>	<u>59.5</u>	<u>119.0</u>
Increase (decrease) in net position before transfers	(2.2)	7.4	5.2	(10.0)	(1.5)	(11.5)
Transfers	6.4	(6.4)	-	10.6	(10.6)	-
Change in net position	4.2	1.0	5.2	0.6	(12.1)	(11.5)
Net position - beginning, as previously stated	35.9	137.9	173.8	36.5	150.1	186.6
Restatement of net position	-	-	-	(1.2)	(0.1)	(1.3)
Net position - beginning, as restated	<u>35.9</u>	<u>137.9</u>	<u>173.8</u>	<u>35.3</u>	<u>150.0</u>	<u>185.3</u>
Net position - ending, as restated	<u>\$ 40.1</u>	<u>\$ 138.9</u>	<u>\$179.0</u>	<u>\$ 35.9</u>	<u>\$ 137.9</u>	<u>\$173.8</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2019

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 \$48.3 million, an increase of \$3.7 million over the prior year. 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 22.7% 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 \$0.8 million of fund balance to be used for the specific purposes of alley restoration and disaster recovery. The City Manager has assigned approximately 14.1% 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 60.4% of fund balance (\$29.2 million) constitutes unassigned fund balance.

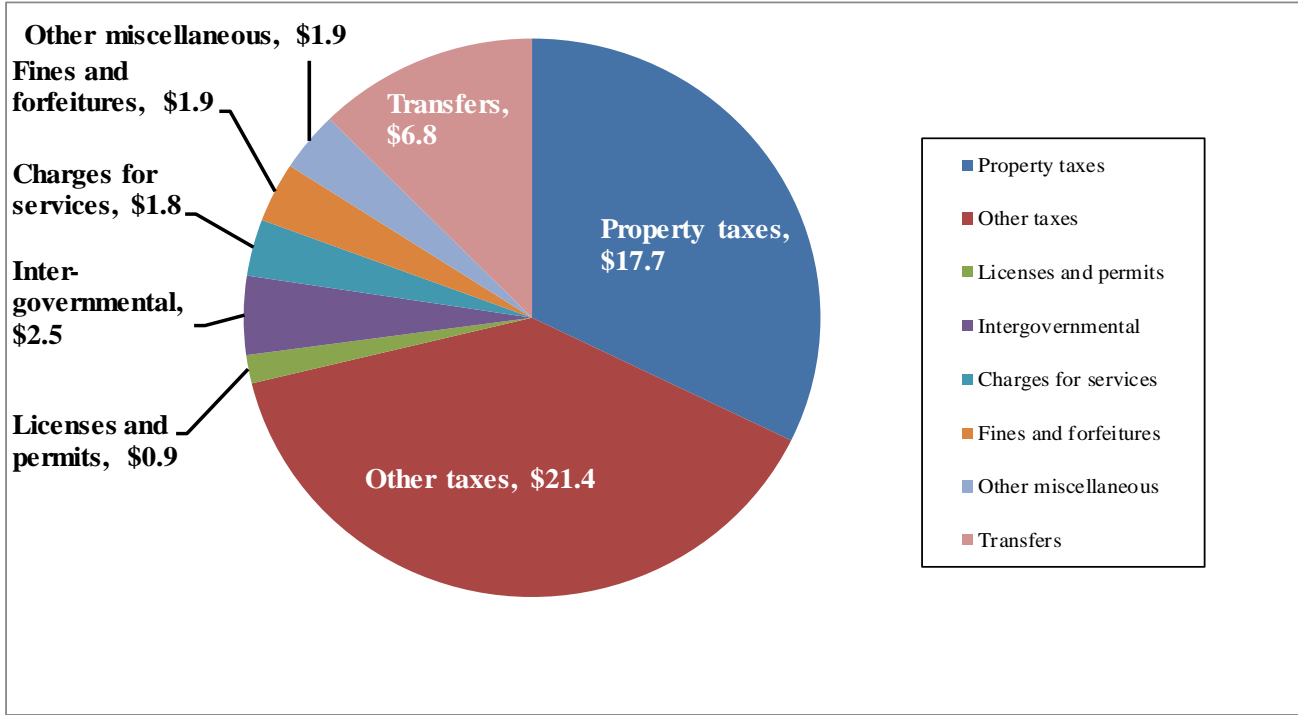
The General Fund is the chief operating fund of the City. All revenues and other receipts and expenditures, fixed charges and capital improvement costs that are not required by law or contractual agreement to be accounted for in another fund are accounted for in this fund. At the end of the current fiscal year, fund balance in the general fund is \$38.1 million. The unassigned fund balance of \$29.2 million constitutes 76.6% of total general fund balance which represents an increase of \$2.2 million or 8.0% over the prior year. The CRA is a blended component unit. Its fund balance increased by \$1.1 million as a result of increased tax collections.

Total General Fund revenues increased \$2.0 million over last fiscal year. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2019 general fund revenues and relative to the fiscal year 2018 general fund revenues.

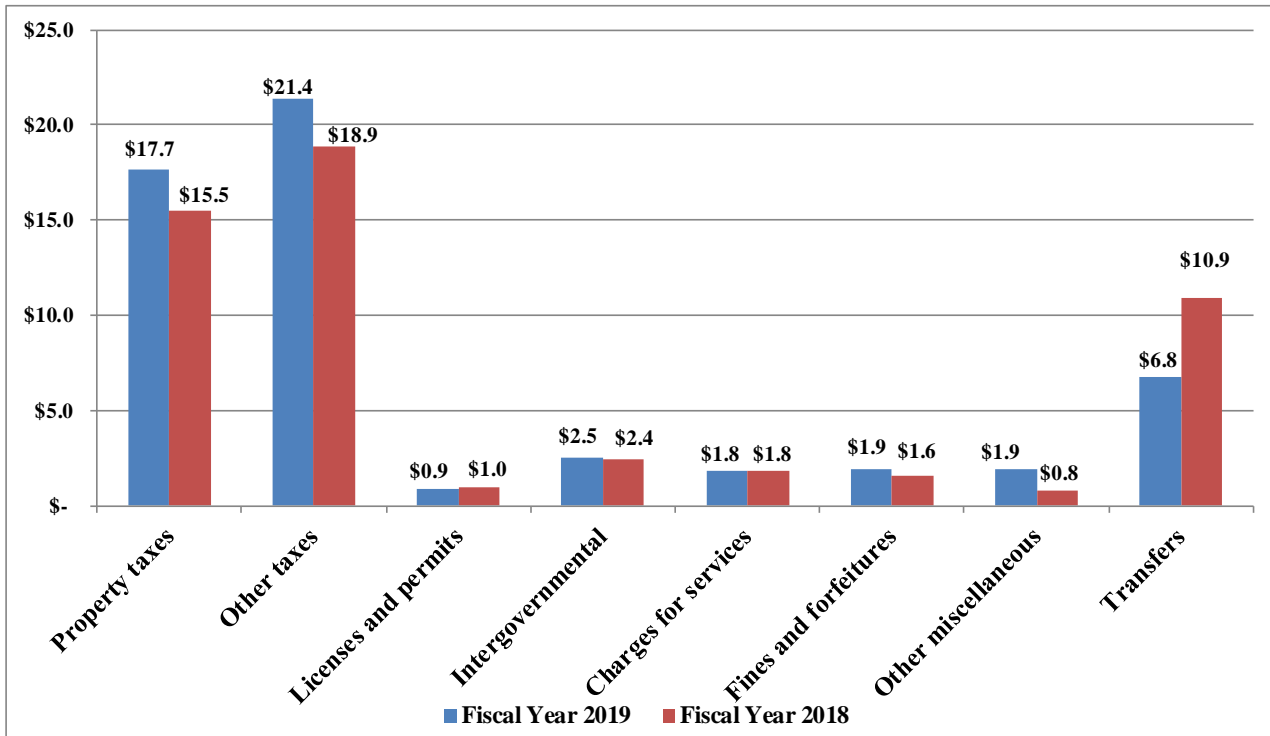
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 SEPTEMBER 30, 2019

General Fund Revenues by Source (in millions)



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



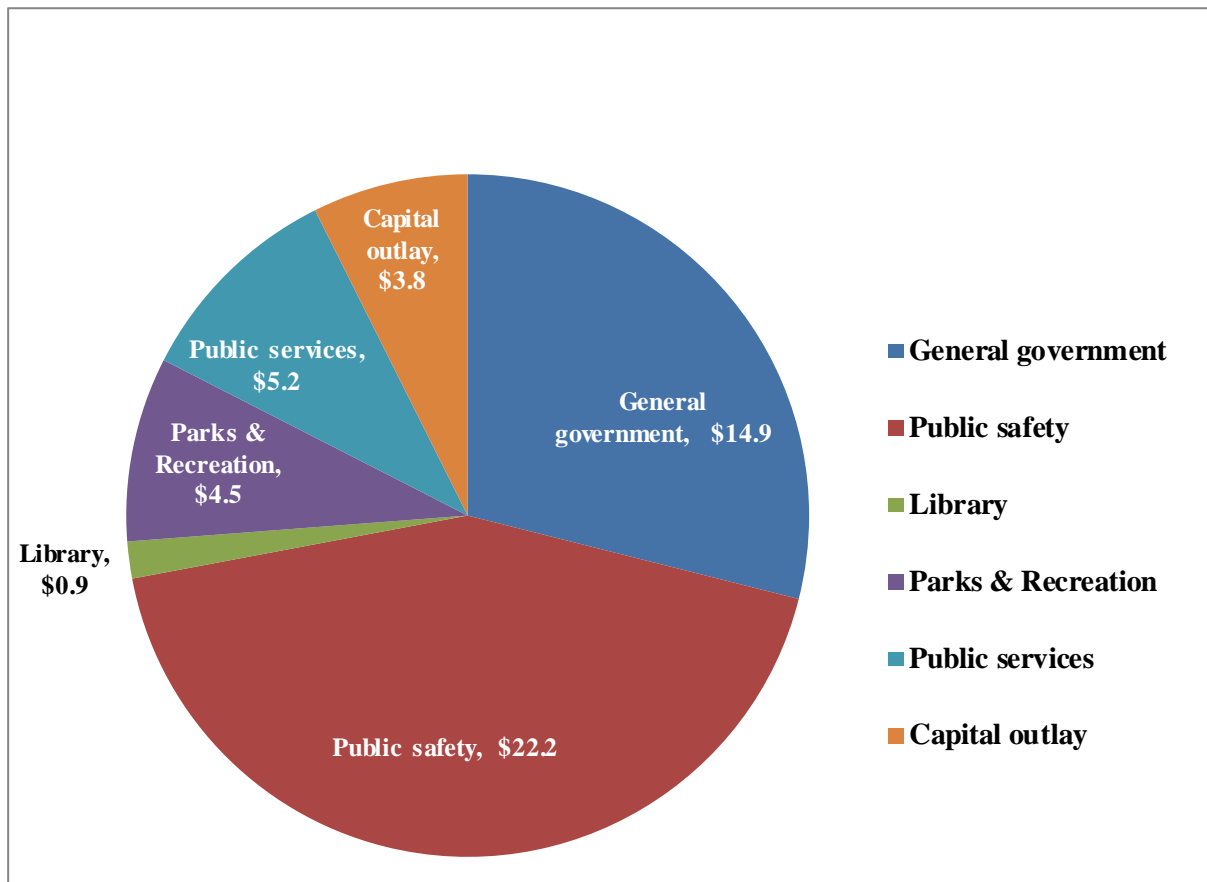
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2019

Total General Fund expenditures increased by \$1.5 million or 3.0% as compared to the prior year. The cost of public safety and public services were the primary sources of the increase.

The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2019 general fund expenditures.

General Fund Expenditures (in millions)



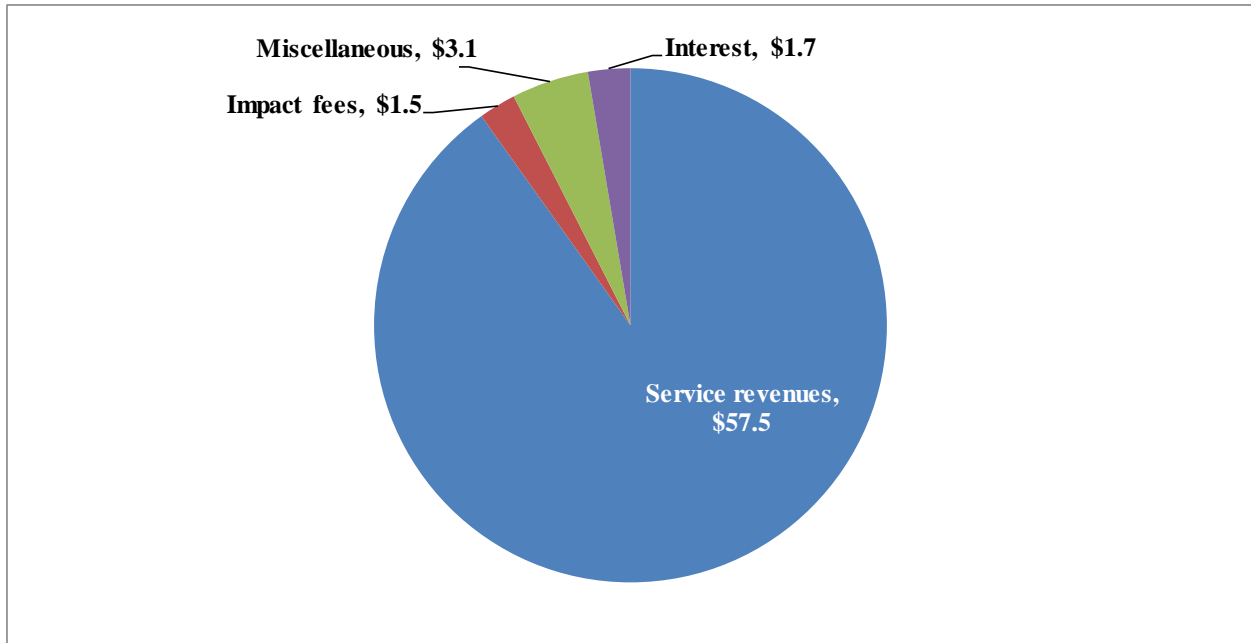
Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short- and long-term financial information. *Total Proprietary fund revenues* increased by \$6.9 million over last fiscal year primarily because water and sewer billing for residential customers was transitioned from quarterly to monthly billing resulting in tripling the amount of the base charges that were previously applied quarterly.

CITY OF NORTH MIAMI BEACH, FLORIDA

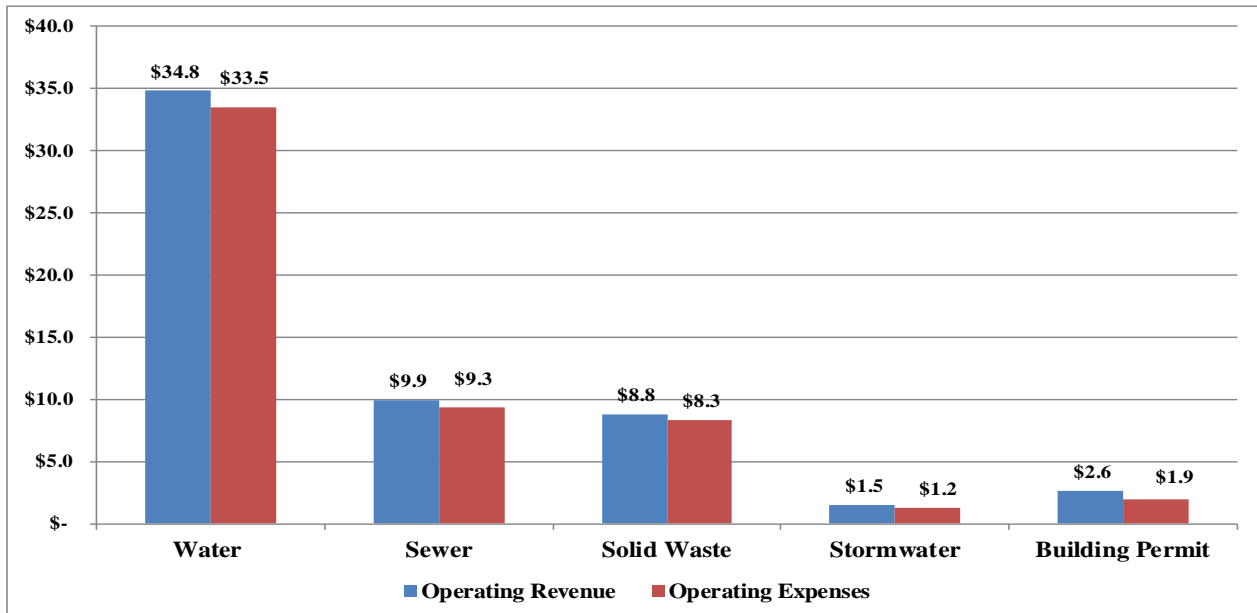
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2019

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, 2019

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 99-100 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$2.6 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 and amended to increase funding available for repairs and maintenance in the public services division.

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 \$5.1 million. Total tax revenue exceeded expectations by about \$2.2 million. All revenue classifications were slightly higher than budgeted, with the exception of the user surcharges. The increase over the adopted budget totaled \$1.5 million because the water and sewer billing for residential customers was transitioned from quarterly to monthly billing resulting in tripling the amount of the base charges that were previously applied quarterly. Coincidentally, the fees charged to customers outside the City increased proportionately to the increase in those base charges, as the surcharges are applied to the base charge.
- Fines and forfeiture revenues exceeded the final amended budget amount by \$0.8 million. Red light camera and traffic fines exceeded expectations significantly.
- Investment income was \$0.8 million greater than expected. Decreasing interest rates resulted in significant unrealized gains on the City's portfolio.
- Miscellaneous income was \$0.8 million higher than budgeted primarily because of a significant contribution for a City park required as part of a development agreement.
- All expenditures exhibited positive variances except operating expenditures for the public safety division and transfers. The City and the International Union of Police Associations ratified a new agreement on October 17, 2019. As part of that contract, the City was required to pay salaries retroactive to fiscal year 2019. The final retroactive payments were made on November 20, 2019, after the date of the November Commission meeting where a budget amendment could have been presented. Florida Statutes prohibit budget transfers after 60 days after fiscal year end. Consequently, although the funds were budget as a contingency during fiscal year 2019, the transfer to the Public Safety division could not be effectuated.
- The negative variance of \$94,582 in transfers out of the General Fund results from a grant close-out where grant expenditures exceeded reimbursements from the granting agency.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

- Significant savings were realized in both operating and capital outlay expenditures. Overall, the positive expenditure variance was \$11.1 million.
- The total budgetary variance was a positive \$3.3 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, 2019 amounts to \$245.9 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 \$5.6 million or 2.3%.

A significant amount of construction projects were started during the fiscal year in both the business-type and governmental activities resulting in an increase in the construction in progress category. All other categories have declined as a result of depreciation, except land, which does not depreciate.

