

City of North Miami Beach, Florida

# Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2017



City of North Miami Beach



**CITY OF NORTH MIAMI BEACH, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

*Prepared by the Finance Department*

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# **I. INTRODUCTORY SECTION**

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# *City of North Miami Beach, Florida*

April 30, 2018

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, 2017. 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, 2017, 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, 2017, 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 between Fort Lauderdale and Miami. 163<sup>rd</sup> 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). 163<sup>rd</sup> 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.

Located midway between Miami and Fort Lauderdale with excellent regional highway access, the City is primarily a residential and shopping community. Based on the number of parcels, single-family and multi-family residential uses amount to 79 % and 10 %, respectively. Commercial uses and industrial development represents 9 % and 1 %, respectively, of the City's land parcels. Actual manufacturing activities are limited to a few small fabricating enterprises. Recreational uses represent 1 % of the City's land parcels. The remaining land area is occupied by schools, churches and other related establishments. The City of North Miami Beach is home to the campus of Nova Southeastern University as well as ASA College. Oleta State Park, Miami Dade County's Greynolds Park and the clear, blue waters of the Atlantic Ocean are a short bike ride away. Florida International University is a short 5-minute commute from the City.

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 adopting a resolution 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. 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, this comparison is presented as part of the required supplementary information.

## *Factors Affecting Financial Condition*

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of 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 2.2% to around 1.5% and eventually rebounding to around 2% by 2022. Inflation is expected to remain stable around 2% over the next ten years. Likewise, the unemployment rate is projected to be about 5% over the same time period.

**Local economy.** 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 the fiscal year 2017 property values increased 8.8% over the previous year, which were 16.2% higher than fiscal year 2015. The development climate in the City is very positive and new growth and development can be expected to continue in the near future. The City's population is 44,512 according to the State of Florida Office of Economic and Demographic Research, as of April 1, 2016. North Miami Beach is the 10<sup>th</sup> largest city in Miami-Dade County and one of the most diverse cities in Florida.

**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 prioritized 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 increasing the General Fund's unassigned fund balance. 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, 2017, the General Fund unassigned fund balance was \$25.0 million, an increase of 28.9 % over the prior year of \$19.4 million. The City has also invested considerable resources into the implementation of a new Enterprise Resource Planning (ERP) System to increase the effectiveness of financial planning and reporting.

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

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

*Revitalized Downtown and Major Corridors.* The City is also committed to fostering an environment conducive to economic development, through the continued revitalization of the areas covered by the Community Redevelopment Agency (CRA). Economic development initiatives include:

- Revisions to the Property Improvement Grant Program
- One project has been granted acceptance to the Tax Increment Recapture Program
- The CRA has submitted an amendment to Miami-Dade County to revise zoning districts and add new projects in compliance with the City's updated Comprehensive Plan
- 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***

**Community Development** - Site Plan approval of six new development projects (Voda Condominiums, ABC Liquors, 160 Warehouse, SLAM charter school, the expansion of Prestige Motors, and 5 Park Mixed-Use), helping to ensure the City's growth and long-term fiscal health.

New legislation for zoning and licensing of Medical Marijuana Dispensaries to ensure safe, orderly facilities with no negative impact on surrounding neighborhoods.

**Community Redevelopment Agency** - First ever groundbreaking event to promote the joint Miami-Dade County and CRA infrastructure project. The groundbreaking displayed effective redevelopment. This project allows 12 commercial properties on 163rd street to tie-in the sewer system, which reduces BTR wait time from 45 days to 1 day. Also, this allows these properties to increase water use, thus become restaurants, cafes, and bakeries.

Successful completion of the Miami-Dade County and CRA joint sewer line extension project on NE 20th Ave which saved the City approximately \$53,000 in street resurfacing costs.

**Finance - Enhanced General Fund Reserves:**

2013	\$12,878,350
2016	\$19,091,110
Increase of	\$ 6,212,760

Millage Rate Reduction: First reduction since 2010. From 6.6036 to 6.5000 resulting in decreased property taxes and increased savings to residents.

ERP Project: Implementation of a new financial management system (ERP): Real-time automated processing. Stronger oversight and monitoring of the financial approval process to ensure the most efficient and effective use of City funds. Improved document security and vendor payment process; increased invoice processing efficiency and minimized the risk of losing or misplacing documents. Implemented procurement purchasing card module, which streamlines the data entry process by allowing a preload of monthly bank statements. This in turn reduces the amount of time required for processing invoices. Implementation of the Payroll/Human Resources module and Energov module for planning, zoning and permitting will follow.

Management Pension Reform – 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%.

**Human Resources - Police Union Agreement** ratified with unanimous support from City Commission and 90% support from North Miami Beach Police Department. Police officers had not received salary increases in approximately 6 years. By amending pay ranges and reinstating steps, the City ensures pay equity, and police officers demonstrated a marked improvement in morale. Likewise, the City has undertaken pension reform/reductions in a fair and equitable manner.

**Information Technology - Office 365:** Began the process of migrating to cloud based Office 365 which will streamline internal communication and introduce increased levels of security, mobility, accessibility, and collaboration between employees.

Commission Chamber AV Upgrade: Upgraded all Audio Visual (AV) equipment in the Commission Chamber to HD, which included four (4) new high definition (HD) cameras for better video resolution. New microphones for better voice clarity and an all new AV switching system in the control room. Additionally, we installed (4) new 60-inch LED HD monitors in the gallery for better viewing of the proceedings and presentations, and provided tablets for the Mayor and Clerk to control the system, i.e. microphones. These upgrades will enable the City to provide better video quality for residents who wish to view live or prerecorded Commission meetings and other events held within the Chamber.

**Library** - First Library in Miami-Dade County to offer Career Online High School.

- Implemented United States Citizenship classes.
- Became a Passport Designated Acceptance Facility.
- Enhanced Adult Programming, including Tech Classes and Book a Librarian Services where residents can obtain personalized technology services and/or instruction, resume writing, and other business services.

**NMB Water** - Automated Meter Reading: This project was implemented providing customer service representatives with up to 2,000 additional data points quarterly, and also allows customer service to obtain meter reads while assisting customers “on the fly” with the current water data. Now, when customers call, City employees can look at the water meter and see real-time data to assist with troubleshooting.

Online Customer Portal Implemented – providing residents and water customers with current consumption data and alerts for high usage, eliminating the likelihood of an excess water bill for customers enrolled.

Commission ratification of contract terms for CH2M to manage Operation and Maintenance of the Water and Wastewater Utilities, plus Commission approved work orders to jumpstart the capital plan, water plant expansion and enhanced security for the water production and distribution systems. This provides the catalyst to modernize and provide redundancy to our water and wastewater utilities – saving millions of dollars to our utility customers.

Geographical Information System (GIS) mapping implemented to provide instant graphical results for residents, investors and developers seeking information on utility services.