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	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4.3	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.2	\$ 10.2
Buildings and plant	1.2	1.5	129.8	136.8	131.0	138.3
Improvements other than buildings	13.4	14.4	-	-	13.4	14.4
Furniture, fixtures, machinery and equipment	6.9	7.1	2.9	3.3	9.8	10.4
Infrastructure	16.1	16.8	-	-	16.1	16.8
Capital lease equipment	-	-	-	-	-	-
Construction in progress	<u>28.9</u>	<u>25.3</u>	<u>36.5</u>	<u>24.9</u>	<u>65.4</u>	<u>50.2</u>
Total capital assets	<u>\$ 70.8</u>	<u>\$ 69.4</u>	<u>\$ 175.1</u>	<u>\$ 170.9</u>	<u>\$ 245.9</u>	<u>\$ 240.3</u>

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

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) SEPTEMBER 30, 2019

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 \$65.0 million, total notes payable of \$1.7 million, and State Revolving loans outstanding of \$20.2 million. Of this amount, \$14.8 million was approved by referendum of the City's voters. The remaining \$72.1 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 \$1.3 million.

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 14.8	\$ 16.2	\$ -	\$ -	\$ 14.8	\$ 16.2
Revenue bonds	0.6	1.3	49.6	52.5	50.2	53.8
Notes payable	1.3	1.4	0.4	0.6	1.7	2.0
State Revolving Loans	-	-	20.2	20.5	20.2	20.5
Master leases	-	-	-	-	-	-
Total	<u>\$ 16.7</u>	<u>\$ 18.9</u>	<u>\$ 70.2</u>	<u>\$ 73.6</u>	<u>\$ 86.9</u>	<u>\$ 92.5</u>

Even though the City's long-term liabilities have increased dramatically with the addition of the net pension and OPEB liabilities, 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2019

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.

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. Finally, in fiscal year 2019, the City's property tax base (gross taxable value) has returned to and exceeded its peak of approximately \$2.7 billion in 2008 to \$2.9 billion. During the same period, operating millage rates have declined from \$6.6905 per thousand to \$6.3000. This combination has resulted in a cumulative loss of \$36.4 million in property tax revenue since fiscal year 2009. However, property tax revenue grew by 14.2% 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 finalizing updates to the Strategic Plan and the resource allocation process will focus on the implementation of the revised Strategic Plan initiatives.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
SEPTEMBER 30, 2019

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
Chief Financial Officer
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, 2019

	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets			
Pooled cash and investments	\$ 48,309,604	\$ 35,027,069	\$ 83,336,673
Receivables	6,370,359	18,697,714	25,068,073
Internal balances	(1,353,956)	1,353,956	-
Prepaid costs	237,503	575,311	812,814
Inventory	162,606	146,106	308,712
Other assets	100	-	100
Restricted assets			
Pooled cash and investments	-	4,477,145	4,477,145
Total current assets	<u>53,726,216</u>	<u>60,277,301</u>	<u>114,003,517</u>
Non-Current assets			
Loans receivable	-	293,088	293,088
Capital assets, non-depreciable	33,228,772	42,408,991	75,637,763
Capital assets, net of accumulated depreciation	<u>37,574,925</u>	<u>132,648,594</u>	<u>170,223,519</u>
Total non-current assets	<u>70,803,697</u>	<u>175,350,673</u>	<u>246,154,370</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources			
Pension	19,867,184	1,994,525	21,861,709
Other post employment benefits	<u>2,761,564</u>	<u>340,053</u>	<u>3,101,617</u>
Total deferred outflows of resources	<u>22,628,748</u>	<u>2,334,578</u>	<u>24,963,326</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 147,158,661</u>	<u>\$ 237,962,552</u>	<u>\$ 385,121,213</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 3,959,484	\$ 12,175,693	\$ 16,135,177
Customer/vendor deposits	539,868	4,477,145	5,017,013
Debt due within one year	<u>4,737,304</u>	<u>4,423,757</u>	<u>9,161,061</u>
Total current liabilities	9,236,656	21,076,595	30,313,251
Non-Current liabilities			
Debt due in more than one year			
Net pension liability	73,500,087	10,399,178	83,899,265
Other non-current liabilities	<u>21,670,969</u>	<u>66,617,921</u>	<u>88,288,890</u>
Total non-current liabilities	95,171,056	77,017,099	172,188,155
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources			
Taxes received in advance	716,617	-	716,617
Pension	1,784,299	974,614	2,758,913
Other post employment benefits	<u>112,609</u>	<u>20,237</u>	<u>132,846</u>
Total deferred inflows of resources	<u>2,613,525</u>	<u>994,851</u>	<u>3,608,376</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 107,021,237</u>	<u>\$ 99,088,545</u>	<u>\$ 206,109,782</u>
NET POSITION			
Net investment in capital assets	\$ 51,941,154	\$ 104,546,017	\$ 156,487,171
Restricted for:			
Debt service	76,371	-	76,371
Community Redevelopment	3,161,884	-	3,161,884
Interlocal agreements	1,256,820	-	1,256,820
Public safety	5,068,103	-	5,068,103
Impact fees	1,377,798	8,879,768	10,257,566
Unrestricted	<u>(22,744,706)</u>	<u>25,448,222</u>	<u>2,703,516</u>
Total net position	<u>\$ 40,137,424</u>	<u>\$ 138,874,007</u>	<u>\$ 179,011,431</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 16,664,977	\$ 1,916,239	\$ -	\$ -	\$ (14,748,738)	\$ -	\$ (14,748,738)
Public safety	30,444,183	2,073,339	1,556,326	72,300	(26,742,218)	-	(26,742,218)
Parks & Recreation	5,792,109	816,560	525,405	-	(4,450,144)	-	(4,450,144)
Public services	5,793,265	-	-	310,524	(5,482,741)	-	(5,482,741)
Interest on long-term debt	703,127	-	-	-	(703,127)	-	(703,127)
Total governmental activities	<u>59,397,661</u>	<u>4,806,138</u>	<u>2,081,731</u>	<u>382,824</u>	<u>(52,126,968)</u>	<u>-</u>	<u>(52,126,968)</u>
Business-type activities:							
Water	35,912,283	34,803,968	-	-	-	(1,108,315)	(1,108,315)
Wastewater	9,451,106	9,878,045	-	-	-	426,939	426,939
Solid waste	8,258,554	8,811,592	-	-	-	553,038	553,038
Stormwater	1,202,666	1,467,640	-	-	-	264,974	264,974
Building permits	1,891,348	2,576,425	-	-	-	685,077	685,077
Total business-type activities	<u>56,715,957</u>	<u>57,537,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>821,713</u>	<u>821,713</u>
Total	<u>\$ 116,113,618</u>	<u>\$ 62,343,808</u>	<u>\$ 2,081,731</u>	<u>\$ 382,824</u>	<u>(52,126,968)</u>	<u>821,713</u>	<u>(51,305,255)</u>
General revenues:							
Property taxes					19,670,710	-	19,670,710
Utility taxes					3,663,194	-	3,663,194
Communication service taxes					1,668,780	-	1,668,780
Franchise fees on gross receipts					3,109,634	-	3,109,634
Sales taxes					4,477,496	-	4,477,496
State revenue sharing and other unrestricted intergovernmental revenue					6,063,898	-	6,063,898
Investment income					1,111,688	1,700,159	2,811,847
User surcharges					9,331,403	1,481,562	10,812,965
Miscellaneous					893,541	3,374,472	4,268,013
Transfers					6,397,779	(6,397,779)	-
Total general revenues and transfers					<u>56,388,123</u>	<u>158,414</u>	<u>56,546,537</u>
Change in net position					4,261,155	980,127	5,241,282
Net position - beginning					<u>35,876,269</u>	<u>137,893,880</u>	<u>173,770,149</u>
Net position - ending					<u>\$ 40,137,424</u>	<u>\$ 138,874,007</u>	<u>\$ 179,011,431</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and investments	\$ 36,529,816	\$ 3,170,014	\$ 6,851,751	\$ 46,551,581
Accounts receivable	5,342,348	-	1,028,011	6,370,359
Due from other funds	434,679	-	-	434,679
Prepaid costs	79,145	-	42,676	121,821
Inventory	162,606	-	-	162,606
Other assets	100	-	-	100
TOTAL ASSETS	\$ 42,548,694	\$ 3,170,014	\$ 7,922,438	\$ 53,641,146
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,172,994	\$ 8,130	\$ 508,521	\$ 3,689,645
Vendor deposits	539,868	-	-	539,868
Due to other funds	-	-	434,679	434,679
DEFERRED INFLOWS OF RESOURCES				
Taxes received in advance	716,617	-	-	716,617
Total liabilities and deferred inflows of resources	4,429,479	8,130	943,200	5,380,809
FUND BALANCES				
Nonspendable:				
Inventory	162,606	-	-	162,606
Prepaid costs	79,145	-	42,676	121,821
Restricted:				
Debt service	-	-	92,733	92,733
Community Redevelopment	-	3,161,884	-	3,161,884
Interlocal agreements	-	-	1,256,820	1,256,820
Special Taxing Districts	-	-	241,885	241,885
Public safety	-	-	5,068,103	5,068,103
Impact fees	1,377,798	-	-	1,377,798
Committed:				
Alley restoration	-	-	293,383	293,383
Disaster recovery	500,000	-	-	500,000
Assigned:				
Capital projects and equipment	2,461,927	-	-	2,461,927
Liability claims	2,016,828	-	-	2,016,828
Workers' compensation claims	2,269,218	-	-	2,269,218
Land acquisition	68,574	-	-	68,574
Unassigned:				
Debt service	-	-	(16,362)	(16,362)
General fund	29,183,119	-	-	29,183,119
Total fund balances	38,119,215	3,161,884	6,979,238	48,260,337
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 42,548,694	\$ 3,170,014	\$ 7,922,438	\$ 53,641,146

CITY OF NORTH MIAMI BEACH, FLORIDA

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

SEPTEMBER 30, 2019

Total governmental fund balances (page 40) \$ 48,260,337

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 70,319,888

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. (26,368,167)

Deferred outflows 22,363,681

Deferred inflows (1,830,882)

Net pension liability (73,596,832)

Accrued interest on long term debt (235,608)

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. 1,225,007

Net position of governmental activities (page 38) \$ 40,137,424

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 17,674,033	\$ -	\$ 1,996,677	\$ 19,670,710
User surcharges	8,625,624	-	-	8,625,624
Franchise fees	3,109,634	-	-	3,109,634
Utility taxes	3,663,194	-	-	3,663,194
Communication service taxes	1,668,780	-	-	1,668,780
Other taxes	4,477,496	-	-	4,477,496
Licenses and permits	943,422	-	-	943,422
Intergovernmental revenue	2,475,970	1,642,740	1,945,188	6,063,898
Charges for services	1,768,167	-	-	1,768,167
Fines and forfeitures	1,858,431	-	1,509,959	3,368,390
Non-Ad valorem assessments	-	-	705,779	705,779
Grant revenue	-	-	954,596	954,596
Investment income	1,006,227	105,461	-	1,111,688
Miscellaneous revenue	868,973	-	24,568	893,541
Total revenues	48,139,951	1,748,201	7,136,767	57,024,919
Expenditures:				
Current operating:				
General government	14,883,010	227,754	926,000	16,036,764
Public safety	22,203,913	-	2,177,722	24,381,635
Library	932,776	-	124,811	1,057,587
Parks & Recreation	4,490,223	-	14,718	4,504,941
Public works	5,240,717	-	276,184	5,516,901
Capital outlay	3,761,299	25,940	1,536,375	5,323,614
Debt service:				
Principal	-	166,667	1,967,696	2,134,363
Interest and other fiscal charges	-	41,142	685,891	727,033
Total expenditures	51,511,938	461,503	7,709,397	59,682,838
Excess (deficiency) of revenues over expenditures	(3,371,987)	1,286,698	(572,630)	(2,657,919)
Other financing sources (uses)				
Transfers in	6,757,948	-	749,141	7,507,089
Transfers out	(120,298)	(186,760)	(787,523)	(1,094,581)
Total other financing sources (uses)	6,637,650	(186,760)	(38,382)	6,412,508
Net change in fund balance	3,265,663	1,099,938	(611,012)	3,754,589
Fund balances, beginning	34,853,552	2,061,946	7,590,250	44,505,748
Fund balances, ending	\$ 38,119,215	\$ 3,161,884	\$ 6,979,238	\$ 48,260,337

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, 2019

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)	\$	3,754,589
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Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which capital outlays exceeded depreciation in the current period. The details of the difference (excluding the internal service fund) are as follows:

Capital outlay	\$ 5,323,614	
Depreciation expense	<u>(4,135,897)</u>	
Net adjustment		1,187,717

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	1,330,000	
Revenue bonds	637,696	
Notes payable	<u>166,667</u>	
Net adjustment		2,134,363

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	56,952	
Estimated claims	570,000	
OPEB liability	(2,653,990)	
Accrued interest	23,906	
Deferred outflows of resources	6,782,000	
Deferred inflows of resources	(63,749)	
Net pension liability	<u>(7,766,751)</u>	
		(3,051,632)

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>236,118</u>
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Change in net position of governmental activities (page 39)		<u>\$ 4,261,155</u>
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CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2019

	Business-type Activities					Internal Service Fund
	Enterprise Funds					
	Major Funds				Total	
	Water Utility	Wastewater Utility	Solid Waste	Other Enterprise Funds		
ASSETS						
Current assets:						
Pooled cash and investments	\$ 14,897,369	\$ 10,494,972	\$ -	\$ 9,634,728	\$ 35,027,069	\$ 1,758,023
Accounts receivable, net	12,339,632	3,071,112	2,904,461	382,509	18,697,714	-
Due from other funds	-	-	-	1,107,117	1,107,117	-
Prepaid expenses	443,715	92,292	591	38,713	575,311	115,682
Inventory	146,106	-	-	-	146,106	-
Restricted assets:						
Customer Deposits	4,003,271	452,070	21,804	-	4,477,145	-
Total current assets	31,830,093	14,110,446	2,926,856	11,163,067	60,030,462	1,873,705
Non-current assets						
Loans receivable	-	293,088	-	-	293,088	-
Capital assets, non-depreciable	37,515,379	3,991,311	-	902,301	42,408,991	200,631
Capital assets - net of accumulated depreciation	108,508,376	19,907,965	848,293	3,383,960	132,648,594	283,178
Total non-current assets	146,023,755	24,192,364	848,293	4,286,261	175,350,673	483,809
Total assets	\$ 177,853,848	\$ 38,302,810	\$ 3,775,149	\$ 15,449,328	\$ 235,381,135	\$ 2,357,514
DEFERRED OUTFLOWS OF RESOURCES						
Pension	\$ 318,253	\$ 22,801	\$ 478,162	\$ 1,175,309	\$ 1,994,525	\$ 265,067
Other post employment benefits	209,281	5,160	22,359	103,253	340,053	-
Total deferred outflows of resources	\$ 527,534	\$ 27,961	\$ 500,521	\$ 1,278,562	\$ 2,334,578	\$ 265,067
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 10,154,822	\$ 1,069,021	\$ 522,221	\$ 429,629	\$ 12,175,693	\$ 34,231
Customer deposits	4,003,271	452,070	21,804	-	4,477,145	-
Due to other funds	-	-	1,107,117	-	1,107,117	-
Current portions of:						
Revenue bonds payable	2,929,563	-	-	-	2,929,563	-
Notes payable	773,883	393,956	-	190,211	1,358,050	-
Compensated absences	22,910	-	41,419	71,815	136,144	-
Total current liabilities	17,884,449	1,915,047	1,692,561	691,655	22,183,712	34,231
Non-current liabilities:						
Revenue bonds payable	46,710,145	-	-	-	46,710,145	-
Notes payable	13,184,893	5,830,899	-	194,358	19,210,150	-
Net pension liability (asset)	7,144,782	659,957	1,537,890	1,056,549	10,399,178	(96,745)
Compensated absences	14,917	-	60,283	24,534	99,734	40,106
Other post-employment benefits	375,892	14,460	62,662	144,878	597,892	-
Total non-current liabilities	67,430,629	6,505,316	1,660,835	1,420,319	77,017,099	(56,639)
Total liabilities	\$ 85,315,078	\$ 8,420,363	\$ 3,353,396	\$ 2,111,974	\$ 99,200,811	\$ (22,408)
DEFERRED INFLOWS OF RESOURCES						
Pension	\$ 202,430	\$ 14,409	\$ 151,289	\$ 606,486	\$ 974,614	\$ 66,026
Other post employment benefits	13,965	1,334	5,781	(843)	20,237	-
Total deferred inflows of resources	\$ 216,395	\$ 15,743	\$ 157,070	\$ 605,643	\$ 994,851	\$ 66,026
NET POSITION						
Net investment in capital assets	\$ 82,121,611	\$ 17,674,421	\$ 848,293	\$ 3,901,692	\$ 104,546,017	\$ 483,809
Restricted:						
Impact fees	7,537,133	1,342,635	-	-	8,879,768	-
Unrestricted	3,191,165	10,877,609	(83,089)	10,108,581	24,094,266	2,095,154
Total net position	\$ 92,849,909	\$ 29,894,665	\$ 765,204	\$ 14,010,273	\$ 137,520,051	\$ 2,578,963
					Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,353,956
					Net position of business-type activities	\$ 138,874,007

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities					Internal Service Fund	
	Enterprise Funds				Total		Information Technology
	Major Funds		Solid Waste	Other Enterprise Funds			
Water Utility	Wastewater Utility	Solid Waste			Other Enterprise Funds	Total	Information Technology
Operating revenues:							
Service revenues	\$ 34,803,968	\$ 9,878,045	\$ 8,811,592	\$ 4,044,065	\$ 57,537,670	\$2,362,056	
Total operating revenues	34,803,968	9,878,045	8,811,592	4,044,065	57,537,670	2,362,056	
Operating expenses:							
Personnel services	3,692,835	448,529	1,413,948	2,049,744	7,605,056	631,531	
Other operating costs	23,594,770	7,666,082	6,687,991	661,135	38,609,978	1,152,225	
Depreciation	6,189,009	1,141,635	156,615	370,693	7,857,952	77,569	
Total operating expenses	33,476,614	9,256,246	8,258,554	3,081,572	54,072,986	1,861,325	
Operating income (loss)	1,327,354	621,799	553,038	962,493	3,464,684	500,731	
Non-operating revenue (expense):							
Impact fees	1,419,079	62,483	-	-	1,481,562	-	
Investment income	1,019,347	338,470	1,353	340,989	1,700,159	-	
Miscellaneous income	2,342,457	487,067	2,621	281,355	3,113,500	69	
Interest and other fiscal charges	(2,435,669)	(194,860)	-	(12,442)	(2,642,971)	-	
Total non-operating revenue (loss)	2,345,214	693,160	3,974	609,902	3,652,250	69	
Income before transfers	3,672,568	1,314,959	557,012	1,572,395	7,116,934	500,800	
Transfers out	(3,818,844)	(889,593)	(1,002,598)	(686,744)	(6,397,779)	(3,710)	
Change in net position	(146,276)	425,366	(445,586)	885,651	719,155	497,090	
Net position - beginning	92,996,185	29,469,299	1,210,790	13,124,622		2,081,873	
Net position, ending	\$ 92,849,909	\$29,894,665	\$ 765,204	\$14,010,273		\$2,578,963	
					260,972		
						\$ 980,127	