Cityworks, a computerized maintenance management system, was deployed, allowing personnel to view and input critical field data remotely, and allowing immediate access to location of assets. This provides planning for maintenance and replacement, and allows quicker response to emergency incidents.

Leak detection equipment installed throughout the entire water system to reduce water loss, saving over 50 million gallons in FY 2016. This leak detection system was the recipient of the 2015 Florida Section American Water Works Association (FSAWWA) water conservation award.

Completed the replacement of two major wastewater pump stations (Hard Rock Stadium and Sierra Mirada neighborhood) and completed a 3-year 10 pump station improvement program, providing a \$4 million investment and improving the wastewater system for 36% of our wastewater system customers.

**Parks & REC** - Adopted the City’s first ever Parks & Recreation Master Plan.

Gwen Margolis Amphitheater and Challenger Park were outfitted with new solar lighting that includes a 10 year warranty. The lighting will assist in hosting evening / night concerts & plays at the park.

Victory Basketball Court, commissioned and installed the city’s first “Giant” community mural. This adds to our inventory of having art in public places.

Taylor Park – With the Florida Department of Environmental Protection’s approval of the Site Assessment Report and Brownfield Site Rehabilitation Agreement, the planning phase for cleaning up the park is completed. Currently, the procurement phase is underway and we expect the cleaning phase to last approximately nine (9) months. The City has successfully negotiated the addition of forty-five (45) trees for the park or elsewhere within NMB.

Arthur I. Synder Tennis Center under new management, Bollettieri, Inc. The new contract offers sixteen (16) scholarships to residents throughout the year with a total value of \$11,400

Yes Center received a new HD video camera surveillance system. Renovations were completed and included classrooms, offices, hallway, restrooms, kitchen and auditorium

**Police** - Police Union Agreement ratified after six years of an imposed contract, achieving pension reform goal in excess of \$15M Dollars

Overall crime reduction for two consecutive years; specifically violent crimes reduced from six (6) homicides to one (1)

Reduction of police emergency response by two (2) minutes from 4:59 to 2:59

Implemented programs and events: command staff neighborhood walks, coffee with the Chief, PAL inaugural charity golf tournament, shop with a cop, safety patrol awards, heart walk and domestic violence walk

Command staff completed FBI Academy and/or Southern Police Institute for Executives

**Public Affairs and Community Engagement** - Implemented a city-wide marketing and communication strategy by seeking a professional marketing firm to develop a media and public relations plan that can assist with the creation of public awareness campaigns and help update the City's media strategy through multilingual content creation of marketing materials for all communication platforms

Initiated a first of its kind successful Citywide Test of the CodeRED Emergency notification system with the North Miami Beach Police Department and NMB Water

Worked with legislative staff and city consultants to draft the annual state funding requests, other correspondence related to State and Federal legislative affairs and policy. In 2016, successfully helped obtain \$112,000 for the Fulford Fountain

Enhanced the City’s Facebook presence by significantly increasing followers from 987 to 3,600 likes by keeping content fresh 24 hours a day, 365 days a year; a strategy that helps encourage engagement amongst the community



Over the course of two years, significantly increased social media presence by 321.65% on Facebook. We have been able to engage and highlight our City and all its Departments by reaching a total of 1,919,820 users and have had a total of 3,734,199 impressions. That is a 1,857.7% increase since September 2015

**Public Works - NMB Line Service Expansion Launched:** The free transit service was tripled in size, going from one route to three. This means a tripling of the geographical coverage as well as enhanced connectivity with both the Miami-Dade Transit routes and other nearby municipal transit services such as North Miami Beach's. The service quality itself was substantially improved by the deployment of larger and safer vehicles which feature new or expanded amenities such as bicycle racks, WiFi, route tracking app., and flat screen TV screens.

Succeeded in changing FDOT's Biscayne Project bike lane width from three to six (6) feet. FDOT initially designed three foot (3') bike lanes along the Biscayne Blvd corridor as part of the roadway improvements. At the request of the City Manager and coordination with city and FDOT staff, we were able to successfully secure a wider lane of six feet (6'). The increased width improves the safety and comfort level of bikers along this heavily trafficked thoroughfare.

Established Interlocal agreement with NPDES and successfully completed NPDES report  
The National Pollutant Discharge Elimination System (NPDES) is a state mandated program that addresses water pollution regulation in an effort to protect the waters of the United States. The city as part of its permit obligation is required to annually monitor and report activities and best practices, related to pollution of ground water. The compliance report was prepared in-house and submitted to the Department for Environmental Protection, thereby saving the city \$35,000.

Completion of Biscayne Boulevard Gateway Sign / Beautification Project.

Roadway mill and resurfacing of over 20,000 linear feet of roadway and alleys. Construction and upgrade of 17,000 linear foot of sidewalk and 1,300 linear feet of ADA ramps

Created Neighborhood Maintenance and Beautification Division and significantly enhanced our beautification efforts by dividing the City into six (6) zones and placing two (2) employees in each zone. The outsourcing of Waste Management resulted in an annual savings of \$2.5million and afforded the City an opportunity to create the division and the resulting NMB Team.

Completion of Uleta Traffic Calming Roundabout to make entering and exiting the neighborhood safer.

### ***Continuing Initiatives***

Zoning Study and Amendments - The consulting firm Bermello & Ajamil (B&A) have been contracted by the City to study the extension of the mixed-use zoning concept to the rest of the City. Areas include B2 zoning along 163rd/167th Street, Medical Innovation District, International District/Chinatown, Braha Dixie, and 19th Avenue.

Strategic Plan - In 2014, the Mayor and Commission developed, through numerous public meetings and input from senior staff, the City's Strategic Plan. As a result of this collaboration, a set of principles was formulated into a vision and a mission statement which provided a framework for the City's Strategic Plan. Our Mission is to provide excellent municipal services in a financially responsible and environmentally conscious manner while engaging our residents. To further define North Miami Beach's Vision 2029 and mission statement, the City Commission identified specific goals. Each goal was used to develop specific actions and initiatives to ensure the City continues to progress toward the completion of the stated goals. In 2017, the Mayor and Commission updated the actions and initiatives of the Strategic Plan as well as prioritized the policy and management agendas to provide focus for the City's ongoing vision.

Annexation – The City of North Miami Beach contains within its boundaries certain unincorporated enclave areas, the largest of which is known as the Windward or “Hole-in-the-Donut” area. The City has long considered annexation of this area, as it lies completely within our municipal boundaries. Several years ago, on March 15, 2005, the City Council adopted Resolution R2005-21, which initiated the process of enlargement of the City's boundaries to include the “hole-in-the-donut” area.

Station Area Transit-Oriented Development Master Plan - The City applied for and was awarded a \$100,000 grant for preparation of a Station Area Master Plan, intended to guide and manage redevelopment around the proposed North Miami Beach station. The goal of this project is to help create a North Miami Beach station on the FEC Rail Corridor, as part of the proposed Tri-Rail Coastal Link (TRCL).

Comprehensive Citywide Roadway/Multi-Modal Transportation Master Plan - This master plan will address the future transportation needs of the city including pedestrian, bicycle, transit and automobile modes. The study will also address emerging needs in transportation at local and national levels, including complete streets, active transportation and shared mobility. Additional assessment will focus on traffic calming within the city's residential neighborhoods and possible improvements to the existing NMB-Line community transit service.

Hotel Development - The existing building at the corner of 163rd Street and NE 19th Ave. has been demolished by its owners. Their application to modify the approved site plan for the Cambria Hotel is being prepared at this time, to be submitted to the City in the coming months, which should ensure that a hotel is developed at this key intersection.

SR 826/NE 163rd Street Transportation Safety Infrastructure Improvements - Study, design, engineering, and construction of safety and traffic flow infrastructure improvements on SR 826/NE 163rd Street in the vicinity of NE 35th Avenue within the City of North Miami Beach. The proposed improvements will focus on improving safety and traffic flow within the study area for personal vehicles, buses, trucks, pedestrians, and bicyclists. The purpose is to improve citizen mobility, to enhance economic growth, promote smart redevelopment, and mitigate existing transportation deficiencies.

Major Development Site Plans: - The 5 Park project, containing 415 apartment units and 30,000 of commercial, was approved by the City Commission on June 8, 2017. The Uptown 163 project, containing 245 apartment units, 42,104 square feet of office space, and 163,496 square feet of retail space, was approved on February 20, 2018. The application for master site plan approval was submitted to the City by New North Properties (the TECO Site) and is now being reviewed by Community Development Staff prior to bringing the application to the Mayor and Commission.

Sewer System Expansion/Connectivity Master Plan - NMB Water is committed to providing quality and sustainable wastewater services to its customers while simultaneously reducing the environmental impacts associated with onsite septic tank systems. Reliable wastewater service is fundamental to attracting new development to areas currently lacking sewer service. In alignment with the City's Strategic Plan, NMB Water performed an evaluation to determine the costs and feasibility of replacing septic tanks with sewer collection and transmission systems. Execution of this plan would not only provide positive environmental attributes, but would also increase property values and attract economic development. In April 2018, NMB Water will hold a workshop to discuss financial implementation strategies and identification of alternative approaches for funding phased implementation of sewer collection systems.

Parks & REC Master Plan Implementation - The approved Parks Master Plan, which was ratified by City Commission in June 2016, sets the standards and guidelines for improvements to our City Parks and Community Centers. These guidelines will assist the department by focusing on safety, efficiency, while implementing new industry standards and enhance recreational opportunities to the community. The Master Plan implementation has begun with improvements to Shenkenberger Park in 2017 and will continue with enhancements to "no-name" park and new designs and construction plans for Washington and Taylor Park in 2018.

Washington Park - In response to RFQ #2018-04 Washington Park Design Service, statements of qualifications were received on March 8, 2018 from firms interested in providing a park design that will exemplify the value of innovative design; balance aesthetics, cost, and constructability as well as balance the requirements of being environmentally responsible and beautiful; and communicate the facility's role as a public asset for the community. The City expects to engage a qualified architect or architectural firm by June 2018.

Tennis Center Redevelopment - Within the next few months, The City will be preparing a notice of Expression of Interest (solicitation) seeking information from the private sector regarding the feasibility of using P3 arrangements that could benefit the City in implementing a total re-design of the area currently occupied by the tennis center and the adjacent surrounding City owned property in proximity to the tennis center. The information received in response to this EOI would then be used by the City in deciding how to best maximize the opportunities available to implement certain improvements and use via a possible P3 arrangement and to later issue formal RFQs or RFPs for formal public bidding of the work.

Taylor Park - The City has prepared and will be releasing Request for Qualifications to engage a qualified architect, or architectural firm, with the expertise to design an exceptional recreational facility, both in terms of aesthetic form and practical function in for the implementation of improvements to Taylor Park, a nine-acre aqua bowl lake reservoir within the 22-acre park located at 15450 West Dixie Highway, North Miami Beach,

Water and Wastewater Master Plan - In 2017, NMB Water conducted the first comprehensive assessment of the utility's water and wastewater infrastructure needs since 1978 in order to determine the best approach for achieving a high level of service to customers while managing costs and maximizing equipment life. The report also identified the need to deliver a large scale capital program to modernize infrastructure, increase capacity and boost reliability. The Master Plan was formally adopted by the City Commission in December 2017 and forms the basis of a 15-year, \$270 million, capital improvement program. Given the multitude of changes recently underway within NMB Water, an update to the Master Plan is scheduled for 2019.

Utility Rates: Long Term Financial Plan and Rate Structure - NMB Water's vision is to operate as a best-in-class, sustainable, and fiscally responsible regional utility. This means efficiently providing safe, reliable, and high quality utility services to residents and businesses. To accomplish these objectives, NMB Water must be supported by sufficient funding to meet both its operating and capital needs. In alignment with the City's Strategic Plan, NMB Water is currently developing a long term financial plan that will analyze and optimize funding and financing strategies needed to achieve success. Components of the plan will include an evaluation of the current rate/fee structure, an investigation into grant opportunities and low interest loans from currently untapped Federal/State Programs, and the potential adoption of long term strategies that will mitigate upward rate pressures.

Capital Improvement Plan - The city continues to have an aggressive Six Year Capital Improvement Plan that includes a wide range of infrastructural projects, at varying stages of design and construction. The capital budget for FY 2017 totaled \$39,126,888. More than 75 % of the total capital expenditure is attributed to capital projects within the water and wastewater utility. Other projects of significance include improvements to roadway infrastructure, stormwater, public facilities, recreational areas and fleet and equipment upgrades.

Comprehensive Citywide Employee Compensation Study - On October 1, 2017, the City adopted the Pay Ranges & Benefits by Tiers and the Performance Management – Merit Increases for Non-Bargaining Union employees' policies. In developing the Pay Ranges & Benefits policies we conducted salary surveys with neighboring municipalities and continue to analyze for further recommendations. As with any compensation study, we took into account internal equity and external competitiveness.

Comprehensive Stormwater Master Plan - This two-phased study will address drainage and flooding within the City of North Miami Beach, identify areas of concern, develop an action plan to manage stormwater issues in our changing environment. Phase 1 of the study will amass data to complete the inventory of all the city's stormwater structures and physical drainage assets, to be compiled in an ArcGIS database. On completion of this phase, hydrological modelling will be developed to identify the challenging areas and develop a plan for improvement of the drainage basin.