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities					Internal
	Enterprise Funds					Service
	Major Funds			Other	Total	Fund
	Water	Wastewater	Solid	Enterprise	Enterprise	Information
	Utility	Utility	Waste	Funds	Funds	Technology
Cash flows from operating activities:						
Cash received from customers	\$ 34,918,099	\$ 9,327,573	\$ 8,521,121	\$ 4,223,638	\$ 56,990,431	\$ -
Cash received from other funds	-	-	522,711	-	522,711	2,428,151
Cash payments to internal service funds	-	-	-	(212,584)	(212,584)	-
Cash payments to suppliers	(21,379,911)	(7,872,946)	(6,728,474)	(653,086)	(36,634,417)	(1,220,225)
Cash payments to employees	(763,229)	(86,535)	(1,254,503)	(2,065,212)	(4,169,479)	(1,002,514)
Cash payments to other funds	-	-	-	(522,711)	(522,711)	-
Net cash provided by operating activities	12,774,959	1,368,092	1,060,855	770,045	15,973,951	205,412
Cash flows used in noncapital financing activities:						
Transfers to other funds	(3,818,844)	(889,593)	(1,002,598)	(686,744)	(6,397,779)	(3,710)
Net cash used in noncapital financing activities:	(3,818,844)	(889,593)	(1,002,598)	(686,744)	(6,397,779)	(3,710)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(11,430,274)	(72,305)	(59,816)	603,628	(10,958,767)	(208,322)
Disposal of capital assets	138,266	26,010	-	(1,207,256)	(1,042,980)	-
Impact fees	1,419,079	62,483	-	-	1,481,562	-
Principal paid on long-term debt	(2,848,734)	-	-	(186,153)	(3,034,887)	-
Interest paid on long-term debt	(2,435,669)	(194,860)	-	(12,442)	(2,642,971)	-
Net cash used in capital and related financing activities	(15,157,332)	(500,176)	(59,816)	(802,223)	(16,519,547)	(208,322)
Cash flows from investing activities:						
Investment purchases	(11,132,488)	(9,139,186)	(437,241)	(7,055,863)	(27,764,778)	-
Investment calls and maturities	11,135,302	9,141,495	437,351	7,186,278	27,900,426	-
Investment income	1,016,533	336,161	1,243	210,574	1,564,511	-
Net cash provided by investing activities	1,019,347	338,470	1,353	340,989	1,700,159	-
Net increase (decrease) in pooled cash and investments	(5,181,870)	316,793	(206)	(377,933)	(5,243,216)	(6,620)
Pooled cash and investments, beginning	24,082,510	10,630,249	22,010	10,012,661	44,747,430	1,764,643
Pooled cash and investments, ending	18,900,640	10,947,042	21,804	9,634,728	39,504,214	1,758,023
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	1,327,354	621,799	553,038	962,493	3,464,684	500,731
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	6,189,009	1,141,635	156,615	370,693	7,857,952	77,569
Other income	2,342,457	487,067	2,621	281,355	3,113,500	69
(Increase) decrease in assets:						
Accounts receivable	(2,284,191)	(1,038,726)	(292,886)	(101,782)	(3,717,585)	-
Due from other funds	-	-	-	(522,711)	(522,711)	-
Inventories	(8,929)	-	-	-	(8,929)	-
Prepaid costs	(428,963)	(92,293)	1,062	(38,712)	(558,906)	(49,415)
Deferred outflows of resources	3,366,506	375,381	145,855	(222,787)	3,664,955	(265,067)
Increase (decrease) in liabilities:						
Vouchers payable and accrued liabilities	2,634,299	(114,571)	(24,560)	(197,196)	2,297,972	(27,756)
Customer deposits	55,865	1,187	(206)	-	56,846	-
Due to other funds	-	-	522,711	-	522,711	-
Pension and OPEB liabilities	(17,955)	(21,092)	(144,178)	(7,579)	(190,804)	(96,745)
Deferred inflows of resources	(400,493)	7,705	140,783	246,271	(5,734)	66,026
Total adjustments	11,447,605	746,293	507,817	(192,448)	12,509,267	(295,319)
Net cash provided by operating activities	\$ 12,774,959	\$ 1,368,092	\$ 1,060,855	\$ 770,045	\$ 15,973,951	\$ 205,412
Non-cash investing, capital and financing activities:						
Increase in fair value of investments	\$ 166,833	\$ 105,296	\$ -	\$ 118,249	\$ 390,378	\$ -

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2019

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ 5,533	\$ 731,415
Investments:		
Equity securities	106,833,727	-
Money market funds	28,224,108	-
Government securities	21,445,783	-
Corporate bonds	25,978,317	-
Real estate	15,943,814	-
Mutual funds	4,062,648	-
Hedge funds	4,443,397	-
Total Investments	206,931,794	-
Accrued interest receivable	375,687	-
Other receivables	243,303	-
Total assets	\$ 207,556,317	\$ 731,415
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 397,869	\$ -
Deposits awaiting adjudication	-	731,415
Total liabilities	\$ 397,869	\$ 731,415
<u>NET POSITION</u>		
Net position restricted for pensions	\$ 207,158,448	\$ -

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, 2019

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,131,469
Employee	1,282,032
State of Florida	<u>490,173</u>
Total contributions	11,903,674
Investment income (expense):	
Net appreciation in fair value of investments	1,063,861
Interest and dividends	4,959,985
Other income	67,502
Investment expenses	<u>(1,003,945)</u>
Net investment income	<u>5,087,403</u>
Total additions	16,991,077
<u>DEDUCTIONS</u>	
Pension benefit payments	18,944,952
Administrative expenses	<u>471,663</u>
Total deductions	<u>19,416,615</u>
Change in net position	(2,425,538)
Net position restricted for pensions, beginning	<u>209,583,986</u>
Net position restricted for pensions, ending	<u>\$ 207,158,448</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, 2019

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CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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. Those standards establish definitions for 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 Note 14 to the financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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 Pronouncements have been implemented during the current fiscal year:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* issued in November 2016;
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* issued in April 2018;

The basic financial statements consist of the government-wide 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. 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. The primary exception is charges between the City's various utility functions and administrative functions of the City. Elimination of these charges would distort the costs reported for the business-type activities and incurred by the administrative departments.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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. Agency funds are fiduciary funds with no measurement focus. 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 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 agency is funded by tax increment financing from the City and Miami-Dade County.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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

- The *Pension Trust Funds*
- The *OPEB Trust Fund*
- The *Police Holding Account Agency Fund* is used to segregate and hold seized assets until adjudication orders are received and distribution is determined by the courts.

Assets and Liabilities

1. Pooled Cash and Investments

Resources of all funds, with the exception of the fiduciary funds and certain other 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. 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.

Surplus funds are invested in accordance with the provisions of the City's adopted investment 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, 2019, all of the City's, OPEB Trust Fund's and 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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 that are applicable to future accounting periods and are recorded 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, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Assets and Liabilities (continued)

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

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 and OPEB income represent acquisition of net position that applies to future periods and are recorded as deferred inflows of resources. Deferred pension and OPEB expense represent 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.

8. Pensions

Net pension liability, deferred outflows and inflows of resources, pension expense, fiduciary net position and changes 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. Liability liquidation occurs in the CRA, Transit Surtax and General Fund.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

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, 2019, was 6.3000 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 0.7158 mills.

Note 2 - Stewardship, Compliance and Accountability

At September 30, 2019, 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 3 - Deposits and Investments (continued)

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.

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, 2019 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	\$ 23,643,353
SBA Florida Prime	AAAm	5,339,918
FMIvT Broad Market High Quality Bond Fund	AAf/S4	51,140
Money market funds	Not rated	6,435,500
Certificates of Deposit	Not rated	510,293
US Agencies	AAA/AA+	33,930,317
Corporate Bonds	Aaa/AAA	9,494,325
Municipal Bonds	AAA/AAA	450,536
Commercial Paper	A1/P1	<u>7,958,436</u>
Total governmental and business-type investments		<u>\$ 87,813,818</u>
Retirement Plan and Trust for General Management Employees		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 20,389,650</u>
OPEB Trust		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 3,716,349</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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	\$ 59,071,077
Money market funds	Not rated	2,148,237
US Agencies	Not rated	870,240
US Agencies	Aaa	13,301,037
Corporate Bonds	Aa1	357,961
Corporate Bonds	Aa3	956,041
Corporate Bonds	A1	3,466,670
Corporate Bonds	A2	6,400,605
Corporate Bonds	A3	4,254,015
Corporate Bonds	Not rated	672,566
Mutual funds	Various	2,011,961
Real estate	Not rated	7,613,063
Hedge funds	Not rated	314,109
Total plan investments		<u>\$ 101,437,582</u>
 Retirement Plan and Trust for General Employees		
Equity	Not rated	\$ 47,762,650
Money market funds	Not rated	1,969,872
US Agencies	Not rated	163,357
US Agencies	Aaa	7,111,149
Corporate Bonds	A1	1,766,994
Corporate Bonds	A2	4,483,787
Corporate Bonds	A3	2,871,825
Corporate Bonds	Not rated	747,853
Mutual funds	Various	2,050,687
Real estate	Not rated	8,330,751
Hedge funds	Not rated	4,129,288
Total plan investments		<u>\$ 81,388,213</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 3 - Deposits and Investments (continued)

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.

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, 2019 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, 2019 is approximately 13% of total investments. The Plan's investment policy limit is 20% of the total Plan portfolio.

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, 2019. The following were the Boards' adopted asset allocation policies as of September 30, 2019:

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 3 - Deposits and Investments (continued)

Risk Disclosures (continued)

Concentration Credit Risk (continued)

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Target 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	20%
	Domestic equities	52%
	Non-US equity	18%
	Real estate	10%
FRS	Cash equivalents	1%
	Fixed income	18%
	Global equity	54%
	Real estate	10%
	Private equity	11%
	Strategic investments	6%

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 3 - Deposits and Investments (continued)

Risk Disclosures (continued)

Interest Rate Risk (continued)

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 59.0% 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, 2019 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	\$ 33,930,317	\$ 22,829,817	\$ 11,100,500	\$ -	\$ -
Corporate bonds	9,494,325	-	9,494,325	-	-
Commercial paper	7,958,436	4,992,339	2,966,097	-	-
Municipal bonds	450,536	450,536	-	-	-
Total	\$ 51,833,614	\$ 28,272,692	\$ 23,560,922	\$ -	\$ -

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 5.31 years and a weighted average maturity of 6.43 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 21.1% of the portfolio and had the following distribution of maturities at September 30, 2019:

<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	\$ 9,870,459	\$ 191,345	\$ 9,113,095	\$ 566,019	\$ -
Fixed income mutual fund	2,050,687	\$ 343,900	\$ 868,261	\$ 501,188	\$ 337,338
US Agencies	1,611,284	-	1,447,927	-	163,357
US Treasuries	5,663,222	-	-	5,663,222	-
Total	\$ 19,195,652	\$ 535,245	\$ 11,429,283	\$ 6,730,429	\$ 500,695

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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 29.9% of the portfolio and had the following distribution of maturities at September 30, 2019:

<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	\$ 8,710,084	\$ -	\$ -	\$ 8,710,084	\$ -
US Agencies	5,461,193	2,727,980	1,862,974	-	870,239
Fixed income mutual fund	2,011,961	337,406	851,864	491,723	330,968
Corporate bonds	16,107,858	946,655	12,960,871	2,200,332	-
Total	\$ 32,291,096	\$ 4,012,041	\$ 15,675,709	\$ 11,402,139	\$ 1,201,207

Note 4 – Receivables

Accounts Receivable

Accounts receivable at September 30, 2019 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	\$ 3,657,553	\$ -	\$ 16,248,214	\$ 3,935,633	\$ 3,834,385	498,843	\$ 28,174,628
Unbilled	-	-	-	-	-	-	-
Taxes	1,468,980	-	-	-	-	-	1,468,980
Franchise fees	472,534	-	-	-	-	-	472,534
Intergovernmental	-	504,468	13,690	-	-	-	518,158
Grants	-	523,543	-	-	-	-	523,543
Other	632,896	-	26,249	93,526	750	-	753,421
Gross receivables	6,231,963	1,028,011	16,288,153	4,029,159	3,835,135	498,843	31,911,264
Less allowance for uncollectibles	889,615	-	3,948,521	958,047	930,674	116,334	6,843,191
Total accounts receivable	\$ 5,342,348	\$ 1,028,011	\$ 12,339,632	\$ 3,071,112	\$ 2,904,461	\$ 382,509	\$ 25,068,073

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 4 – Receivables (continued)

Accounts Receivable (continued)

Receivables at September 30, 2019, 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.

Notes Receivable

The sewer utility reports a long-term loan receivable totaling \$293,088 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:

	<u>Customer Deposits</u>
Business-type activities:	
Water	\$4,003,271
Wastewater	452,070
Solid Waste	<u>21,804</u>
Total business-type activities	<u><u>\$4,477,145</u></u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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, 2019 are as follows:

Fund	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
<u>Governmental Activities</u>		
General Fund	\$ -	\$ 434,679
<u>Non-major Governmental Funds</u>		
Grants Fund	418,317	-
Series 2011 Bond Debt Service Fund	16,362	-
Total Non-major Governmental Funds	434,679	434,679
<u>Business-type Activities</u>		
Building Fund	-	1,107,117
Solid Waste Fund	1,107,117	-
Total due to/from other funds	\$ 1,541,796	\$ 1,541,796

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 2019 are as follows:

Transfers out	Transfers In		
	General Fund	Non-major Governmental Funds	Total
General fund	\$ -	\$ 120,298	\$ 120,298
Community Redevelopment Agency	186,760	-	186,760
Non-major governmental funds	158,681	628,843	787,524
Water utility	3,818,844	-	3,818,844
Sewer utility	889,593	-	889,593
Solid waste	1,002,598	-	1,002,598
Non-major enterprise funds	686,744	-	686,744
Information Technology fund	3,710	-	3,710
Total transfers out	\$ 6,746,930	\$ 749,141	\$ 7,496,071

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 7 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 4,345,874	\$ -	\$ (279)	\$ 4,345,595
Construction in progress	25,341,381	3,541,796	-	28,883,177
Total capital assets not being depreciated	<u>29,687,255</u>	<u>3,541,796</u>	<u>(279)</u>	<u>33,228,772</u>
Capital assets being depreciated				
Buildings	29,843,803	-	(90,949)	29,752,854
Improvement other than buildings	33,432,849	220,287	(69,207)	33,583,929
Infrastructure	23,879,161	108,133	(2,031)	23,985,263
Furniture, fixtures, machinery and equipment	29,880,513	1,794,876	(265,559)	31,409,830
Total capital assets being depreciated	117,036,326	2,123,296	(427,746)	118,731,876
Less accumulated depreciation				
Buildings	(28,478,735)	(169,104)	88,343	(28,559,496)
Improvement other than building	(18,964,614)	(1,293,206)	64,488	(20,193,332)
Infrastructure	(7,074,685)	(779,849)	1,832	(7,852,702)
Furniture, fixture machinery and equipment	(22,845,243)	(1,971,307)	265,129	(24,551,421)
Total accumulated depreciation	<u>(77,363,277)</u>	<u>(4,213,466)</u>	<u>419,792</u>	<u>(81,156,951)</u>
Total capital assets being depreciated, net	<u>39,673,049</u>	<u>(2,090,170)</u>	<u>(7,954)</u>	<u>37,574,925</u>
Governmental activities capital assets, net	<u>\$ 69,360,304</u>	<u>\$ 1,451,626</u>	<u>\$ (8,233)</u>	<u>\$ 70,803,697</u>
<u>Business-type Activities</u>				
Capital assets not being depreciated				
Land	\$ 5,872,367	\$ -	\$ (811)	\$ 5,871,556
Construction in progress	24,890,358	11,647,077	-	36,537,435
Total capital assets not being depreciated	<u>30,762,725</u>	<u>11,647,077</u>	<u>(811)</u>	<u>42,408,991</u>
Capital assets being depreciated				
Buildings and utility plant	237,291,692	180,747	(525,522)	236,946,917
Machinery and equipment	19,070,069	338,198	(685,871)	18,722,396
Total capital assets being depreciated	<u>256,361,761</u>	<u>518,945</u>	<u>(1,211,393)</u>	<u>255,669,313</u>
Less accumulated depreciation				
Buildings and utility plant	(100,458,190)	(7,080,103)	368,030	(107,170,263)
Machinery and equipment	(15,752,504)	(777,849)	679,897	(15,850,456)
Total accumulated depreciation	<u>(116,210,694)</u>	<u>(7,857,952)</u>	<u>1,047,927</u>	<u>(123,020,719)</u>
Total capital assets being depreciated, net	<u>140,151,067</u>	<u>(7,339,007)</u>	<u>(163,466)</u>	<u>132,648,594</u>
Business-type activities capital assets, net	<u>\$ 170,913,792</u>	<u>\$ 4,308,070</u>	<u>\$ (164,277)</u>	<u>\$ 175,057,585</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 7 - Capital Assets (continued)

Depreciation

Depreciation expense for fiscal year 2019 was charged to the following functions of the City:

Governmental Activities:	
General government	\$ 2,643,332
Public safety	986,620
Parks & Recreation	183,830
Library	45,751
Public works	276,364
Information Technology	77,569
Total depreciation expense - governmental activities	<u>\$ 4,213,466</u>
Business-type activities:	
Water	\$ 6,189,009
Sewer	1,141,635
Stormwater	337,415
SolidWaste	156,615
Building permit	33,278
Total depreciation expense - business-type activities	<u>\$ 7,857,952</u>

Construction Commitments

Beginning in fiscal year 2009, the City received funding for various capital projects from the Florida Department of Environmental Protection State Revolving Loan Fund. 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 \$10.0 million for the removal of volatile organic chemicals from drinking water produced by the City's utility plant, \$10.3 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, \$3.8 million for the inflow and infiltration reduction program, \$3.6 million for the design and construction of a major sewer rehabilitation project.

Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Encumbrances as of September 30, 2019 are as follows:

Major Funds:	
General Fund	\$2,461,927
Other governmental funds	<u>1,082,514</u>
Total encumbrances	<u>\$3,544,441</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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, 2019, the City reported deferred outflows of resources consisting of deferred pension expenses totaling \$21,861,709 and deferred OPEB expenses of \$3,101,617. 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 \$716,617, deferred pension income of \$2,758,913 and deferred OPEB income of \$132,846.