City Hall Renovation Projects - City Hall Architectural Assessment: The purpose of the assessment of City Hall is to assess the lobby, the main floor restrooms, second, third and fourth floor restrooms, extend communications room, conference room on the fourth floor before any design can be implemented. The project encompasses a large square footage of the City Hall building to be remodeled, an overall architectural assessment/design is recommended. City Hall Design Remodel: This phase of the project will be designed by a professional architectural firm once the Architectural Assessment is complete. City Hall First Floor Restrooms and Lobby: Complete renovations of the first floor restrooms and lobby. The existing restrooms throughout the building are in non-compliant with ADA standards. An ADA Building Assessment has been implemented to insure that the City of North Miami Beach is in compliance with The American Disabilities Act. City Hall Second, Third and Fourth Floor: Complete renovations of all restrooms to include partitions, countertops, wall and floor tile, fixtures, lighting etc. Total of six restrooms. This renovations will included modifications to the floor plan to accommodate ADA Accessible Design. Extend Communication (Public Affairs) Room and add conference room to Commissioners area: A new Public Affairs Department was created. Additional work space is required. Construct a new conference room on the East wing of the Commissioner's offices on the fourth floor.

Workforce Diversification - The City of North Miami Beach has a diverse workforce (compared with other municipalities) and we will continue promoting diversity in the various departments.

Community Safety Initiatives - The North Miami Beach Police Department continuously conducts Multi-Agency DUI checkpoints on SR 826/NE 163rd. In conjunction with this checkpoint we will also conduct DUI saturation patrols. These checkpoints have been and will be conducted during the hours of 7:00PM – 1:00AM. The goal of these checkpoints is to identify and apprehend impaired drivers before they can kill or injure others.

City Brand Marketing Implementation – Citywide branding to bring a unified and consistent NM brand throughout the community setting the city apart from its surrounding neighbors. Working with procurement to issue an RFP.

Community Redevelopment Agency (CRA) Targeted Industry Attraction Program - Phase 1 – Microbrewery, which includes kombucha and nano-breweries. Phase 2 – Micro-distillery, which includes other liquors. Phase 3 – Micro-winery, which includes cideries and meaderies

CRA Initiatives - Sewer Tie-in Program: augments property usage and eliminates unsanitary conditions. Direct Financial Incentive Program - to attract large scale projects to the CRA, such as NoMa. Art in Public Places Pilot Program – community diversification and beautification.

### *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 2017 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.

### *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, 2015. This was the twenty-seventh 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, Alberni, Caballero & Fierman, 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,



\_\_\_\_\_  
Ana M. Garcia, ICMA-CM, City Manager



\_\_\_\_\_  
Janette Smith, Finance Director



Government Finance Officers Association

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

Presented to

**City of North Miami Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO



# **CITY OF NORTH MIAMI BEACH, FLORIDA**

CITY OFFICIALS  
SEPTEMBER 30, 2017

## **CITY COUNCIL**

George Vallejo, Mayor

Anthony F. DeFillipo

Phyllis S. Smith

Beth E. Spiegel

Frantz Pierre

Barbara Kramer

Marlen Martell

## **CITY MANAGER**

Ana M. Garcia, ICMA-CM

## **CITY ATTORNEY**

Jose Smith

## **CITY CLERK**

Pamela L. Lattimore, CMC

## **FINANCE DIRECTOR**

Janette Smith, CPA

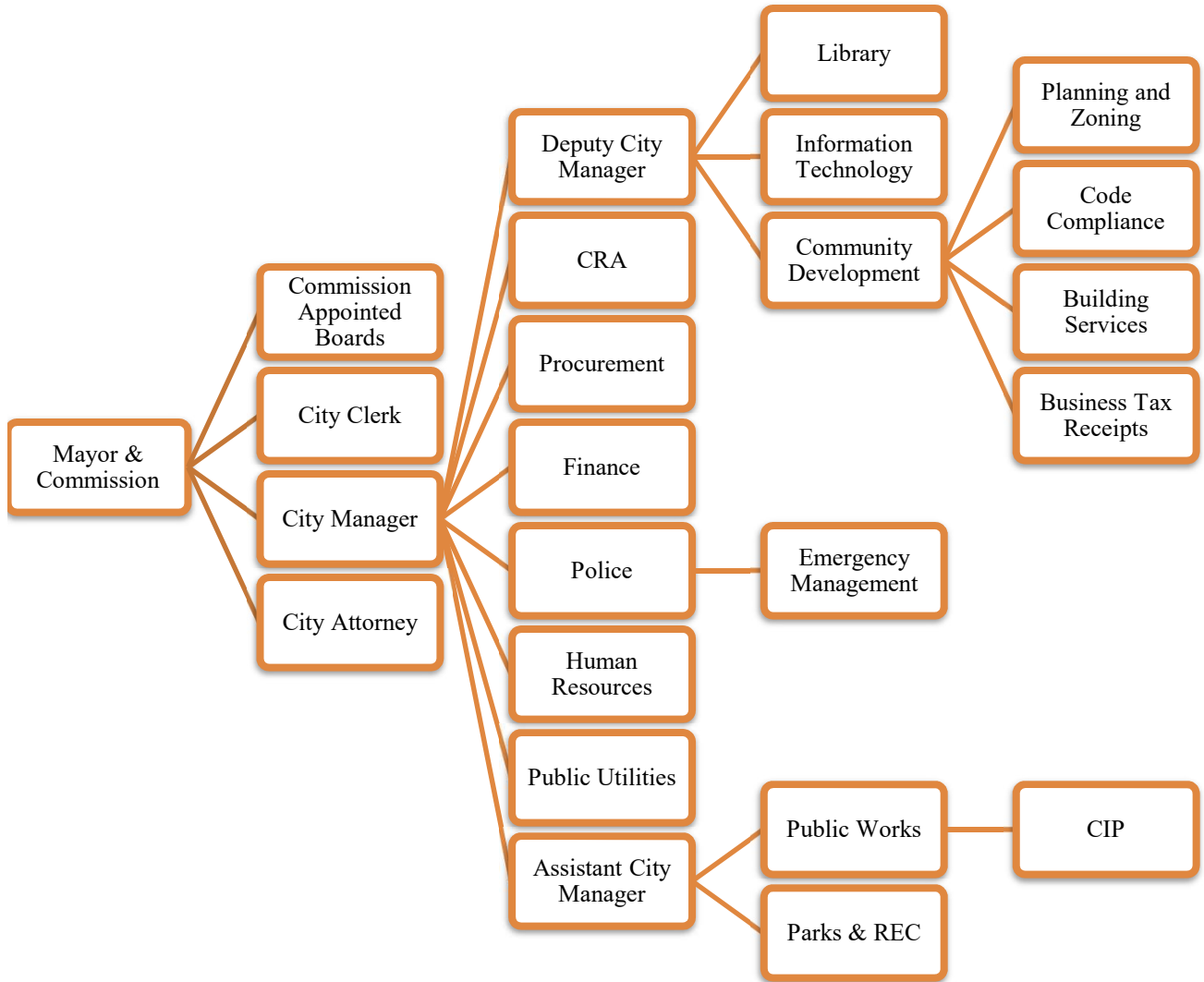
## **INDEPENDENT AUDITORS**

Caballero, Fierman, Llerena + Garcia, LLP

# CITY OF NORTH MIAMI BEACH, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2017



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## **II. FINANCIAL SECTION**

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# **INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for General Employees of the City of North Miami Beach, which represents 35%, 36% and 25%, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Also, we did not audit the financial statements of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach, which represents 44%, 45% and 35%, respectively, of the assets, net position, and revenues 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74, *Financial Reporting Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statements No. 77, *Tax Abatement Disclosures* as of October 1, 2016.

Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues Expenditures and Changes in Fund Balance – Budget to Actual – General Fund, and Pension and Other Post-Employment Benefits Schedules as listed in the table of contents on pages 21 to 37 and 102 to 113, 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.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Coral Gables, Florida  
April 30, 2018



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

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

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, 2017. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages 1 to 15 of this report.

### Financial Highlights

- Total net position of the City of North Miami Beach increased by \$17.9 million or 10.6% over the prior fiscal year net position to \$186.6 million.
- *Total assets* increased by \$8.9 million or 2.5%. *Current assets* increased by \$14.9 million while non-current assets and restricted assets decreased, which indicates higher asset liquidity. Governmental activities contributed \$6.3 million to the increase, while Business-type activities contributed \$8.6 million. Deferred outflows of resources decreased by \$3.4 million, indicating lower future pension costs.
- *Total liabilities* decreased by \$13.9 million or 6.5% because of debt service payments. *Current liabilities* increased by about \$0.1 million indicating that the City continues to adequately pay its current obligations. *Deferred inflows of resources* increased by \$1.5 million, also indicating lower future pension costs.
- Total governmental activities revenues increased by about \$4.0 million, or 8.8%, as the result of an increase in the City's property values and charges for services. Total governmental activities expenses increased by \$1.2 million or 2.6% largely as a result of increased spending related to public safety programs.
- Total business-type activities revenues increased by \$2.0 million or 3.4% because of increased consumption of water, sewer and solid waste services. Total business-type activities expenses increased by 1.4% attributable to the cost of inflation.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42.4 million, an increase of \$6.4 million over the prior fiscal year. Approximately 58.8% or \$24.9 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- The City's enterprise funds reported combined unrestricted net position of \$44.7 million, an increase of \$5.9 million over the previous fiscal year. The enterprise fund total net position increased by \$7.5 million or 5.3%, due to the results of operations and repayment of debt.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### Overview of the Financial Statements

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

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

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

### Government-wide financial statements:

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public services, parks and recreation services, code compliance, planning and zoning, economic development, and general and administrative services. The business-type activities of the City include water, sewer, and stormwater operations, sanitation services and building permitting.

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### **Fund financial statements:**

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

### **Governmental funds:**

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

### **Proprietary funds:**

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

*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 49-101 of this report.*

### **Other information:**

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

*Required supplementary information can be found on pages 102-113 of this report.*

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

*Combining statements and budgetary schedules can be found on pages 114-132 of this report.*

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

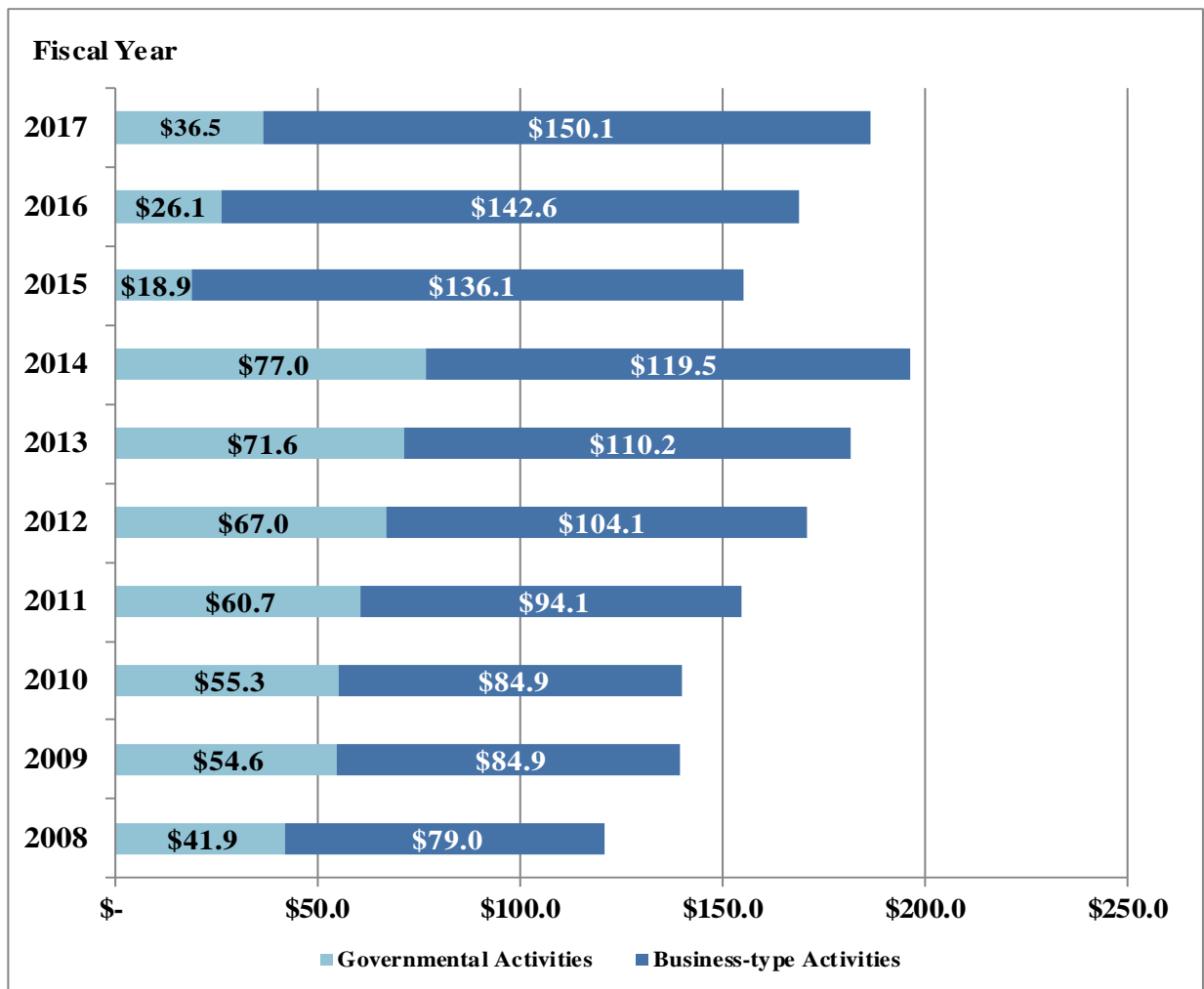
### Government-Wide Financial Analysis

*Net investment in capital assets* - The largest portion of the City's net position (74.1%) 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 (14.3%) 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 \$21.6 million or 11.7% of total net position at September 30, 2017.