Note 9 - Long-term Debt

There are a number of limitations and restrictions contained in the various bond indentures. At September 30, 2019 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.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation bonds and notes	\$ 16,150,000	\$ -	\$ (1,330,000)	\$ 14,820,000	\$ 1,385,000
Revenue bonds	1,282,812	-	(637,696)	645,116	645,116
Notes payable CRA - Nontaxable	1,416,667	-	(166,667)	1,250,000	166,667
Total bonds and notes payable	18,849,479	-	(2,134,363)	16,715,116	2,196,783
Net pension liability	65,830,081	8,684,787	(1,014,781)	73,500,087	-
Estimated claims	3,042,000	623,000	(1,193,000)	2,472,000	689,000
Compensated absences	2,703,233	2,108,390	(2,174,514)	2,637,109	1,851,521
Other post employment benefit liability	1,841,288	3,628,631	(885,871)	4,584,048	-
Governmental activities					
long-term liabilities	\$ 92,266,081	\$ 15,044,808	\$ (7,402,529)	\$ 99,908,360	\$ 4,737,304
Business-type activities:					
Revenue bonds	\$ 47,936,188	\$ -	\$ (2,503,304)	\$ 45,432,884	\$ 2,602,884
Premium on Revenue bonds	4,533,503	-	(326,679)	4,206,824	326,679
Total revenue bonds payable	52,469,691	-	(2,829,983)	49,639,708	2,929,563
Notes payable - Stormwater	570,722	-	(186,153)	384,569	190,211
State Revolving Loans - Water	13,977,530	1,936,837	(1,955,591)	13,958,776	773,883
State Revolving Loans - Sewer	6,546,360	-	(321,505)	6,224,855	393,956
Total bonds and loans	73,564,303	1,936,837	(5,293,232)	70,207,908	4,287,613
Net pension liability	10,898,667	11,678	(511,167)	10,399,178	-
Compensated absences	268,718	152,989	(185,829)	235,878	136,144
Other post employment benefit liability	289,207	408,384	(99,699)	597,892	-
Business-type activities					
long-term liabilities	\$ 85,020,895	\$ 2,509,888	\$ (6,089,927)	\$ 81,440,856	\$ 4,423,757

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

Bonds Payable

Bond issues authorized and outstanding at September 30, 2019 are summarized as follows:

	<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%.	\$ 3,660,000
\$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>11,160,000</u>
Total General Obligation Bonds and Notes	<u>\$ 14,820,000</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%.	\$ 620,000
\$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>25,116</u>
Total Governmental Funds revenue bonds	<u>\$ 645,116</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%.	\$ 572,884
\$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>44,860,000</u>
Total Water Utility System Revenue Bonds	<u>\$ 45,432,884</u>
Total Revenue Bonds	<u>\$ 46,078,000</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

Bonds Payable (continued)

Debt Service Requirements

Debt service requirements to maturity for each bond series at September 30, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bond, Series 2012			
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>\$ 3,660,000</u>	<u>\$ 280,984</u>	<u>\$ 3,940,984</u>
Chase Bank, N.A.			
Promissory Note Series 2011			
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	845,000	377,161	1,222,161
2025-2029	4,975,000	1,205,192	6,180,192
2030-2031	2,380,000	116,870	2,496,870
	<u>\$ 11,160,000</u>	<u>\$ 3,586,604</u>	<u>\$ 14,746,604</u>
Branch Banking and Trust Company			
2013 Series:			
2020	<u>\$ 620,000</u>	<u>\$ 6,448</u>	<u>\$ 626,448</u>
Refunding Revenue Note (Water & Capital)			
2015 Series Capital			
2020	\$ 25,116	\$ 372	\$ 25,488
2015 Series Water Revenue			
2020	<u>\$ 572,884</u>	<u>\$ 8,479</u>	<u>\$ 581,363</u>
Total Series 2015	<u>\$ 598,000</u>	<u>\$ 8,851</u>	<u>\$ 606,851</u>
Water Revenue Refunding Bonds			
2012 Series:			
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	3,220,000	1,459,775	4,679,775
2025-2029	18,065,000	5,369,550	23,434,550
2030-2032	12,780,000	1,299,000	14,079,000
	<u>\$ 44,860,000</u>	<u>\$ 15,397,925</u>	<u>\$ 60,257,925</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

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 - 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%.	\$ 738,481
\$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%.	227,832
\$3,752,982 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 \$103,762 from March 15, 2013 through September 15, 2032; interest at 2.10%.	2,350,195
\$365,234 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, 2033; interest at 2.05%.	275,888
\$3,247,685 State Revolving 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 \$96,012 from November 15, 2015 through May 15, 2035.	<u>2,632,459</u>
Total Sewer State Revolving Loans	<u>\$ 6,224,855</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

State Revolving Loans – Sewer (continued)

Debt Service Requirements

Debt service requirements to maturity for each loan series at September 30, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 130100 (Sewer)			
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	62,557	9,398	71,955
2025-2029	331,559	28,214	359,773
2030-2031	105,872	2,061	107,933
	<u>\$ 738,481</u>	<u>\$ 88,999</u>	<u>\$ 827,480</u>
WW 130101 (Sewer)			
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	19,323	2,769	22,092
2025-2029	102,158	8,306	110,464
2030-2031	32,532	606	33,138
	<u>\$ 227,832</u>	<u>\$ 26,232</u>	<u>\$ 254,064</u>
WW 130110 (Sewer)			
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	172,858	34,666	207,524
2025-2029	920,591	117,029	1,037,620
2030-2032	600,319	22,255	622,574
	<u>\$ 2,350,195</u>	<u>\$ 347,621</u>	<u>\$ 2,697,816</u>
WW 745080 (Sewer)			
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	18,663	4,106	22,769
2025-2029	99,247	14,599	113,846
2030-2033	87,017	4,061	91,078
	<u>\$ 275,888</u>	<u>\$ 42,883</u>	<u>\$ 318,771</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

State Revolving Loans - Sewer (continued)

Debt Service Requirements (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 745081 (Sewer)			
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	153,230	38,794	192,024
2025-2029	811,895	148,225	960,120
2030-2034	893,735	66,385	960,120
2035	189,277	2,742	192,019
	<u>\$ 2,632,459</u>	<u>\$ 439,920</u>	<u>\$ 3,072,379</u>

	<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%.	\$ 275,994
\$9,575,484 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 \$216,745 from October 15, 2012 to April 15, 2032; interest at 2.58%.	4,763,872
\$10,343,267 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 \$334,210 from April 15, 2016 to October 15, 2035; interest at 3.06%.	<u>8,918,910</u>
Total Water State Revolving Loans	<u>\$ 13,958,776</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

State Revolving Loans - Water (continued)

Debt Service Requirements (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
DW 130102 (Water)			
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	24,335	4,848	29,183
2025-2029	132,005	13,911	145,916
2030	28,607	583	29,190
	<u>\$ 275,994</u>	<u>\$ 45,029</u>	<u>\$ 321,023</u>
DW 130103 (Water)			
2020	\$ 312,906	\$ 120,584	\$ 433,490
2021	321,007	112,483	433,490
2022	329,319	104,171	433,490
2023	337,846	95,644	433,490
2024	346,595	86,895	433,490
2025-2029	1,872,348	295,102	2,167,450
2030-2032	1,243,851	56,619	1,300,470
	<u>\$ 4,763,872</u>	<u>\$ 871,498</u>	<u>\$ 5,635,370</u>
DW 130130 (Water)			
2020	\$ 439,126	\$ 229,295	\$ 668,421
2021	450,605	217,816	668,421
2022	462,388	206,033	668,421
2023	474,481	193,940	668,421
2024	486,896	181,525	668,421
2025-2029	2,632,466	709,639	3,342,105
2030-2034	2,995,901	346,204	3,342,105
2035-2036	977,047	25,585	1,002,632
	<u>\$ 8,918,910</u>	<u>\$ 2,110,037</u>	<u>\$ 11,028,947</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 9 - Long-term Debt (continued)

Notes Payable

Note issues authorized and outstanding at September 30, 2019 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	\$ 1,250,000
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%.	\$ 384,569
Total Notes Payable	<u>\$ 1,634,569</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			
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	166,667	15,414	182,081
2025-2027	<u>416,665</u>	<u>16,955</u>	<u>433,620</u>
	<u>\$ 1,250,000</u>	<u>\$ 143,349</u>	<u>\$ 1,393,349</u>
Branch Banking and Trust Company			
Promissory Note Series 2011A			
2020	\$ 190,211	\$ 8,384	\$ 198,595
2021	<u>194,358</u>	<u>4,238</u>	<u>198,596</u>
	<u>\$ 384,569</u>	<u>\$ 12,622</u>	<u>\$ 397,191</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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, 2019 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	3.05
Series 2013	Transit surtax revenue	3.09
Series 2015	Gross revenue less operating expenses	14.24
Notes issues:		
Series 2007B	TIF revenue and interest earnings	8.41
Series 2011A	Operating revenue less operating expenses	2.34
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	5.90
WW Series	Gross revenue less operating expenses and senior debt obligations	5.13

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 10 – Risk Management (continued)

Self-Insurance (continued)

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>2019</u>	<u>2018</u>
Unpaid claims, beginning	\$ 3,042	\$ 2,328
IBNR claims	623	2,749
Claim payments	<u>(1,193)</u>	<u>(2,035)</u>
Unpaid claims, ending	<u>\$ 2,472</u>	<u>\$ 3,042</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.

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 \$4.3 million at September 30, 2019.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - 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	\$ 5,158,886	\$ 6,342,132	\$ 1,106,678	\$ 18,905,504
Plan members:				
Currently receiving or entitled to receive benefits	355	163	40	326
Active employees				297
Vested	63	33	5	
Non-vested	46	41	9	
Total members	464	237	54	623

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

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.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Method Used to Value Investments (continued)

The following tables present the Plans' fair value hierarchy for investments at fair value at September 30, 2019:

<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	\$47,762,650	\$ 47,762,650	\$ -
Debt securities:			
U.S. treasury securities	5,663,222	5,663,222	-
U.S. agency securities	1,611,284	-	1,611,284
Fixed income mutual fund	2,050,687	2,050,687	-
Corporate bonds	9,870,459	-	9,870,459
Total debt securities	<u>19,195,652</u>	<u>7,713,909</u>	<u>11,481,743</u>
Total assets at fair value	<u>\$66,958,302</u>	<u>\$ 55,476,559</u>	<u>\$ 11,481,743</u>

Retirement Plan for Police Officers and Firefighters

<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	\$ 59,071,077	\$ 59,071,077	\$ -
Debt securities:			
U.S. treasury securities	8,710,084	8,710,084	-
U.S. agency securities	5,461,193	-	5,461,193
Fixed income mutual fund	2,011,961	2,011,961	-
Corporate bonds	16,107,858	-	16,107,858
Total debt securities	<u>32,291,096</u>	<u>10,722,045</u>	<u>21,569,051</u>
Total assets at fair value	<u>\$ 91,362,173</u>	<u>\$ 69,793,122</u>	<u>\$ 21,569,051</u>

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

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.

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 3,205,197, or 56.28% of covered payroll.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan for General Employees

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2018 actuarial valuation using the entry age normal cost method. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2018
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	2.75%

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

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan for Police Officers and Firefighters (continued)

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 \$5,843,206 or 89.45% 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, 2018 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 2019, the amounts were \$334,625 and \$155,548 for police and firefighters, respectively. Additional information as of the latest actuarial valuation, dated October 1, 2018, follows:

Valuation Date	October 1, 2018
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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

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.

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 contribution amount for the current year was \$499,428. Actual contributions were \$520,715 or 48.93% of covered payroll.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

Retirement Plan and Trust for General Management Employees (continued)

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2018 actuarial valuation using the aggregate actuarial cost method.

Additional information related to the actuarial valuation follows:

Valuation Date	October 1, 2018
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	2.92%
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

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, 2019 was \$21,759.

Vesting

Benefits are fully vested after eight years of credited service.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

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

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:

Contribution Period	Florida Retirement System	
	Proportion	Contribution
July 1, 2016 to June 30, 2017	0.000268619%	\$ 6,993
July 1, 2017 to June 30, 2018	0.000226949%	6,468
July 1, 2018 to June 30, 2019	0.000310992%	9,643
Contribution Period	Health Insurance Subsidy	
	Proportion	Contribution
July 1, 2016 to June 30, 2017	0.000067773%	\$ 359
July 1, 2017 to June 30, 2018	0.000060319%	327
July 1, 2018 to June 30, 2019	0.000064540%	358

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Plan Descriptions (continued)

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

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the July 1, 2019 actuarial valuation using the individual entry age method. Additional information related to the actuarial valuation follows:

Valuation Date	July 1, 2019
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 - 7.2%; HIS - 3.5%
Inflation	2.60%
Projected salary increases	3.25%
Cost of living adjustments (prior to July 1, 2011)	3.00%

PUB-2010 base table varies by member category and sex
projected generationally with Scale MP-2018

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, 2019

Note 11 - Employee Retirement Systems (continued)

Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the Retirement Plan for the General Employees, 7.50% for the Retirement Plan for Police Officers and Firefighters, 7.50% for the Retirement Plan and Trust for General Management Employees, 6.90% for the FRS and 3.50% 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.

Retirement Plan	1% Decrease	Current Discount Rate	1% Increase
General Employees (7.65%)	\$ 42,386,779	\$ 29,345,127	\$ 18,525,141
Police and Firefighters (7.50%)	71,410,812	52,406,952	36,770,205
General Management (7.50%)	4,506,282	2,032,863	(38,632)
Florida Retirement System (6.90%)	185,143	107,102	41,924
Health Insurance Subsidy (3.87%)	8,244	7,221	6,370

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, 2019

Note 11 - 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, 2018 and the Florida Retirement System Plan as of July 1, 2019 are summarized in the following table:

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Real Rate of Return</u>
General Employees	Large Cap Value	7.00%
	Large Cap Growth	6.70%
	Small Cap Value	7.80%
	Mid Cap Growth	7.80%
	International Value	6.70%
	International Growth	6.70%
	Hedge Funds	3.84%
	Real Estate	6.40%
	Fixed Income	2.00%
Police and Firefighters	Large Cap Value	7.00%
	Large Cap Growth	6.70%
	Small Cap Value	7.80%
	Mid Cap Growth	7.80%
	International Value	6.70%
	International Growth	6.70%
	Hedge Funds	3.84%
	Real Estate	6.40%
	Fixed Income	2.00%
General Management	Core Bonds	1.60%
	Core Plus	2.10%
	US Large Cap Equity	4.60%
	US Small Cap Equity	5.50%
	Non-US Equity	6.70%
	Core Real Estate	5.00%
Florida Retirement System	Cash	3.30%
	Fixed Income	4.10%
	Global Equity	6.80%
	Real Estate	6.10%
	Private Equity	8.40%
	Strategic Investments	5.70%

The Health Insurance Subsidy plan is not pre-funded and therefore uses the municipal bond rate of 3.87% to calculate the total pension liability of the plan.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - 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	\$ 110,816,042	\$ 144,160,147	\$ 22,211,243	\$ 594,982	\$ 6,981
Changes for the year					
Service cost	520,878	1,481,104	197,173	7,847	150
Interest	8,254,998	11,191,959	1,625,817	41,035	270
Difference between expected and actual experience	(1,239,946)	1,905,934	(206,572)	805	-
Change of assumptions	1,375,883	8,186,842	-	4,931	332
Adjustment for Chapter 175/185 reserves	-	94,373	-	-	-
Benefit payments	(7,170,315)	(11,708,778)	(1,403,616)	(33,797)	(317)
Net change in total pension liability	<u>1,741,498</u>	<u>11,151,434</u>	<u>212,802</u>	<u>20,821</u>	<u>435</u>
Total pension liability - ending (a)	<u>\$ 112,557,540</u>	<u>\$ 155,311,581</u>	<u>\$ 22,424,045</u>	<u>\$ 615,803</u>	<u>\$ 7,416</u>
Plan fiduciary net position - beginning	\$ 79,944,967	\$ 100,384,375	\$ 20,204,084	\$ 501,309	\$ 150
Employer contributions	3,453,684	5,550,473	495,292	9,643	358
Employee contributions	387,959	792,489	85,503	2,341	-
Other contributions	-	490,173	-	-	-
Net investment income (loss)	6,816,079	7,595,714	1,071,912	29,266	4
Benefit payments	(7,170,315)	(11,708,778)	(1,403,616)	(33,797)	(317)
Administrative expenses	(219,961)	(199,817)	(61,993)	(61)	-
Net change in plan fiduciary net position	<u>3,267,446</u>	<u>2,520,254</u>	<u>187,098</u>	<u>7,392</u>	<u>45</u>
Plan fiduciary net position - ending (b)	<u>\$ 83,212,413</u>	<u>\$ 102,904,629</u>	<u>\$ 20,391,182</u>	<u>\$ 508,701</u>	<u>\$ 195</u>
Net pension liability (a-b)	<u>\$ 29,345,127</u>	<u>\$ 52,406,952</u>	<u>\$ 2,032,863</u>	<u>\$ 107,102</u>	<u>\$ 7,221</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - 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				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
<u>Deferred outflows</u>					
Difference between expected and actual experience	\$ 76,355	\$ 1,334,090	\$ 1,797,014	\$ 6,352	\$ 88
Difference between expected and actual earnings on investments	-	1,677,004	328,651	-	5
Changes in assumptions	<u>899,319</u>	<u>6,134,603</u>	<u>-</u>	<u>27,508</u>	<u>836</u>
Subtotal	975,674	9,145,697	2,125,665	33,860	929
Contributions subsequent to the measurement date	<u>3,205,197</u>	<u>5,843,206</u>	<u>520,715</u>	<u>10,381</u>	<u>385</u>
Total deferred outflows and contributions subsequent to the measurement date	<u>\$ 4,180,871</u>	<u>\$ 14,988,903</u>	<u>\$ 2,646,380</u>	<u>\$ 44,241</u>	<u>\$ 1,314</u>
<u>Deferred inflows</u>					
Difference between expected and actual experience	\$ 413,315	\$ -	\$ 556,958	\$ 66	\$ 10
Changes in assumptions	-	-	431,084	-	590
Difference between expected and actual earnings on investments	<u>628,103</u>	<u>-</u>	<u>722,862</u>	<u>5,925</u>	<u>-</u>
Total deferred inflows	<u>\$ 1,041,418</u>	<u>\$ -</u>	<u>\$ 1,710,904</u>	<u>\$ 5,991</u>	<u>\$ 600</u>
Pension Expense	\$ 4,382,756	\$ 10,919,134	\$ 107,810	\$ 16,065	\$ 508

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, 2019

Note 11 - 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
2020	\$ 1,270,734	\$ 6,914,922	\$ (435,919)	\$ 10,107	\$ 140
2021	(529,024)	2,597,359	(129,474)	3,049	112
2022	(640,250)	(413,767)	438,259	7,367	62
2023	(167,204)	47,183	336,314	5,557	(45)
2024	-	-	172,760	1,433	8
After	-	-	32,821	356	52
	<u>\$ (65,744)</u>	<u>\$ 9,145,697</u>	<u>\$ 414,761</u>	<u>\$ 27,869</u>	<u>\$ 329</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, 2019

Note 11 - 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 changes in net pension liability has not been provided as the plan does not maintain assets. Accordingly, the plan held no assets at September 30, 2019. The City's annual pension cost at September 30, 2019 is as follows:

Annual required contribution	\$ 308,393
Annual pension cost	308,393
Contributions made	<u>308,393</u>
Change in net pension liability	-
Net pension liability, beginning of year	<u>-</u>
Net pension liability, end of year	<u><u>\$ -</u></u>

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%.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 11 - Employee Retirement Systems (continued)

Retirement Plan and Trust for General Management Employees (continued)

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, 2019

Assets

Investments at fair value \$ 20,389,650

Net Position

Held in trust for pension benefits \$ 20,389,650

Statement of Changes in Fiduciary Net Position

Retirement Plan and Trust for General Management Employees

For the Year Ended September 30, 2019

Additions

Contributions:

Employer \$ 520,715

Employees 83,971

Investment income:

Net appreciation in fair value of investments 1,071,911

Investment expenses (21,769)

Total additions 1,654,828

Deductions

Pension benefit payments 1,429,039

Administrative expenses 40,223

Total deductions 1,469,262

Increase in net position 185,566

Net position - beginning 20,204,084

Net position - ending \$ 20,389,650

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 12 - 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, 2019, the City made contributions of approximately \$44,630 to the Charter Officer Plan for two employees and approximately \$212,920 to the Management Plan. 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%.

Note 13 - 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 13 - Other Post-Employment Benefits (continued)

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, 2018 actuarial valuation using the projected unit credit cost method. Information related to the actuarial valuation follows:

Actuarial methods and assumptions (continued)

Valuation Date	October 1, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.00%
Healthcare cost trend rate	5.00%
Inflation	2.77%
PUB-2010 with generational improvements using Scale MP-2017	

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	15.00%	1.60%
Core Plus	15.00%	2.10%
US Large Cap Equity	34.00%	4.60%
US Small Cap Equity	11.00%	5.50%
Non-US Equity	15.00%	6.70%
Core Real Estate	10.00%	5.00%

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 13 - Other Post-Employment Benefits (continued)

Changes in the Net OPEB Liability

Discount Rate

The rate of 5.00% 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 (5.05%)	\$ 6,157,668	\$ 5,181,940	\$ 4,369,241
Healthcare Cost Trend Rate (5.00%)	4,574,563	5,181,940	5,894,922

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2018	\$ 5,393,355	\$ (3,262,860)	\$ 2,130,495
Change due to:			
Service cost	328,548	-	328,548
Expected interest growth	276,509	(236,464)	40,045
Unexpected investment income	-	17,334	17,334
Demographic experience	924,911	-	924,911
Employer contributions	-	(250,000)	(250,000)
Benefit payments & refunds	(499,106)	-	(499,106)
Administrative expenses	-	15,641	15,641
Assumption changes	2,474,072	-	2,474,072
Balance as of September 30, 2019	\$ 8,898,289	\$ (3,716,349)	\$ 5,181,940

OPEB expense recognized for fiscal year ending September 30, 2019 totaled \$896,313.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 13 - Other Post-Employment Benefits (continued)

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

Fiscal Year:	OPEB Amortization
2020	\$ 1,011,185
2021	1,011,183
2022	835,946
2023	110,457
2024	-
After	-
	\$ 2,968,771

Note 14 - Community Redevelopment Agency

The North Miami Beach Community Redevelopment Agency (NMBCRA) Component Unit incurred the following expenditures during the fiscal year ended September 30, 2019:

<u>Expenditures</u>	<u>Amount</u>
General government	\$ 227,754
Capital outlay	25,940
Debt service:	
Principal	166,667
Interest	41,142
Total expenditures	\$ 461,503

In 2019, the CRA sponsored the OneNMB Concert Series and funded the painting of murals on the library and on a local bike shop located within the 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Note 14 - Community Redevelopment Agency (continued)

Tax Abatements (continued)

One award was granted in January 2016 to the NoMa project, a 249 residential unit mixed use development located at 2145 NE 164th Street and 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. The amount to be rebated in fiscal year 2019 is \$264,700.

Note 15 - 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.

Note 16 – Subsequent Events

On January 29, 2020, the Water Utility issued \$40,030,000 par amount of Water Revenue Bonds, Series 2020A at a premium of \$10,267,112.55 and \$39,945,000 par amount of Taxable Water Revenue Refunding Bonds, Series 2020B at coupon rates of 5%. The proceeds of Series A will be used to invest in the Utility's five-year Capital Improvement Plan. The proceeds of Series B were transferred to TD Bank, N.A. to provide for the escrow requirements for the partial redemption of the Water Revenue Refunding Bonds, Series 2012. The unrefunded portion of the Series 2012 bonds total \$7,730,000 and will be fully redeemed on August 1, 2022. The remainder of the Series 2012 bonds will be considered defeased and the liability will be removed from the Statement of Net Assets for the fiscal year September 30, 2020. The refinancing resulted in an economic gain of approximately \$2.7 million and a decrease of approximately \$316,000 in annual debt service payments.

**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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
REVENUES	Original	Final	Amounts	
Taxes:				
Property taxes	\$ 17,551,000	\$ 17,551,000	\$ 17,674,033	\$ 123,033
User surcharges	7,100,000	7,100,000	8,599,064	1,499,064
Utility taxes	3,365,050	3,365,050	3,663,194	298,144
Communication service taxes	1,500,000	1,500,000	1,668,780	168,780
Sales taxes	3,500,000	3,500,000	3,608,410	108,410
Franchise fees	3,099,000	3,099,000	3,109,634	10,634
Fuel taxes	<u>837,000</u>	<u>837,000</u>	<u>869,086</u>	<u>32,086</u>
Total taxes	36,952,050	36,952,050	39,192,201	2,240,151
Intergovernmental:				
State shared revenue	1,650,000	1,650,000	1,823,572	173,572
State insurance premium taxes	550,000	550,000	490,173	(59,827)
Other State and County revenues	<u>161,700</u>	<u>161,700</u>	<u>162,225</u>	<u>525</u>
Total intergovernmental	2,361,700	2,361,700	2,475,970	114,270
Charges for services:				
General services fees	527,797	527,797	736,699	208,902
Parks & recreation fees	830,400	830,400	816,560	(13,840)
Police services fees	<u>130,000</u>	<u>130,000</u>	<u>214,908</u>	<u>84,908</u>
Total charges for services	1,488,197	1,488,197	1,768,167	279,970
Fines and forfeitures	1,025,000	1,025,000	1,858,431	833,431
Licenses and permits	921,050	921,050	943,422	22,372
Other income:				
Investment income	200,000	200,000	1,006,227	806,227
Impact fees	-	-	26,560	26,560
Miscellaneous	<u>107,800</u>	<u>107,800</u>	<u>868,973</u>	<u>761,173</u>
Total other income	<u>307,800</u>	<u>307,800</u>	<u>1,901,760</u>	<u>1,593,960</u>
Total revenues	<u>\$ 43,055,797</u>	<u>\$ 43,055,797</u>	<u>\$ 48,139,951</u>	<u>\$ 5,084,154</u>

(Continued)

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 GENERAL FUND

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2019

<u>EXPENDITURES</u>	Budgeted Amounts		<u>Actual Amounts</u>	Variance with Final Budget - Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Operating expenditures:				
General government:				
Administrative	\$ 1,605,953	\$ 1,657,153	\$ 1,607,385	\$ 49,768
Legislative	6,661,949	6,683,943	6,378,483	305,460
Executive	3,953,696	3,863,584	2,769,802	1,093,782
Human resources	2,939,036	3,013,163	2,778,080	235,083
Financial services	1,573,270	1,565,992	1,349,260	216,732
Total general government	16,733,904	16,783,835	14,883,010	1,900,825
Public safety	21,840,491	21,871,294	22,203,913	(332,619)
Library	969,641	986,753	932,776	53,977
Parks & Recreation	4,877,339	4,870,899	4,490,223	380,676
Public services	5,405,068	5,854,164	5,240,717	613,447
Total operating expenditures	49,826,443	50,366,945	47,750,639	2,616,306
Capital Outlay:				
General government	22,126	447,022	79,889	367,133
Public safety	672,000	977,587	732,448	245,139
Library	41,000	38,723	18,688	20,035
Parks & Recreation	2,008,000	2,123,267	982,949	1,140,318
Public services	7,410,620	8,632,131	1,947,325	6,684,806
Total capital outlay	10,153,746	12,218,730	3,761,299	8,457,431
Total expenditures	59,980,189	62,585,675	51,511,938	11,073,737
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	6,752,154	6,836,154	6,757,948	(78,206)
Transfers out	(25,716)	(25,716)	(120,298)	(94,582)
Prior year appropriations	10,197,954	12,719,440	-	(12,719,440)
Total other financing sources (uses)	16,924,392	19,529,878	6,637,650	(12,892,228)
Net change in fund balance	\$ -	\$ -	\$ 3,265,663	\$ 3,265,663

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, 2019

	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,642,740	\$ 1,642,740	\$ 1,642,740	\$ -
Other income	15,000	15,000	105,461	90,461
Total revenues	1,657,740	1,657,740	1,748,201	90,461
Expenditures:				
Operating:				
General government	1,796,351	1,796,351	227,754	1,568,597
Capital outlay	1,323,929	1,323,929	25,940	1,297,989
Debt service:				
Principal	166,700	166,700	166,667	33
Interest and other fiscal charges	34,000	34,000	41,142	(7,142)
Total expenditures	3,320,980	3,320,980	461,503	2,859,477
Excess of revenues over expenditures	(1,663,240)	(1,663,240)	1,286,698	2,949,938
Other financing sources (uses):				
Transfers out	(386,760)	(386,760)	(186,760)	(200,000)
Appropriations of prior year fund balance	2,050,000	2,050,000	-	(2,050,000)
Total other financing sources (uses)	1,663,240	1,663,240	(186,760)	(2,250,000)
Net changes in fund balance	\$ -	\$ -	1,099,938	\$ 699,938
Fund balance, beginning			2,061,946	
Fund balance, ending			\$ 3,161,884	

See notes to budgetary comparison schedules

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2019

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. Two public hearings are conducted 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 negative variances in the Special Taxing District Funds result from the City budgeting the assessment revenue at 100% of the levy, but the County provides discounts of up to 5% for early payment of property taxes. Although sufficient funding was budgeted in the City Manager's account, the negative variance in the General Fund Public Safety Department occurred because the Union Negotiations were completed on October 17th; the retroactive payments were completed on November 20th; the date of the last Commission meeting where a budget amendment could have been presented was November 19th; and Florida Statutes prohibit budget transfers after 60 days after year end.

CITY OF NORTH MIAMI BEACH, FLORIDA

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

Measurement date September 30,	Retirement Plan for General Employees				
	2014	2015	2016	2017	2018
Total pension liability - beginning	\$ 98,072,000	\$ 102,007,534	\$ 104,972,279	\$ 106,569,038	\$ 110,816,042
Changes for the year:					
Service cost	1,258,325	1,151,136	1,156,065	953,146	520,878
Interest	7,539,274	7,805,702	7,928,162	8,273,928	8,254,998
Difference between expected and actual experience	515,726	867,625	(350,213)	458,125	(1,239,946)
Change of assumptions	-	-	-	2,910,146	1,375,883
Benefit payments	(5,377,791)	(6,859,718)	(7,137,255)	(8,348,341)	(7,170,315)
Net change in total pension liability	3,935,534	2,964,745	1,596,759	4,247,004	1,741,498
Total pension liability - ending (a)	<u>\$ 102,007,534</u>	<u>\$ 104,972,279</u>	<u>\$ 106,569,038</u>	<u>\$ 110,816,042</u>	<u>\$ 112,557,540</u>
Plan fiduciary net position - beginning	\$ 71,776,351	\$ 77,890,314	\$ 74,770,502	\$ 76,555,716	\$ 79,944,967
Employer contributions	3,545,108	3,528,201	3,285,155	3,249,182	3,453,684
Employee contributions	643,099	632,868	708,318	551,371	387,959
Net investment income (loss)	7,469,081	(261,263)	5,109,744	8,115,172	6,816,079
Benefit payments	(5,377,791)	(6,859,718)	(7,137,255)	(8,348,341)	(7,170,315)
Administrative expenses	(165,534)	(159,900)	(180,748)	(178,133)	(219,961)
Net change in plan fiduciary position	6,113,963	(3,119,812)	1,785,214	3,389,251	3,267,446
Plan fiduciary net position - ending (b)	<u>\$ 77,890,314</u>	<u>\$ 74,770,502</u>	<u>\$ 76,555,716</u>	<u>\$ 79,944,967</u>	<u>\$ 83,212,413</u>
Net pension liability (a-b)	<u>\$ 24,117,220</u>	<u>\$ 30,201,777</u>	<u>\$ 30,013,322</u>	<u>\$ 30,871,075</u>	<u>\$ 29,345,127</u>
Plan fiduciary net position as a percentage of total pension liability	76.36%	71.23%	71.84%	72.14%	73.93%
Covered payroll	\$ 8,935,213	\$ 8,438,765	\$ 7,937,439	\$ 6,934,420	\$ 5,137,361
Net pension liability as a percentage of covered payroll	269.91%	357.89%	378.12%	445.19%	571.21%

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 SIX FISCAL YEARS

Measurement date September 30,	Retirement Plan for Police Officers and Firefighters				
	2014	2015	2016	2017	2018
Total pension liability - beginning	\$ 127,462,645	\$ 130,231,957	\$ 136,441,317	\$ 137,871,599	\$ 144,160,147
Changes for the year:					
Service cost	1,616,907	1,839,411	1,601,153	1,577,364	1,481,104
Interest	9,980,051	10,286,023	10,661,632	10,759,761	11,191,959
Difference between expected and actual experience	-	780,939	(1,344,143)	469,201	1,905,934
Change of assumptions	-	-	-	3,429,737	8,186,842
Adjustment for Chapter 175/185 reserves	-	432,298	242,987	150,662	94,373
Benefit payments	(8,827,646)	(7,129,311)	(9,731,347)	(10,098,177)	(11,708,778)
Net change in total pension liability	2,769,312	6,209,360	1,430,282	6,288,548	11,151,434
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>	<u>\$ 155,311,581</u>
Plan fiduciary net position - beginning	\$ 86,242,705	\$ 93,283,466	\$ 91,342,471	\$ 94,164,922	\$ 100,384,375
Employer contributions	6,357,669	6,498,316	6,254,492	5,589,783	5,550,473
Employee contributions	775,749	669,356	692,487	765,541	792,489
Other contributions	790,839	690,234	605,857	508,655	490,173
Net investment income (loss)	8,534,464	(2,917,644)	5,238,367	9,698,773	7,595,714
Benefit payments	(8,827,646)	(7,129,311)	(9,731,347)	(10,098,177)	(11,708,778)
Administrative expenses	(179,329)	(227,726)	(237,405)	(257,983)	(226,568)
Other changes	(410,985)	475,780	-	12,861	26,751
Net change in plan fiduciary position	7,040,761	(1,940,995)	2,822,451	6,219,453	2,520,254
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>	<u>\$ 102,904,629</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>	<u>\$ 52,406,952</u>
Plan fiduciary net position as a percentage of total pension liability	71.63%	66.95%	68.30%	69.63%	66.26%
Covered payroll	\$ 5,597,265	\$ 5,127,475	\$ 6,586,705	\$ 6,573,350	\$ 6,128,138
Net pension liability as a percentage of covered payroll	660.12%	879.55%	663.56%	665.96%	855.19%

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 SIX FISCAL YEARS

Measurement date September 30,	Retirement Plan and Trust for General Management Employees				
	2014	2015	2016	2017	2018
Total pension liability - beginning	\$ 19,734,068	\$ 22,100,505	\$ 24,218,726	\$ 22,462,768	\$ 22,211,243
Changes for the year:					
Service cost	335,056	406,730	435,918	179,639	197,173
Interest	1,356,133	1,523,007	1,794,281	1,642,670	1,625,817
Difference between expected and actual experience	(182,852)	(10,542)	(1,003,172)	(30,202)	(206,572)
Change of assumptions	2,237,444	1,598,203	(1,244,447)	(627,869)	-
Benefit payments	(1,379,344)	(1,399,177)	(1,738,538)	(1,415,763)	(1,403,616)
Net change in total pension liability	<u>2,366,437</u>	<u>2,118,221</u>	<u>(1,755,958)</u>	<u>(251,525)</u>	<u>212,802</u>
Total pension liability - ending (a)	<u>\$ 22,100,505</u>	<u>\$ 24,218,726</u>	<u>\$ 22,462,768</u>	<u>\$ 22,211,243</u>	<u>\$ 22,424,045</u>
Plan fiduciary net position - beginning	\$ 16,711,216	\$ 16,121,723	\$ 16,894,185	\$ 18,923,591	\$ 20,204,084
Employer contributions	598,464	668,241	1,077,364	946,609	495,292
Employee contributions	234,924	255,493	266,060	93,351	85,503
Net investment income (loss)	14,143	1,303,799	2,485,771	1,719,676	1,071,912
Benefit payments	(1,379,344)	(1,399,177)	(1,738,538)	(1,415,763)	(1,403,616)
Administrative expenses	(57,680)	(55,894)	(61,251)	(63,380)	(61,993)
Net change in plan fiduciary position	<u>(589,493)</u>	<u>772,462</u>	<u>2,029,406</u>	<u>1,280,493</u>	<u>187,098</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,121,723</u>	<u>\$ 16,894,185</u>	<u>\$ 18,923,591</u>	<u>\$ 20,204,084</u>	<u>\$ 20,391,182</u>
Net pension liability (a-b)	<u>\$ 5,978,782</u>	<u>\$ 7,324,541</u>	<u>\$ 3,539,177</u>	<u>\$ 2,007,159</u>	<u>\$ 2,032,863</u>
Plan fiduciary net position as a percentage of total pension liability	72.95%	69.76%	84.24%	90.96%	90.93%
Covered payroll	\$ 2,398,885	\$ 2,027,135	\$ 2,391,509	\$ 2,957,285	\$ 966,946
Net pension liability as a percentage of covered payroll	249.23%	361.32%	147.99%	67.87%	210.24%

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 TWO FISCAL YEARS

Measurement date September 30,	Other Post Employment Benefits	
	2018	2019
Total OPEB liability - beginning	\$ 4,415,393	\$ 5,393,355
Changes for the year:		
Service cost	119,959	328,548
Expected interest growth	305,541	276,509
Demographic experience	(109,329)	924,911
Benefit payments & refunds	(346,834)	(499,106)
Assumption changes	1,008,625	2,474,072
Net change in total pension liability	977,962	3,504,934
Total pension liability - ending (a)	\$ 5,393,355	\$ 8,898,289
Plan fiduciary net position - beginning	\$ 2,804,689	\$ 3,262,860
Expected interest growth	204,405	236,464
Unexpected investment income	19,035	(17,334)
Employer contributions	250,000	250,000
Administrative expenses	(15,269)	(15,641)
Net change in plan fiduciary position	458,171	453,489
Plan fiduciary net position - ending (b)	\$ 3,262,860	\$ 3,716,349
Net pension liability (a-b)	\$ 2,130,495	\$ 5,181,940
Plan fiduciary net position as a percentage of total pension liability	60.50%	41.76%
Covered payroll	\$ 16,684,762	\$ 18,905,504
Net pension liability as a percentage of covered payroll	12.77%	27.41%