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 SEPTEMBER 30, 2017

### 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).

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets and Deferred</b>						
<b><u>Outflows of Resources</u></b>						
Current	\$ 46.3	\$ 75.4	\$121.7	\$ 40.0	\$ 66.8	\$106.8
Non-current	-	0.6	0.6	-	0.7	0.7
Restricted assets	0.6	7.2	7.8	0.7	7.2	7.9
Capital assets, net	69.2	166.7	235.9	70.0	171.7	241.7
Total assets	<u>\$ 116.1</u>	<u>\$ 249.9</u>	<u>\$366.0</u>	<u>\$ 110.7</u>	<u>\$ 246.4</u>	<u>\$357.1</u>
Deferred outflows of resources	<u>\$ 20.4</u>	<u>\$ 4.7</u>	<u>\$ 25.1</u>	<u>\$ 22.0</u>	<u>\$ 6.5</u>	<u>\$ 28.5</u>
<b>Liabilities and Deferred</b>						
<b><u>Inflows of Resources</u></b>						
Long-term liabilities	\$ 93.0	\$ 88.3	\$181.3	\$ 99.9	\$ 95.4	\$195.3
Other liabilities	3.4	15.0	18.4	4.2	14.1	18.3
Total liabilities	<u>\$ 96.4</u>	<u>\$ 103.3</u>	<u>\$199.7</u>	<u>\$ 104.1</u>	<u>\$ 109.5</u>	<u>\$213.6</u>
Deferred inflows of resources	<u>\$ 3.6</u>	<u>\$ 1.2</u>	<u>\$ 4.8</u>	<u>\$ 2.5</u>	<u>\$ 0.8</u>	<u>\$ 3.3</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 47.6	\$ 89.4	\$137.0	\$ 45.6	\$ 89.3	\$134.9
Restricted	10.4	16.0	26.4	10.2	14.5	24.7
Unrestricted	(21.5)	44.7	23.2	(29.7)	38.8	9.1
Total net position	<u>\$ 36.5</u>	<u>\$ 150.1</u>	<u>\$186.6</u>	<u>\$ 26.1</u>	<u>\$ 142.6</u>	<u>\$168.7</u>



# CITY OF NORTH MIAMI BEACH, FLORIDA

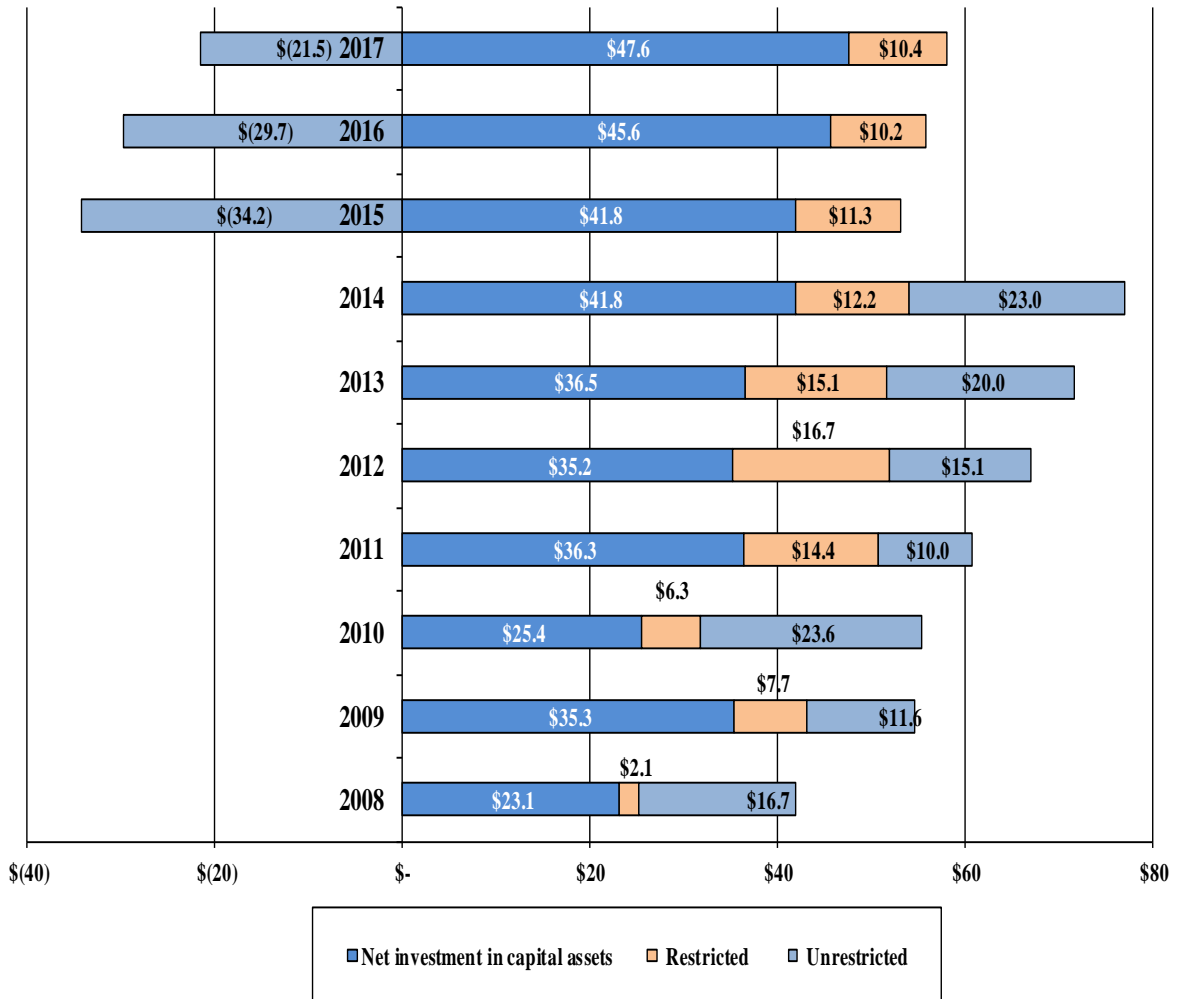
## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### Governmental activities:

Net position of the City's governmental activities increased by \$9.0 million from \$26.1 million in the last fiscal year to \$35.1 million in the current fiscal year. Property taxes continue to strengthen, as do other sources of tax revenues, nearly reaching pre-recession levels. Additional transfers from the business-type activities were charged as the result of an increase in the economic activity of those funds.