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 SIX 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						
9/30/2014	\$ 3,545,108	\$ 3,545,108	\$ -	\$ 8,935,213	39.68%	Actuarial cost method
9/30/2015	3,528,201	3,528,201	-	8,438,765	41.81%	Amortization method
9/30/2016	3,285,155	3,285,155	-	7,937,439	41.39%	Remaining amortization period
9/30/2017	3,249,182	3,249,182	-	6,934,420	46.86%	Asset valuation method
9/30/2018	3,453,684	3,453,684	-	5,137,361	67.23%	Investment rate of return
9/30/2019	3,205,197	3,205,197	-	5,695,108	56.28%	Projected salary increases
						Cost of living adjustments
						Inflation
						RP 2000 Combined Mortality Table for males and females with fully generational projections to each future decrement date using Scale AA
						Entry age normal
						Level percent of pay, closed
						30 years
						Smoothed market value
						7.75%
						4.25% to 8.00%
						2.75%
Retirement Plan for Police Officers and Firefighters						
9/30/2014	\$ 6,357,669	\$ 6,357,669	\$ -	\$ 5,597,265	113.59%	Actuarial cost method
9/30/2015	6,498,316	6,337,328	(160,988)	5,127,475	126.74%	Amortization method
9/30/2016	6,254,492	6,254,492	-	6,586,705	94.96%	Remaining amortization period
9/30/2017	5,578,590	5,578,590	-	6,573,350	84.87%	Asset valuation method
9/30/2018	5,560,258	5,560,258	-	6,128,138	90.73%	Investment rate of return
9/30/2019	5,843,206	5,843,206	-	6,532,396	89.45%	Projected salary increases
						Cost of living adjustments
						Inflation
						RP 2000 Generational, males-10% White Collar/90% Blue Collar Scale BB females-100% White Collar Scale BB
						Entry age normal
						Level percent closed
						30 years
						Actuarial Value
						8.00%
						3.00%
						2.50%
						3.00%
Retirement Plan and Trust for General Management Employees						
9/30/2014	\$ 594,082	\$ 598,464	\$ (4,382)	\$ 2,398,885	24.76%	Actuarial cost method
9/30/2015	598,464	598,464	-	2,027,135	29.52%	Amortization method
9/30/2016	668,241	693,932	(25,691)	2,391,509	27.94%	Remaining amortization period
9/30/2017	1,077,364	1,095,074	(17,710)	2,957,285	36.43%	Asset valuation method
9/30/2018	946,609	946,609	-	966,946	97.90%	Investment rate of return
9/30/2019	520,715	499,428	21,287	1,064,113	48.93%	Projected salary increases
						Cost of living adjustments
						Inflation
						RP 2000 Combined Mortality Table with full generational projections using Scale BB
						Aggregate
						Level dollar, fixed
						19 years
						Market value
						7.00%
						4.00%
						2.25%
						2.92%
Other Post Employment Benefits						
9/30/2018	250,000	-	250,000	16,684,762	1.50%	Actuarial cost method
9/30/2019	250,000	-	250,000	18,905,504	1.32%	Investment rate of return
						Projected salary increases
						Healthcare cost trend rate
						Inflation
						PUB-2010 with generational improvements using Scale MP-2017
						Entry age normal
						7.00%
						3.00%
						5.00%
						2.77%

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 FIVE FISCAL YEARS

Measurement date June 30,	2015	2016	2017	2018	2019
<u>Florida Retirement System</u>					
City's proportion of the net pension liability	0.000312830%	0.000295834%	0.000268619%	0.000226949%	0.000310992%
City's proportionate share of the net pension liability	\$ 48,034	\$ 74,698	\$ 79,456	\$ 68,358	\$ 107,102
Covered payroll	\$ 21,291	\$ 21,692	\$ 21,769	\$ 19,804	\$ 21,759
City's proportionate share of the net pension liability as a percentage of covered payroll	221.51%	349.82%	365.00%	345.17%	492.22%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	84.88%	83.89%	84.26%	82.61%
<u>Health Insurance Subsidy</u>					
City's proportion of the net pension liability	0.000072633%	0.000069977%	0.000067773%	0.000060319%	0.000065452%
City's proportionate share of the net pension liability	\$ 7,406	\$ 8,154	\$ 7,247	\$ 6,384	\$ 7,221
Covered payroll	\$ 21,685	\$ 21,353	\$ 21,769	\$ 19,804	\$ 21,759
City's proportionate share of the net pension liability as a percentage of covered payroll	34.15%	38.19%	33.29%	32.24%	33.19%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.16%	2.63%

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 FIVE FISCAL YEARS

Fiscal year ended September 30,	2015	2016	2017	2018	2019
<u>Florida Retirement System</u>					
Contractually required contribution	\$ 7,627	\$ 7,214	\$ 6,993	\$ 6,468	\$ 9,643
Contributions in relation to the contractually required contribution	<u>7,947</u>	<u>7,745</u>	<u>7,373</u>	<u>7,539</u>	<u>10,408</u>
Contribution deficiency (excess)	<u>\$ (320)</u>	<u>\$ (531)</u>	<u>\$ (380)</u>	<u>\$ (1,071)</u>	<u>\$ (765)</u>
Covered payroll	\$ 21,685	\$ 21,353	\$ 21,769	\$ 19,804	\$ 21,759
Contributions as a percentage of covered payroll	36.65%	36.27%	33.87%	38.07%	47.83%
<u>Health Insurance Subsidy</u>					
Contractually required contribution	\$ 278	\$ 359	\$ 359	\$ 327	\$ 358
Contributions in relation to the contractually required contribution	<u>278</u>	<u>359</u>	<u>359</u>	<u>327</u>	<u>358</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,685	\$ 21,353	\$ 21,769	\$ 19,804	\$ 21,759
Contributions as a percentage of covered payroll	1.28%	1.68%	1.65%	1.65%	1.65%

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, 2019

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Total Contributions</u>	<u>Percentage Contributed</u>
<hr style="border: 0.5px solid black;"/>				
Excess Benefit Plan				
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%
2019	308	308	308	100%

**COMBINING, INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2019

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*.

Eastern Shores Security Special Taxing District – This fund is used to account for the activities related to the guard house located at the 35th Avenue entrance to the Eastern Shores subdivision. The Special Taxing District was created on November 21, 1995 for the purpose of providing security for the area. Administration of the district was transferred from Miami-Dade County to the City of North Miami Beach on February 2, 2018.

Eastern Shores First Addition Security Guard Special Taxing District – This fund is used to account for the activities related to the guard house located at the 164th Street entrance to the Eastern Shores subdivision. The Special Taxing District was created on April 7, 1994 for the purpose of providing security for the area. Administration of the district was transferred from Miami-Dade County to the City of North Miami Beach on February 2, 2018.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2019

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.

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, 2019

Special Revenue Funds

	<u>Grants Funds</u>	<u>Transit Surtax</u>	<u>Confiscated Property</u>	<u>Eastern Shores Security Special Taxing District</u>	<u>Eastern Shores First Addition Security Guard Special Taxing District</u>	<u>Total Special Revenue</u>
<u>ASSETS</u>						
Pooled cash and investments	\$ 119,496	\$ 989,766	\$ 5,100,148	\$ 191,262	\$ 64,963	\$ 6,465,635
Accounts receivable:						
Intergovernmental	-	504,465	-	3	-	504,468
Grants	523,543	-	-	-	-	523,543
Prepays	-	-	42,676	-	-	42,676
Total assets	<u>\$ 643,039</u>	<u>\$ 1,494,231</u>	<u>\$ 5,142,824</u>	<u>\$ 191,265</u>	<u>\$ 64,963</u>	<u>\$ 7,536,322</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 73,838	\$ 388,295	\$ 32,045	\$ 5,033	\$ 9,310	\$ 508,521
Due to other funds	418,317	-	-	-	-	418,317
Total liabilities	<u>492,155</u>	<u>388,295</u>	<u>32,045</u>	<u>5,033</u>	<u>9,310</u>	<u>926,838</u>
Fund balances:						
Nonspendable:						
Prepays	-	-	42,676	-	-	42,676
Restricted:						
Interlocal agreements	150,884	1,105,936	-	-	-	1,256,820
Special Taxing Districts	-	-	-	186,232	55,653	241,885
Public Safety	-	-	5,068,103	-	-	5,068,103
Total fund balances	<u>150,884</u>	<u>1,105,936</u>	<u>5,110,779</u>	<u>186,232</u>	<u>55,653</u>	<u>6,609,484</u>
Total liabilities and fund balances	<u>\$ 643,039</u>	<u>\$ 1,494,231</u>	<u>\$ 5,142,824</u>	<u>\$ 191,265</u>	<u>\$ 64,963</u>	<u>\$ 7,536,322</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2019

	Debt Service Funds				
	Series 2011	Series 2012	Series 2013	Series 2015	Total Debt Service
<u>ASSETS</u>					
Pooled cash and investments	\$ -	\$ 6,692	\$ 85,390	\$ 651	\$ 92,733
Total assets	\$ -	\$ 6,692	\$ 85,390	\$ 651	\$ 92,733
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ 16,362	\$ -	\$ -	\$ -	\$ 16,362
Fund balances:					
Restricted:					
Debt service	-	6,692	85,390	651	92,733
Unassigned:	(16,362)	-	-	-	(16,362)
Total fund balances	(16,362)	6,692	85,390	651	76,371
Total liabilities and fund balances	\$ -	\$ 6,692	\$ 85,390	\$ 651	\$ 92,733

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2019

	Capital Projects Fund Alley Restoration Program	Total Capital Projects	Total Non-major Governmental Funds
<u>ASSETS</u>			
Pooled cash and investments	\$ 293,383	\$ 293,383	\$ 6,851,751
Accounts receivable:			
Intergovernmental	-	-	504,468
Grants	-	-	523,543
Prepaid costs	-	-	42,676
Total assets	\$ 293,383	\$ 293,383	\$ 7,922,438
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 508,521
Due to other funds	-	-	434,679
Total liabilities	-	-	943,200
Fund balances:			
Nonspendable:			
Prepaid costs	-	-	42,676
Restricted:			
Interlocal agreements	-	-	1,256,820
Special Taxing Districts	-	-	241,885
Debt service	-	-	92,733
Public Safety	-	-	5,068,103
Committed:			
Alley restoration	293,383	293,383	293,383
Unassigned:			
Debt service	-	-	(16,362)
Total fund balances	293,383	293,383	6,979,238
Total fund balances and liabilities	\$ 293,383	\$ 293,383	\$ 7,922,438

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, 2019

	Special Revenue Funds					
	Grants Funds	Transit Surtax	Confiscated Property	Eastern Shores Security Special Taxing District	Eastern Shores First Addition Security Guard Special Taxing District	Total Special Revenue
Revenues:						
Intergovernmental	\$ -	\$ 1,945,188	\$ -	\$ -	\$ -	\$ 1,945,188
Grants	954,596	-	-	-	-	954,596
Non-Ad valorem assessments	-	-	-	500,468	205,311	705,779
Fines and forfeitures	-	-	1,509,959	-	-	1,509,959
Miscellaneous	-	-	24,303	175	90	24,568
Total revenues	954,596	1,945,188	1,534,262	500,643	205,401	5,140,090
Expenditures:						
Operating expenditures:						
General government	-	926,000	-	-	-	926,000
Public safety	116,883	-	1,636,807	284,662	139,370	2,177,722
Library	124,811	-	-	-	-	124,811
Parks & Recreation	14,718	-	-	-	-	14,718
Public works	276,184	-	-	-	-	276,184
Capital outlay	382,824	624,262	527,946	1,343	-	1,536,375
Interest and other fiscal charges	-	-	-	2,325	307	2,632
Total expenditures	915,420	1,550,262	2,164,753	288,330	139,677	5,058,442
Excess (deficiency) of revenues over expenditures	39,176	394,926	(630,491)	212,313	65,724	81,648
Other financing uses:						
Transfers in	94,582	-	-	-	-	94,582
Transfers out	(47,230)	(740,293)	-	-	-	(787,523)
Total other financing uses	47,352	(740,293)	-	-	-	(692,941)
Net change in fund balances	86,528	(345,367)	(630,491)	212,313	65,724	(611,293)
Fund balances, beginning	64,356	1,451,303	5,741,270	(26,081)	(10,071)	7,220,777
Fund balances, ending	\$ 150,884	\$ 1,105,936	\$ 5,110,779	\$ 186,232	\$ 55,653	\$ 6,609,484

(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, 2019

	Debt Service Funds				
	Series 2011	Series 2012	Series 2013	Series 2015	Total Debt Service
Revenues:					
Property taxes	\$ 1,196,709	\$ 799,968	\$ -	\$ -	\$ 1,996,677
Expenditures:					
Debt service:					
Principal	640,000	690,000	613,000	24,696	1,967,696
Interest and other fiscal charges	<u>556,710</u>	<u>109,968</u>	<u>15,843</u>	<u>738</u>	<u>683,259</u>
Total expenditures	<u>1,196,710</u>	<u>799,968</u>	<u>628,843</u>	<u>25,434</u>	<u>2,650,955</u>
Excess (deficiency) of revenues over expenditures	(1)	-	(628,843)	(25,434)	(654,278)
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>-</u>	<u>628,843</u>	<u>25,716</u>	<u>654,559</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>628,843</u>	<u>25,716</u>	<u>654,559</u>
Net change in fund balances	(1)	-	-	282	281
Fund balances, beginning	<u>(16,361)</u>	<u>6,692</u>	<u>85,390</u>	<u>369</u>	<u>76,090</u>
Fund balances, ending	<u>\$ (16,362)</u>	<u>\$ 6,692</u>	<u>\$ 85,390</u>	<u>\$ 651</u>	<u>\$ 76,371</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, 2019

	Capital Projects Fund	Total Capital Projects	Total Non-major Governmental Funds
	Alley Restoration Program		
Revenues:			
Property taxes	\$ -	\$ -	\$ 1,996,677
Intergovernmental	-	-	1,945,188
Non-Ad valorem assessments	-	-	705,779
Grants	-	-	954,596
Fines and forfeitures	-	-	1,509,959
Other income	-	-	24,568
Total revenues	-	-	7,136,767
Expenditures:			
Operating expenditures:			
General government	-	-	926,000
Public safety	-	-	2,177,722
Library	-	-	124,811
Parks & Recreation	-	-	14,718
Public works	-	-	276,184
Capital outlay	-	-	1,536,375
Debt service:			
Principal	-	-	1,967,696
Interest and other fiscal charges	-	-	685,891
Total expenditures	-	-	7,709,397
Excess (deficiency) of revenues over expenditures	-	-	(572,630)
Other financing sources (uses):			
Transfers in	-	-	749,141
Transfers out	-	-	(787,523)
Total other financing sources (uses)	-	-	(38,382)
Net change in fund balances	-	-	(611,012)
Fund balances, beginning	293,383	293,383	7,590,250
Fund balances, ending	\$ 293,383	\$ 293,383	\$ 6,979,238

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, 2019

TRANSIT SURTAX FUND				
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,750,000	\$ 1,750,000	\$ 1,945,188	\$ 195,188
Expenditures:				
Operating expenditures:				
Public works	830,494	987,963	926,000	61,963
Capital outlay	1,000,000	1,274,309	624,262	650,047
Total expenditures	1,830,494	2,262,272	1,550,262	712,010
Excess of revenues over expenditures	(80,494)	(512,272)	394,926	907,198
Other financing sources (uses):				
Transfers out	(740,295)	(740,295)	(740,293)	2
Appropriations of prior year fund balance	820,789	1,252,567	-	(1,252,567)
Total other financing sources (uses)	80,494	512,272	(740,293)	(1,252,565)
Net changes in fund balance	\$ -	\$ -	(345,367)	\$ (345,367)
Fund balance, beginning			1,451,303	
Fund balance, ending			\$ 1,105,936	

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, 2019

	Eastern Shores Security Special Taxing District				Eastern Shores First Addition Security Guard Special Taxing District			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Non-Ad valorem Assessments	\$ 520,867	\$ 520,867	\$ 500,468	\$ (20,399)	\$ 214,099	\$ 214,099	\$ 205,311	\$ (8,788)
Other revenue	(200)	(200)	175	375	(200)	(200)	90	290
Total revenues	<u>520,667</u>	<u>520,667</u>	<u>500,643</u>	<u>(20,024)</u>	<u>213,899</u>	<u>213,899</u>	<u>205,401</u>	<u>(8,498)</u>
Expenditures:								
Operating expenditures:								
Public Safety	397,001	397,001	284,662	112,339	130,412	133,412	139,370	(5,958)
Capital outlay	-	-	1,343	-	-	-	-	-
Interest and other fiscal charges	2,769	2,769	2,325	444	-	-	307	(307)
Total expenditures	<u>399,770</u>	<u>399,770</u>	<u>288,330</u>	<u>111,440</u>	<u>130,412</u>	<u>133,412</u>	<u>139,677</u>	<u>(6,265)</u>
Excess of revenues over expenditures	<u>120,897</u>	<u>120,897</u>	<u>212,313</u>	<u>91,416</u>	<u>83,487</u>	<u>80,487</u>	<u>65,724</u>	<u>(14,763)</u>
Other financing sources (uses):								
Appropriations of prior year fund balanc	<u>120,897</u>	<u>120,897</u>	-	(120,897)	<u>62,486</u>	<u>62,486</u>	-	(62,486)
Total other financing sources (uses)	<u>120,897</u>	<u>120,897</u>	-	(120,897)	<u>62,486</u>	<u>62,486</u>	-	(62,486)
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,313</u>	<u>\$ 212,313</u>	<u>\$ 21,001</u>	<u>\$ 18,001</u>	<u>\$ 65,724</u>	<u>\$ 47,723</u>
Fund balance, beginning			<u>(26,081)</u>				<u>(10,071)</u>	
Fund balance, ending			<u>\$ 186,232</u>				<u>\$ 55,653</u>	<u>(continued)</u>

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, 2019

	SERIES 2011				SERIES 2012			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Property taxes	\$1,196,709	\$1,196,709	\$1,196,709	\$ -	\$ 799,968	\$ 799,968	\$ 799,968	\$ -
Total revenues	1,196,709	1,196,709	1,196,709	-	799,968	799,968	799,968	-
Expenditures:								
Debt service:								
Principal	640,000	640,000	640,000	-	690,000	690,000	690,000	-
Interest and other fiscal charges	556,709	556,709	556,710	(1)	109,968	109,968	109,968	-
Total expenditures	1,196,709	1,196,709	1,196,710	(1)	799,968	799,968	799,968	-
Net changes in fund balance	\$ -	\$ -	(1)	\$ (1)	\$ -	\$ -	-	\$ -
Fund balance, beginning			(16,361)				6,692	
Fund balance, ending			\$ (16,362)				\$ 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, 2019

	SERIES 2013				SERIES 2015			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Expenditures:								
Debt service:								
Principal	\$613,000	\$613,000	\$613,000	\$ -	\$ 24,696	\$ 24,696	\$24,696	\$ -
Interest and other fiscal charges	<u>15,845</u>	<u>15,845</u>	<u>15,843</u>	<u>2</u>	<u>1,020</u>	<u>1,020</u>	<u>738</u>	<u>282</u>
Total expenditures	628,845	628,845	628,843	2	25,716	25,716	25,434	282
Other financing sources:								
Transfers in	<u>628,845</u>	<u>628,845</u>	<u>628,843</u>	<u>(2)</u>	<u>25,716</u>	<u>25,716</u>	<u>25,716</u>	<u>-</u>
Total other financing sources	<u>628,845</u>	<u>628,845</u>	<u>628,843</u>	<u>(2)</u>	<u>25,716</u>	<u>25,716</u>	<u>25,716</u>	<u>-</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	282	<u>\$ (282)</u>
Fund balance, beginning			85,390				369	
Fund balance, ending			<u>\$ 85,390</u>				<u>\$ 651</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, 2019

ALLEY RESTORATION PROGRAM

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay	\$ 293,382	\$ 293,382	\$ -	\$ 293,382
Total expenditures	293,382	293,382	-	293,382
Other financing sources:				
Prior year appropriations	<u>293,382</u>	<u>293,382</u>	<u>-</u>	<u>(293,382)</u>
Total other financing sources	<u>293,382</u>	<u>293,382</u>	<u>-</u>	<u>(293,382)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>293,383</u>	
Fund balance, ending			<u>\$ 293,383</u>	



NON-MAJOR ENTERPRISE FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2019

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, 2019

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Pooled cash and investments	\$ 888,512	\$ 8,746,216	\$ 9,634,728
Accounts receivable, net	382,509	-	382,509
Due from other funds	-	1,107,117	1,107,117
Prepaid expenses	-	<u>38,713</u>	<u>38,713</u>
Total current assets	1,271,021	9,892,046	11,163,067
Non-current assets			
Capital assets, non-depreciable	862,680	39,621	902,301
Capital assets - net of accumulated depreciation	<u>3,301,878</u>	<u>82,082</u>	<u>3,383,960</u>
Total assets	<u>\$ 5,435,579</u>	<u>\$ 10,013,749</u>	<u>\$ 15,449,328</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>\$ 122,755</u>	<u>\$ 1,155,807</u>	<u>\$ 1,278,562</u>
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 47,511	\$ 382,118	\$ 429,629
Current portions of:			
Notes payable	190,211	-	190,211
Compensated absences	<u>19,173</u>	<u>52,642</u>	<u>71,815</u>
Total current liabilities	256,895	434,760	691,655
Non-current liabilities:			
Notes payable	194,358	-	194,358
Net pension liability	361,646	694,903	1,056,549
Compensated absences	6,308	18,226	24,534
Other post-employment benefits	<u>23,617</u>	<u>121,261</u>	<u>144,878</u>
Total non-current liabilities	<u>585,929</u>	<u>834,390</u>	<u>1,420,319</u>
Total liabilities	<u>\$ 842,824</u>	<u>\$ 1,269,150</u>	<u>\$ 2,111,974</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>\$ 26,609</u>	<u>\$ 579,034</u>	<u>\$ 605,643</u>
 <u>NET POSITION</u>			
Net investment in capital assets	\$ 3,779,989	\$ 121,703	\$ 3,901,692
Unrestricted	<u>908,912</u>	<u>9,199,669</u>	<u>10,108,581</u>
Total net position	<u>\$ 4,688,901</u>	<u>\$ 9,321,372</u>	<u>\$ 14,010,273</u>

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, 2019

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,467,640	\$ 2,576,425	\$ 4,044,065
Total operating revenues	<u>1,467,640</u>	<u>2,576,425</u>	<u>4,044,065</u>
Operating expenses:			
Personnel services	544,403	1,505,341	2,049,744
Other operating costs	308,406	352,729	661,135
Depreciation	<u>337,415</u>	<u>33,278</u>	<u>370,693</u>
Total operating expenses	<u>1,190,224</u>	<u>1,891,348</u>	<u>3,081,572</u>
Operating income	277,416	685,077	962,493
Non-operating revenue (expense):			
Investment income	32,564	308,425	340,989
Miscellaneous income	-	281,355	281,355
Interest and other fiscal charges	<u>(12,442)</u>	<u>-</u>	<u>(12,442)</u>
Total non-operating revenue	<u>20,122</u>	<u>589,780</u>	<u>609,902</u>
Income before transfers	297,538	1,274,857	1,572,395
Transfers out	<u>(168,250)</u>	<u>(518,494)</u>	<u>(686,744)</u>
Change in net position	129,288	756,363	885,651
Net position - beginning	<u>4,559,613</u>	<u>8,565,009</u>	<u>13,124,622</u>
Net position, ending	<u>\$ 4,688,901</u>	<u>\$ 9,321,372</u>	<u>\$ 14,010,273</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Stormwater <u>Utility</u>	Building <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,365,688	\$ 2,857,950	\$ 4,223,638
Cash payments to internal service funds	(23,620)	(188,964)	(212,584)
Cash payments to suppliers	(361,713)	(291,373)	(653,086)
Cash payments to and on behalf of employees	(466,806)	(1,598,406)	(2,065,212)
Cash payments to other funds	<u>-</u>	<u>(522,711)</u>	<u>(522,711)</u>
Net cash provided by operating activities	513,549	256,496	770,045
Cash flows from noncapital financing activities:			
Transfers to other funds	(168,250)	(518,494)	(686,744)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	603,628	-	603,628
Disposal of capital assets	(1,207,256)	-	(1,207,256)
Principal paid on long-term debt	(186,153)	-	(186,153)
Interest paid on long-term debt	<u>(12,442)</u>	<u>-</u>	<u>(12,442)</u>
Net cash used in capital and related financing activities	(802,223)	-	(802,223)
Cash flows from investing activities:			
Investment purchases	(801,608)	(6,254,255)	(7,055,863)
Investment calls and maturities	801,810	6,384,468	7,186,278
Investment income	<u>32,362</u>	<u>178,212</u>	<u>210,574</u>
Net cash provided by investing activities	32,564	308,425	340,989
Net increase (decrease) in pooled cash and investments:			
Pooled cash and investments, beginning	(424,360)	46,427	(377,933)
Pooled cash and investments, ending	<u>1,312,872</u>	<u>8,699,789</u>	<u>10,012,661</u>
Pooled cash and investments, ending	<u>\$ 888,512</u>	<u>\$ 8,746,216</u>	<u>\$ 9,634,728</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 277,416	\$ 685,077	\$ 962,493
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	337,415	33,278	370,693
Other income	-	281,355	281,355
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	(101,952)	170	(101,782)
Due from other funds	-	(522,711)	(522,711)
Prepaid	-	(38,712)	(38,712)
Deferred outflows of resources	72,707	(295,494)	(222,787)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	(74,824)	(122,372)	(197,196)
Pension and OPEB liabilities	(20,115)	12,536	(7,579)
Deferred inflows of resources	<u>22,902</u>	<u>223,369</u>	<u>246,271</u>
Total adjustments	<u>236,133</u>	<u>(428,581)</u>	<u>(192,448)</u>
Net cash provided by operating activities	<u>\$ 513,549</u>	<u>\$ 256,496</u>	<u>\$ 770,045</u>
Non-cash investing, capital and financing activities:			
Increase in fair value of investments	<u>\$ 9,757</u>	<u>\$ 108,492</u>	<u>\$ 118,249</u>



FIDUCIARY FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2019

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	\$ 2,929	\$ 2,604	\$ -	\$ -	\$ 5,533
Investments:					
Equity securities	47,762,650	59,071,077	-	-	106,833,727
Money market funds	1,969,872	2,148,237	20,389,650	3,716,349	28,224,108
Government securities	7,274,506	14,171,277	-	-	21,445,783
Corporate bonds	9,870,459	16,107,858	-	-	25,978,317
Real estate	8,330,751	7,613,063	-	-	15,943,814
Mutual funds	2,050,687	2,011,961	-	-	4,062,648
Hedge funds	4,129,288	314,109	-	-	4,443,397
Total investments	81,388,213	101,437,582	20,389,650	3,716,349	206,931,794
Accrued interest receivable	139,436	236,251	-	-	375,687
Other receivables	137,444	105,859	-	-	243,303
Total assets	\$ 81,668,022	\$ 101,782,296	\$ 20,389,650	\$ 3,716,349	\$ 207,556,317
<u>LIABILITIES</u>					
Accounts payable	\$ 194,310	\$ 203,559	\$ -	\$ -	\$ 397,869
<u>NET POSITION</u>					
Net position restricted for pensions	\$ 81,473,712	\$ 101,578,737	\$ 20,389,650	\$ 3,716,349	\$ 207,158,448

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	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>ADDITIONS</u>					
Contributions:					
Employer	\$ 3,205,197	\$ 5,843,206	\$ 520,715	\$ 562,351	\$ 10,131,469
Employee	416,359	781,702	83,971	-	1,282,032
State of Florida	-	490,173	-	-	490,173
Total contributions	3,621,556	7,115,081	604,686	562,351	11,903,674
Investment income (expense):					
Net appreciation (depreciation) in fair value of investments	464,956	(692,136)	1,071,911	219,130	1,063,861
Interest and dividends	2,341,152	2,618,833	-	-	4,959,985
Investment expenses	(455,474)	(526,702)	(21,769)	-	(1,003,945)
Net investment gain	2,350,634	1,399,995	1,050,142	219,130	5,019,901
Other income	36,981	30,521	-	-	67,502
Total additions	6,009,171	8,545,597	1,654,828	781,481	16,991,077
<u>DEDUCTIONS</u>					
Pension benefit payments	7,566,804	9,636,758	1,429,039	312,351	18,944,952
Administrative expenses	181,068	234,731	40,223	15,641	471,663
Total deductions	7,747,872	9,871,489	1,469,262	327,992	19,416,615
Change in position held in trust	(1,738,701)	(1,325,892)	185,566	453,489	(2,425,538)
Net position restricted for pensions, beginning	83,212,413	102,904,629	20,204,084	3,262,860	209,583,986
Net position restricted for pensions, ending	\$ 81,473,712	\$ 101,578,737	\$ 20,389,650	\$ 3,716,349	\$ 207,158,448

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

		Police Holding Account			
		<u>Beginning Balance</u>	<u>Seizures</u>	<u>Distributions</u>	<u>Ending Balance</u>
	<u>ASSETS</u>				
Cash		\$ <u>697,112</u>	\$ <u>382,799</u>	\$ <u>(348,496)</u>	\$ <u>731,415</u>
	<u>LIABILITIES</u>				
Deposits awaiting adjudication		\$ <u>697,112</u>	\$ <u>382,799</u>	\$ <u>(348,496)</u>	\$ <u>731,415</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>	131-134
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	135-141
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>	142-145
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>	146-148
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>	149-150

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									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities:										
Net investment in capital assets	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494	\$ 41,846	\$ 41,751	\$ 45,614	\$ 47,555	\$ 50,498	\$ 51,941
Restricted	6,324	14,422	16,699	15,054	12,186	11,326	10,202	10,412	10,826	10,941
Unrestricted	<u>23,577</u>	<u>9,913</u>	<u>15,121</u>	<u>20,026</u>	<u>22,992</u>	<u>(34,160)</u>	<u>(29,701)</u>	<u>(21,503)</u>	<u>(25,448)</u>	<u>(22,745)</u>
Total governmental activities net position	<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>	<u>\$ 40,137</u>
Business-type activities:										
Net investment in capital assets	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063	\$ 86,582	\$ 92,456	\$ 89,253	\$ 89,394	\$ 97,350	\$ 104,546
Restricted	833	907	1,545	3,380	7,691	10,256	14,524	15,990	5,651	8,880
Unrestricted (deficit)	<u>(2,534)</u>	<u>10,200</u>	<u>21,600</u>	<u>19,780</u>	<u>25,188</u>	<u>33,337</u>	<u>38,801</u>	<u>44,731</u>	<u>34,893</u>	<u>25,448</u>
Total business-type activities net position	<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>	<u>\$ 138,874</u>
Total government:										
Net investment in capital assets	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557	\$ 128,428	\$ 134,207	\$ 134,867	\$ 136,949	\$ 147,848	\$ 156,487
Restricted	7,157	15,329	18,244	18,434	19,877	21,582	24,726	26,402	16,477	19,821
Unrestricted	<u>21,043</u>	<u>20,113</u>	<u>36,721</u>	<u>39,806</u>	<u>48,180</u>	<u>(823)</u>	<u>9,100</u>	<u>23,228</u>	<u>9,445</u>	<u>2,703</u>
Total City net position	<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>	<u>\$ 179,011</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018	\$ 10,493	\$ 13,752	\$ 15,009	\$ 12,378	\$ 24,627	\$ 16,665
Public safety	22,091	25,069	22,452	22,793	22,206	21,824	21,918	25,422	22,918	30,444
Parks and Recreation	5,373	4,950	4,561	4,555	4,771	4,617	5,166	5,432	5,669	5,792
Public works	10,718	10,631	5,213	4,087	4,147	4,386	3,988	4,304	4,811	5,794
Interest on long-term debt	1,943	1,735	1,580	1,153	1,214	813	736	643	1,485	703
Total governmental activities	<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>	<u>59,398</u>
Business-type activities:										
Water	23,990	23,367	22,579	23,424	21,082	16,329	26,092	27,015	34,394	35,912
Wastewater	5,305	4,487	3,952	4,156	3,929	4,033	5,306	6,057	11,993	9,451
Solid waste	-	-	6,574	6,749	7,186	6,551	8,813	8,276	10,355	8,259
Stormwater	868	864	886	633	645	592	1,002	998	1,022	1,203
Building permits	1,359	1,437	1,293	1,257	1,289	1,355	2,077	1,567	1,768	1,891
Total business-type activities	<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>	<u>56,716</u>
Total government expenses	<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>	<u>\$ 116,114</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913	\$ 1,629	\$ 1,732	\$ 1,583	\$ 2,120	\$ 2,612	\$ 1,916
Public safety	1,513	5,095	6,801	2,857	1,512	177	194	1,634	1,850	2,073
Parks and R.E.C.	597	821	838	956	823	841	856	783	933	817
Public works	8,870	8,956	(979)	-	-	-	-	-	-	-
Operating grants and contributions	2,013	1,028	945	169	78	2,209	2,439	1,438	573	2,082
Capital grants and contributions	3	2,013	1,069	1,129	706	543	1,614	440	938	383
Total governmental activities program revenues	<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>	<u>7,271</u>
Business-type activities:										
Charges for services:										
Water	31,465	33,790	27,990	27,795	27,547	32,915	30,546	32,232	31,656	34,804
Sewer	7,082	7,701	7,490	7,487	7,532	7,036	6,956	7,451	7,029	9,878
Solid waste	-	-	9,992	8,832	8,860	8,939	9,343	10,181	9,666	8,812
Stormwater	1,282	1,268	1,279	1,266	1,273	1,269	1,235	1,313	1,221	1,468
Building permits	1,250	1,204	1,514	1,307	2,073	3,800	3,311	4,726	2,565	2,576
Operating grants and contributions	1,536	2,334	-	-	-	-	-	-	-	-
Capital grants and contributions	770	482	2,163	-	-	-	-	-	-	-
Total business-type activities program revenues	<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>	<u>57,538</u>
Total program revenues	<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>	<u>\$ 64,809</u>
Net (expense) revenue:										
Governmental activities	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)	\$ (38,083)	\$ (39,890)	\$ (40,131)	\$ (41,764)	\$ (52,604)	\$ (52,127)
Business-type activities	11,863	16,624	15,144	10,468	13,154	25,099	8,101	11,990	(7,395)	822
Total net expense	<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>	<u>\$ (51,305)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067	\$ 16,470	\$ 17,346	\$ 19,671
Sales and other taxes	9,282	9,559	9,601	10,021	10,081	11,124	11,399	11,464	11,776	12,919
State and local shared revenue	5,085	5,671	5,325	5,311	5,187	4,319	4,841	5,334	5,465	6,064
Unrestricted investment earnings (losses)	353	131	223	(389)	700	382	146	173	295	1,112
User surcharges	-	-	-	-	-	-	7,163	8,571	7,164	9,330
Miscellaneous	1,793	284	675	441	7,149	7,999	962	890	595	894
Transfers	13,054	13,769	12,757	13,386	7,546	7,946	8,750	9,210	10,605	6,398
Total governmental activities	<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>	<u>56,388</u>
Business-type activities:										
Unrestricted investment earnings (losses)	167	46	94	(324)	956	1,202	845	726	859	1,700
User surcharges	-	-	-	-	-	-	3,466	2,842	1,582	1,482
Miscellaneous	2,218	6,261	7,593	9,307	2,673	5,035	2,867	1,190	3,415	3,374
Transfers	(13,054)	(13,769)	(12,757)	(13,386)	(7,546)	(7,946)	(8,750)	(9,210)	(10,605)	(6,398)
Total business-type activities	<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>	<u>158</u>
Total general revenues	<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>	<u>\$ 56,546</u>
Change in net position:										
Governmental activities	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552	\$ 5,449	\$ 5,632	\$ 7,197	\$ 10,348	\$ 642	\$ 4,261
Business-type activities	1,194	9,162	10,074	6,065	9,237	23,390	6,529	7,538	(12,144)	980
Total change in net position	<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>	<u>\$ 5,241</u>

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund:									
Nonspendable:									
Inventories	\$ 226,484	\$ 226,484	\$ 200,022	\$ 185,230	\$ 203,438	\$ 154,851	\$ 147,157	\$ 168,360	\$ 162,606
Prepaid costs	795	-	12,576	681	38,731	78,553	32,852	62,268	79,145
Restricted:									
Impact fees	35,093	114,299	188,418	199,549	629,237	554,641	316,224	1,434,748	1,377,798
Committed:									
Disaster recovery	-	-	-	-	-	-	-	-	500,000
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	2,461,927
Liability claims	1,249,412	719,451	1,595,969	1,974,927	825,856	782,523	1,163,957	1,597,883	2,016,828
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	2,269,218
Land acquisition	115,996	100,000	100,000	68,574	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	29,183,119
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	38,119,215
All other governmental funds:									
Nonspendable:									
Prepaid costs	752,078	7,232	416,053	-	6,362	3,740	4,485	3,535	42,676
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	92,733
Community Redevelopment	5,633,272	5,037,009	4,484,008	625,845	719,620	843,322	1,311,639	2,061,946	3,161,884
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	1,256,820
Special taxing districts	-	-	-	-	-	-	-	-	241,885
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	5,068,103
Committed:									
Alley restoration	258,871	257,143	258,102	273,623	274,175	293,382	293,382	293,383	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)	(16,362)
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	10,141,122
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	\$ 48,260,337

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067	\$ 16,470	\$ 17,346	\$ 19,671
User surcharges	-	-	-	-	-	-	7,164	8,571	7,164	8,626
Franchise fees	2,225	2,019	1,943	1,898	2,064	2,098	2,072	2,138	2,126	3,110
Utility taxes	2,680	2,751	2,794	2,936	3,162	3,209	3,336	3,406	3,566	3,663
Communication service tax	2,140	2,314	2,168	2,105	1,827	1,792	1,843	1,748	1,682	1,669
Other taxes	561	628	733	3,932	3,829	4,025	4,149	4,172	4,402	4,477
Licenses and permits	574	885	919	937	829	940	786	939	978	943
Intergovernmental revenue	6,761	7,518	7,288	4,391	4,321	4,319	4,841	5,334	5,465	6,064
Charges for services	11,571	12,210	869	2,130	1,786	1,809	1,847	1,570	1,793	1,768
Fines and forfeitures	1,465	4,874	6,547	2,658	1,349	2,005	3,183	2,842	3,030	3,368
Non-ad valorem assessments	-	-	-	-	-	-	-	-	-	706
Other	3,951	3,325	2,728	1,810	7,997	8,746	1,832	1,224	957	1,848
Investment income (losses)	353	131	223	(389)	700	382	146	176	295	1,112
Total revenues	<u>48,544</u>	<u>49,207</u>	<u>39,512</u>	<u>34,772</u>	<u>40,733</u>	<u>43,077</u>	<u>45,266</u>	<u>48,590</u>	<u>48,804</u>	<u>57,025</u>
Expenditures:										
Current:										
General government	15,237	13,116	10,498	10,052	10,384	12,873	13,179	13,300	16,506	16,037
Public safety	24,566	24,501	21,812	22,147	21,526	21,049	21,196	22,371	23,185	24,381
Library	-	-	-	-	-	-	-	839	937	1,058
Parks and Recreation	5,175	4,945	4,402	4,382	4,589	4,423	4,992	4,372	4,498	4,505
Public works	10,001	10,214	3,469	3,943	4,004	4,230	3,820	4,093	4,548	5,517
Capital outlay	6,310	5,897	1,675	2,754	3,864	4,985	6,055	3,708	4,018	5,323
Debt service:										
Principal	2,523	2,393	2,338	2,357	5,516	2,441	2,672	2,047	2,089	2,134
Interest and other fiscal charges	1,907	1,830	1,719	1,154	941	813	771	697	1,479	727
Total expenditures	<u>65,719</u>	<u>62,896</u>	<u>45,913</u>	<u>46,789</u>	<u>50,824</u>	<u>50,814</u>	<u>52,685</u>	<u>51,427</u>	<u>57,260</u>	<u>59,682</u>
Deficiency of revenues over expenditures	(17,175)	(13,689)	(6,401)	(12,017)	(10,091)	(7,737)	(7,419)	(2,837)	(8,456)	(2,657)
Other financing sources (uses):										
Transfers in	17,980	15,750	14,508	15,089	8,563	9,232	9,628	10,085	11,526	7,507
Transfers out	(4,926)	(1,981)	(1,752)	(1,703)	(1,017)	(1,287)	(878)	(872)	(919)	(1,095)
Lease proceeds	-	-	-	-	2,851	-	-	-	-	-
Debt issuance	517	14,835	8,190	3,719	-	120	-	-	-	-
Payment to escrow agent	-	(14,835)	(8,140)	(3,719)	-	-	-	-	-	-
Total other financing sources (use)	<u>13,571</u>	<u>13,769</u>	<u>12,806</u>	<u>13,386</u>	<u>10,397</u>	<u>8,065</u>	<u>8,750</u>	<u>9,213</u>	<u>10,607</u>	<u>6,412</u>
Net change in fund balances	(3,604)	80	6,405	1,369	306	328	1,331	6,376	2,150	3,755
Fund balances - beginning	29,800	26,196	26,276	32,681	34,050	34,356	34,684	36,015	42,391	44,505
Fund balances - ending	<u>\$ 26,196</u>	<u>\$ 26,276</u>	<u>\$ 32,681</u>	<u>\$ 34,050</u>	<u>\$ 34,356</u>	<u>\$ 34,684</u>	<u>\$ 36,015</u>	<u>\$ 42,391</u>	<u>\$ 44,541</u>	<u>\$ 48,260</u>
Debt service as a percentage of non-capital expenditures										
	7.46%	7.41%	9.17%	7.97%	13.75%	7.10%	7.38%	5.75%	6.70%	5.26%