### Governmental activities Net Position (in millions)

Fiscal Year



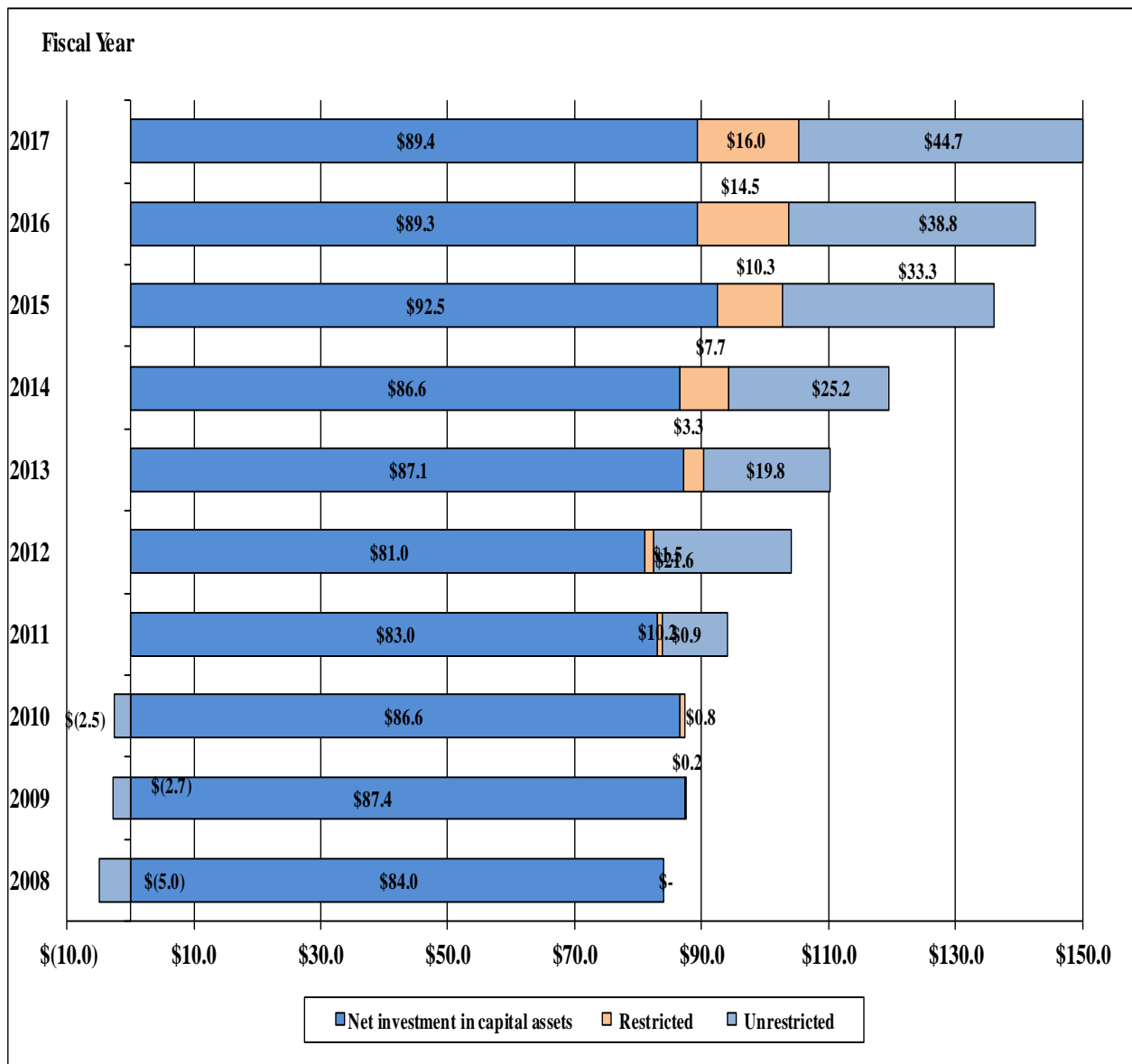
# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### Business-type activities:

The City's net position of the business-type activities increased by approximately \$7.3 million or 5.1% over the prior fiscal year amount. Notably, unrestricted net position increased from the prior year, by approximately \$5.7 million as a result of operations. Restricted net position also increased from prior year, by \$1.5 million, because of the collection of impact/inplant fees.

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



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### 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).

	2017			2016		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 4.5	\$ 55.9	\$ 60.4	\$ 2.6	\$ 51.4	\$ 54.0
Operating grants & contributions	1.4	-	1.4	2.4	-	2.4
Capital grants & contributions	0.4	-	0.4	1.6	-	1.6
General Revenues:						
Property taxes	16.5	-	16.5	14.1	-	14.1
Other taxes	20.1	2.8	22.9	18.7	3.5	22.2
Intergovernmental	5.3	-	5.3	4.8	-	4.8
Other miscellaneous	1.1	1.9	3.0	1.1	3.7	4.8
<b>Total revenues</b>	<u>49.3</u>	<u>60.6</u>	<u>109.9</u>	<u>45.3</u>	<u>58.6</u>	<u>103.9</u>
<b>Expenses:</b>						
General government	12.4	-	12.4	15.0	-	15.0
Public safety	25.4	-	25.4	21.9	-	21.9
Parks and R.E.C.	5.4	-	5.4	5.2	-	5.2
Public services	4.3	-	4.3	4.0	-	4.0
Interest on long-term debt	0.6	-	0.6	0.8	-	0.8
Water	-	27.0	27.0	-	26.1	26.1
Sewer	-	6.0	6.0	-	5.3	5.3
Solid Waste	-	8.3	8.3	-	8.8	8.8
Stormwater	-	1.0	1.0	-	1.0	1.0
Building permits	-	1.6	1.6	-	2.1	2.1
<b>Total Expenses</b>	<u>48.1</u>	<u>43.9</u>	<u>92.0</u>	<u>46.9</u>	<u>43.3</u>	<u>90.2</u>
Increase (decrease) in net position before transfers	1.2	16.7	17.9	(1.6)	15.3	13.7
Transfers	9.2	(9.2)	-	8.8	(8.8)	-
<b>Change in net position</b>	10.4	7.5	17.9	7.2	6.5	13.7
Net position - beginning	<u>26.1</u>	<u>142.6</u>	<u>168.7</u>	<u>18.9</u>	<u>136.1</u>	<u>155.0</u>
Net position - ending	<u>\$ 36.5</u>	<u>\$ 150.1</u>	<u>\$ 186.6</u>	<u>\$ 26.1</u>	<u>\$ 142.6</u>	<u>\$168.7</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### **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 \$42.4 million, an increase of \$6.4 million over the prior year.