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)

<u>Fiscal Year Ended 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>
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
2019	2,800,223	130,600	1,635	2,932,458	236,878	2,695,580	7.0158

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 School Board			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 Millage		
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
2019	6.3000	0.7158	7.0158	4.6669	0.4644	5.1313	6.5040	0.2290	6.7330	3.1878	22.0679

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)

Taxpayer	Type of Business	2019			2010		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
North MB Owner LLC	Multi Family Units	\$ 62,659	1	2.32%	\$ -	-	-
Dezer Intracoastal Mall LLC	Retail	53,463	2	1.98%	-	-	-
Florida Power & Light	Utility	52,671	3	1.95%	38,229	1	1.51%
Southern Memorial Park	Special Use	44,211	4	1.64%	-	-	-
Biscayne Commons (Edens) LLC	Retail	31,900	5	0.67%	20,850	3	0.82%
Canal Park Office LLC	Office Building	17,963	6	0.67%	-	-	-
Oleta Partners Biscayne	Retail	17,668	7	0.66%	-	-	-
Target Corp	Retail	15,531	8	0.58%	13,500	7	0.53%
No Miami Beach LLC	Mixed Use	15,150	9	0.56%	-	-	-
Grand Island Square LLC	Retail	15,120	10	0.56%	-	-	-
MSW Intracoastal Mall LLC	Retail	-	-	-	29,644	2	1%
Klien Motors	Retail	-	-	-	16,494	4	0.65%
Sonic Ward Inc (K-Mart)	Retail	-	-	-	15,100	5	0.60%
Costco Corporation	Retail	-	-	-	13,925	6	0.55%
Divine Square LLC	Utility	-	-	-	12,228	8	0.48%
NMB Commerce Center	Office Building	-	-	-	12,000	9	0.47%
Inland Towers Condo LLC	Condo	-	-	-	11,452	10	0.45%
Total		\$ 326,336		11.59%	\$ 183,422		7.23%
Total assessed value				\$ 2,695,580			\$ 2,535,911

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
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%
2019	18,474	16,823	91%	851	17,674	96%

(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)

<u>Fiscal Year Ended September 30,</u>	<u>Gallons of Water Produced by City's Norwood Treatment Plant (1)</u>	<u>Gallons of Water Purchased from Miami-Dade County WASA (1)</u>	<u>Gallons of Water Consumed (2)</u>	<u>Water Operating Revenue Collected</u>	<u>Direct Rate (3)</u>
2010	7,359,260	100,234	6,753,329	\$ 26,410	\$ 22
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	26.11
2019	7,508,100	49	6,387,217	34,804	33.25

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. For 2019 Billing went from quarterly to monthly.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(1) Minimum Chg - Single Family:										
5/8"	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71	\$ 10.71	\$ 10.71	\$ 10.71	\$ 10.71	\$ 10.71
3/4"	8.85	9.78	9.78	9.78	10.71	10.71	10.71	10.71	10.71	10.71
1"	22.13	24.75	24.45	24.45	26.78	26.78	26.78	26.78	26.78	26.78
1 1/2"	44.25	48.90	48.90	48.90	53.55	53.55	53.55	53.55	53.55	53.55
2"	70.80	78.34	78.24	78.24	85.68	85.68	85.68	85.68	85.68	85.68
3"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10"	N/A	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"	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40	\$ 12.40	\$ 12.40	\$ 12.40	\$ 12.40	\$ 12.40
3/4"	10.24	11.32	11.32	11.32	12.40	12.40	12.40	12.40	12.40	12.40
1"	25.60	28.30	28.30	28.30	31.00	31.00	31.00	31.00	31.00	31.00
1 1/2"	51.20	56.60	56.60	56.60	62.00	62.00	62.00	62.00	62.00	62.00
2"	81.92	90.56	90.56	90.56	99.20	99.20	99.20	99.20	99.20	99.20
3"	163.84	181.12	181.12	181.12	198.40	198.40	198.40	198.40	198.40	186.00
4"	256.00	283.00	283.00	283.00	310.00	310.00	310.00	310.00	310.00	310.00
6"	512.00	566.00	566.00	566.00	620.00	620.00	620.00	620.00	620.00	620.00
8"	819.20	905.60	905.60	905.60	992.00	992.00	992.00	992.00	992.00	992.00
10"	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	1,426.00
<u>(2) Conservation Increments (Blocks):</u>										
<u>Single Fam/Non-Resi</u>										
0 - 7 mgs	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22
8 - 12 mgs	2.97	3.28	3.28	3.28	3.59	3.59	3.59	3.59	3.59	3.59
over 12 mgs	3.69	4.08	4.08	4.08	4.47	4.47	4.47	4.47	4.47	4.47
<u>Multi-family</u>										
0 - 5 mgs/unit	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22
6 - 9 mgs/unit	2.97	3.28	3.28	3.28	3.59	3.59	3.59	3.59	3.59	3.59
over 9 mgs/unit	3.69	4.08	4.08	4.08	4.47	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

<u>Customer</u>	<u>Type of Business</u>	<u>2019</u>			<u>2010</u>		
		<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>	<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>
Intracoastal Yacht Club	Condominium	47,664	1	0.75%	-		-
Williams Island	Condominium	45,120	2	0.71%	36,993	8	0.55%
Plaza Del Prado	Shopping Mall	43,416	3	0.68%	45,990	4	0.68%
Commodore Plaza Condo Assoc.	Condominium	39,492	4	0.62%	49,497	2	0.73%
Borden Dairy	Industrial	38,256	5	0.60%	-		-
Miami-Dade Water & Sewer	Water Mgmt District	37,764	6	0.59%	106,216	1	1.57%
Plaza of the Americas Club	Shopping Mall	37,680	7	0.59%	39,972	7	0.59%
Trump Intl. Sonesta Beach	Condominium	34,056	8	0.53%	34,566	10	0.51%
Arlen - Burke	Condominium	33,780	9	0.53%	-		-
Admirals Port	Condominium	33,504	10	0.52%	40,480	6	0.60%
BHI Summerwinds LLC	Developer	-		-	46,424	3	0.69%
Sun Life Stadium (Pro Player)	Condominium	-		-	43,177	5	0.64%
Biscayne Cove	Stadium	-		-	37,281	9	0.55%
Total		<u>390,732</u>		<u>6.12%</u>	<u>480,596</u>		<u>5.15%</u>
Total Consumption				<u>6,387,217</u>			<u>6,753,329</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			
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%
2019	14,820	-	1,250	645	49,640	385	-	20,000	86,740	1,890	9.14%

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 146 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>		
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	0	16,150	0.64%	354
2019	14,820	0	14,820	0.55%	323

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 135 for net assessed property value data.

(2) See the Schedule of Demographic and Economic Statistics on Page 146 for population data.

CITY OF NORTH MIAMI BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2019		
	<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	\$ 2,055,280	0.94%	\$ 19,413
Miami-Dade County School Board	2,355	0.86%	20
Other debt:			
Miami-Dade County	2,281,520	0.94%	21,550
Miami-Dade County School Board	885	0.86%	<u>8</u>
Subtotal, Overlapping Debt			40,991
City of North Miami Beach Direct Debt			<u>16,715</u>
Total Direct and Overlapping Debt			<u>\$ 57,706</u>

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

PLEGDED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	Transit Surtax Bonds - Series 2013				Community Redevelopment - CRA			
	County Transit Surtax	Debt Service		Coverage	TIF + Interest			
		Principal	Interest		Revenue	Principal	Interest	Coverage
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
2019	1,945	613	16	3.09	1,748	167	41	8.40

Fiscal Year Ended <u>September 30,</u>	Stormwater - Series 2011A				Water Utility Bonds - Series 2012 and 2015			
	Operating Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense			
		Principal	Interest		Principal	Interest	Coverage	
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
2019	647	186	12	3.26	12,297	2,503	2,113	2.65

Fiscal Year Ended <u>September 30,</u>	State Revolving Loan - Water				State Revolving Loan - Sewer			
	Gross Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense			
		Principal	Interest		Principal	Interest	Coverage	
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)
2019	12,297	854	267	10.97	2,651	322	130	5.87

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>
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%
2019	45,887	948,943	20,680	38.5	3.1%

Sources:

(1) Estimated by City of North Miami Beach Economic Development (for years 2008 to 2011). U S Census Bureau 2012 - 2019.

(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>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Vitas Innovative Hospice Care	1,270	1	N/A	N/A
Jackson North Medical Center	1,094	2	N/A	N/A
City of North Miami Beach	445	3	N/A	N/A
Publix	288	4	2,100	1
Bryant Security Corporation	267	5	N/A	N/A
IPIC Theaters	122	6	N/A	N/A
P.F. Chang's	118	7	N/A	N/A
T G I Fridays	110	8	N/A	N/A
TJ Maxx	83	9	N/A	N/A
Dollar Tree	80	10	N/A	N/A
Parkway Regional Medical Center	N/A		1,800	2
Aventura Hospital & Medical Center	N/A		1,200	3
FMS Management Systems	N/A		970	4
Sysco Food Services	N/A		600	5
Southern Wine & Spirits	N/A		600	6
Precision Response	N/A		600	7
Turnberry Associates	N/A		470	8
Perko	N/A		450	9
Comcast Cable Vision	N/A		430	10
Total	<u>3,877</u>		<u>9,220</u>	

Special Note: The above list includes private and public employers in the Greater North Miami Beach area. City of NMB total includes 121 part-timers.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of employees:										
Attorney's office	5	5	5	5	5	6	6	6	6	5
Clerk's office	6	6	4	4	4	4	4	4	4	4
Mayor and Council's office	2	2	-	-	1	1	1	1	0	0.3
Executive	9	8	18	18	25	27	27	31.5	35.5	33.7
Human Resources	6	6	6	6	6	6	6	11	8	8
Financial Services	46	44	12	12	12	12	13	11	12	13
Police:										
Police Officers	117	110	85	85	110	106	105	108	113	113
Civilians	39	45	35	34	20	36	36	34	35	35
Library	9	9	7	7	7	7	6	8	8	8
Parks and R.E.C.	37	36	30	28	32	28	28	29	29	29
Public Works	85	76	21	34	34	36	32	34	35	37.5
Stormwater	10	10	8	9	9	6	4	4	5.5	5.5
Water	104	101	115	86	90	91	92	84	4	4
Sewer	14	13	11	11	13	14	14	13	-	-
Building Permit	10	10	10	9	12	13	13	14.25	14.5	14
Solid Waste	-	-	50	53	48	46	18	14.25	13.5	14
Customer Service	-	-	-	21	21	23	26	22	-	-
Total number of employees	499	481	417	422	449	462	431	429	323	324

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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	3	3	3	3	3	3
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	78,196	79,664	76,634	66,366	56,567	55,563	55,091	46,227	33,642	50,960
Number of licensed databases	64	64	96	51	50	64	66	74	74	74
Audio materials volumes	4,470	4,481	4,143	3,266	2,415	1,405	1,162	1,290	1,300	1,396
Video materials volumes	6,120	6,737	6,263	5,743	4,156	4,269	4,230	5,748	5,758	4,405
Parks and R.E.C.:										
Parks	26	26	26	26	26	26	27	27	28	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	86.0	86.0	86.0	86.0	86.0	86.0	87.0	87.0	88.0	88.0
Streets:										
Miles of streets and alleys	119.0	119.0	119.0	119.0	119.99	119.99	119.99	120.0	119.99	120.0
Water:										
Water mains (miles)	548	549	550	550	550	550	555	603	605	566
Fire hydrants	2,717	2,770	2,800	2,900	2,930	2,945	2,959	3,052	3,052	3,062
Valves	10,258	10,310	10,350	10,350	10,425	10,705	10,996	11,000	11,627	11,682
Sewer:										
Lift stations	35	35	33	35	33	33	33	35	35	35
Sewer mains (miles)	109	109	113	113	114	112	113	132	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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public safety:										
Police (2):										
Police calls for service	87,254	88,986	92,057	85,839	82,997	97,366	98,684	100,883	98,304	98,809
Parking citations	1,258	1,338	907	986	1,256	1,474	1,316	1,332	1,351	1,368
Traffic citations	12,410	13,293	5,650	4,842	4,399	5,757	5,726	5,949	5,145	5,644
Arrests	2,177	1,880	1,466	1,322	1,562	1,561	1,600	1,453	1,351	1,491
SRT call outs	46	48	39	24	53	52	13	12	27	26
Community development:										
Building permits issued	2,524	4,985	4,872	3,165	2,714	2,878	3,712	3,584	3,180	3,537
Library:										
Number of registered borrowers	36,117	38,663	35,465	31,572	36,955	38,410	36,410	38,541	38,828	39,299
Total annual circulation	122,015	85,292	100,651	113,935	120,741	135,487	136,532	150,773	226,347	271,320
Total reference transactions	103,343	67,888	37,378	24,960	105,574	94,210	94,241	93,632	92,928	91,837
Annual number of users of public internet computers	65,000	43,320	56,750	68,365	56,903	68,892	69,630	69,718	69,889	83,265
Parks and recreation:										
After school program enrollment	282	280	232	300	287	302	300	256	272	349
Summer camp program enrollment	505	505	382	500	519	588	556	554	442	574
Camp No-Mi-Be enrollment (1)	113	113	78	54	55	n/a	n/a	n/a	n/a	n/a
Sanitation:										
Refuse collected (tons / year)	41,557	32,583	33,952	34,639	36,285	34,718	28,788	32,559	42,644	44,954
Water:										
Number of customers	32,279	32,125	32,298	34,397	32,522	32,047	32,424	34,053	39,700	32,579
Average daily water consumption (millions of gallons)	20.16	20.53	20.74	19.94	19.07	20.21	20.22	20.30	20.70	17.50
Annual water produced (millions of gallons)	7,359	7,492	7,571	7,279	6,960	7,375	7,380	7,410	7,556	7,508
Sewer:										
Number of customers	7,434	7,449	7,522	7,627	7,662	7,645	7,754	8,003	8,058	7,804

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

(2) Police numbers for FY 19 are based on estimates.

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the Retirement Plan for General Employees and the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
Miami, Florida
March 30, 2020



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

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

Report on Compliance for Each Major Federal Program

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* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2019. The City's major federal programs 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
March 30, 2020

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Program or Cluster Title	CFDA Number	Pass Through Agency & Number	Expenditures
US. DEPARTMENT OF HOMELAND SECURITY			
Passed through City of Miami, Florida			
Preparing Communities for Complex Coordinated Terror Attacks (CCTA) Grant	97.133	EMW-2016-GR-00097-S01	\$ 4,471
Total U.S. Department of Homeland Security			<u>\$ 4,471</u>
US. DEPARTMENT OF INTERIOR			
Passed through the Florida Department of Environmental Protection			
Outdoor Recreation, Acquisition, Development and Planning-Hazel Fazzino Park Ph 2	15.916	LW764	\$ 199,974
Total U.S. Department of Interior			<u>\$ 199,974</u>
US. DEPARTMENT OF JUSTICE			
Equitable Sharing Program (Non-treasury)	16.922	N/A	\$ 1,594,207
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0798	23,731
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0496	22,755
Bulletproof Vest Partnership Grant	16.607	2017-BUB	4,621
Bulletproof Vest Partnership Grant	16.607	2018-BUB	1,064
Subtotal - Direct Awards			<u>\$ 1,646,378</u>
Pass Through Florida Department of Law Enforcement (FDLE)			
Victim Assistance and Prevention Project-Domestic Violence Grant	16.738	2019-JAGC-DADE-8-N2-149	\$ 1,584
Pass Through Office of the Attorney General			
Crime Victim Assistance - (VOCA) 2018-2019	16.575	VOCA-2018-CNMB-00129	52,458
Subtotal - Indirect Awards			<u>\$ 54,042</u>
Total U.S. Department of Justice			<u>\$ 1,904,865</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through State of Florida Department of Environmental Protection			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW130103	\$ 520,581
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW130130	1,416,256
Total U.S. Environmental Protection Agency			<u>\$ 1,936,837</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass through Florida Department of Transportation (FDOT)			
Greynolds Park Bike Lane/Path	20.205	AR872	\$ 22,473
Pass through FDOT/University of North Florida Training & Services Inst.			
National Highway Traffic Safety Admin - High Visibility Enforcement	20.600	G0Y79	\$ 7,984
Subtotal - Indirect Awards			<u>\$ 30,457</u>
Total U.S. Department of Transportation			<u>\$ 30,457</u>
Total Federal Expenditures			<u>\$ 4,076,604</u>

The accompanying notes are an integral part of this schedule

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of North Miami Beach for the fiscal year ended September 30, 2019. 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). 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 2 - 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 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 3 - 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 4 - 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, 2019

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

The following addresses the status of the findings reported in the fiscal year ended September 30, 2018 Schedule of Findings and Questioned Costs.

Matter that is not 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 AWARDS 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, 2019

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 X no
 Significant deficiencies identified? ___ yes X None reported
 Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal awards:
 Material weakness(es) identified? ___ yes X no
 Significant deficiencies identified? ___ yes X None reported
 Type of auditors' report issued on compliance for major federal awards programs: *Unmodified Opinion*
 Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)? ___ yes X no

Identification of major programs:

Federal CFDA No.

66.468

Federal Awards Program

Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: Federal \$750,000

Auditee qualified as low risk auditee for audit of federal awards programs? X yes ___ no



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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, 2019, and have issued our report thereon dated March 30, 2020. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Retirement Plan for General Employees and the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach, Florida.

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 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 *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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
Miami, Florida
March 30, 2020



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415 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, 2018 to September 30, 2019. 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, 2018 to September 30, 2019.

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
Miami, Florida
March 30, 2020