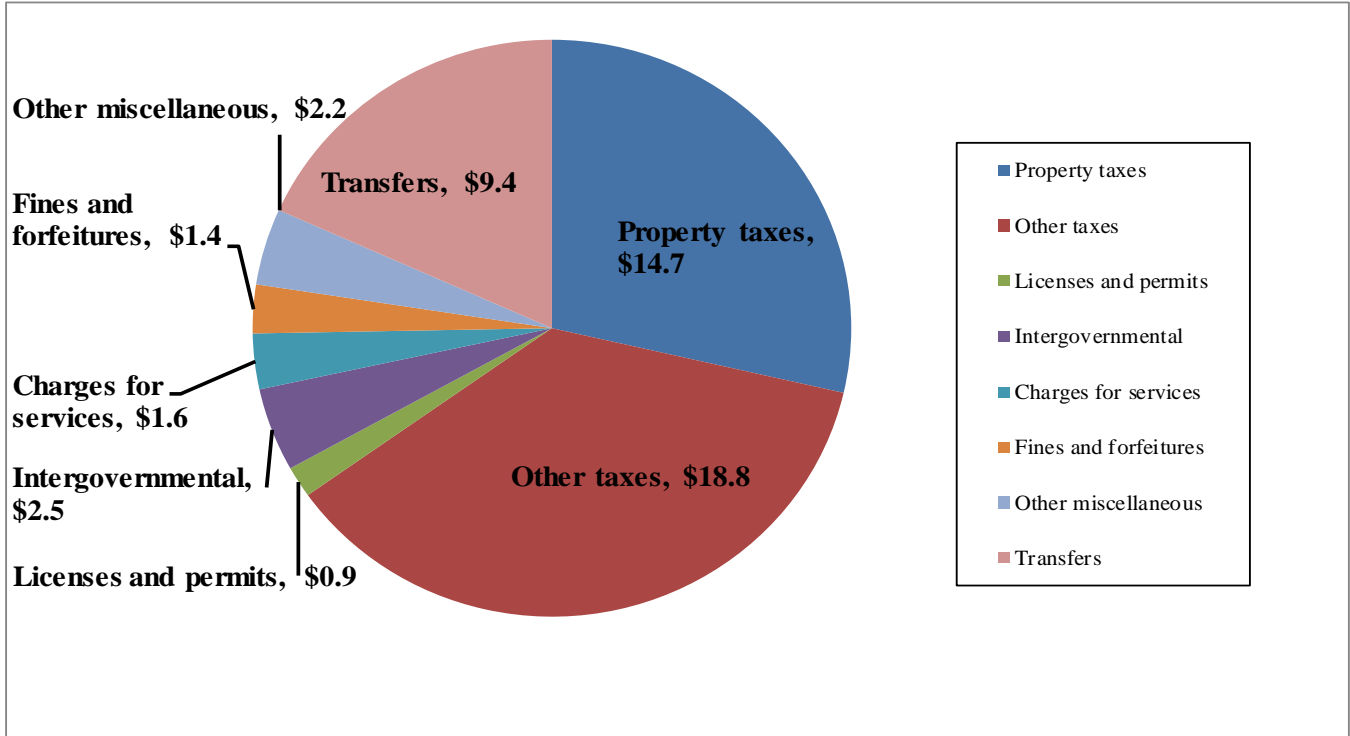
At September 30, 2017, less than one percent of the fund balance of the governmental funds was in nonspendable form. In other words, the assets are not cash and will not be converted into cash. This classification includes items such as prepaid costs and inventory. The use of 24.7% of fund balance is 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 \$0.3 million of fund balance to be used for specific purposes such as alley restoration. The City Manager has assigned approximately 15.3% 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 58.8% of fund balance (\$24.9 million) constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. All revenues and other receipts and expenses, fixed charges and capital improvement costs that are not required by law or contractual agreement to be accounted for in another fund are accounted for in this fund. At the end of the current fiscal year, fund balance in the general fund is \$32.0 million. The unassigned fund balance of \$25.0 million constitutes 78.1% of total general fund balance which represents an increase of \$5.6 million or 28.9% over the prior year. *Total General Fund revenues* increased \$4.5 million over last fiscal year. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2017 general fund revenues and relative to the fiscal year 2016 general fund revenues.

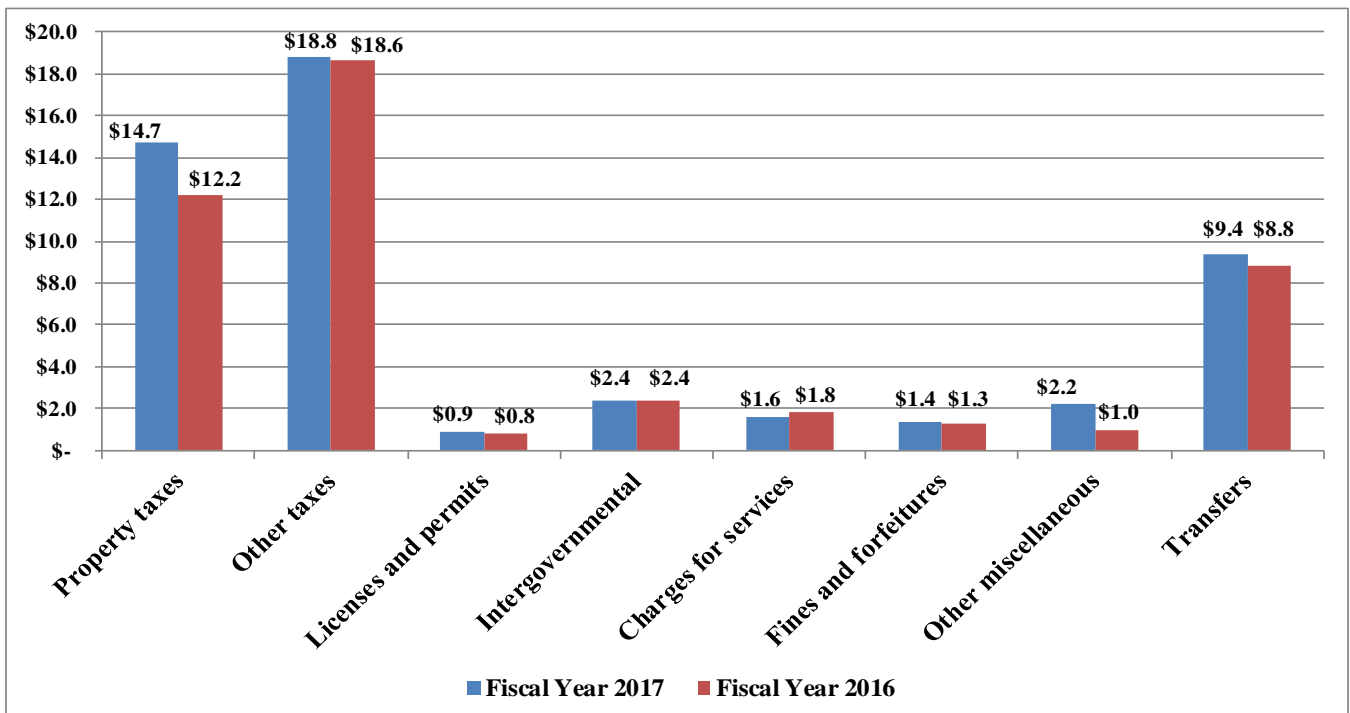
# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

### General Fund Revenues by Source (in millions)



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



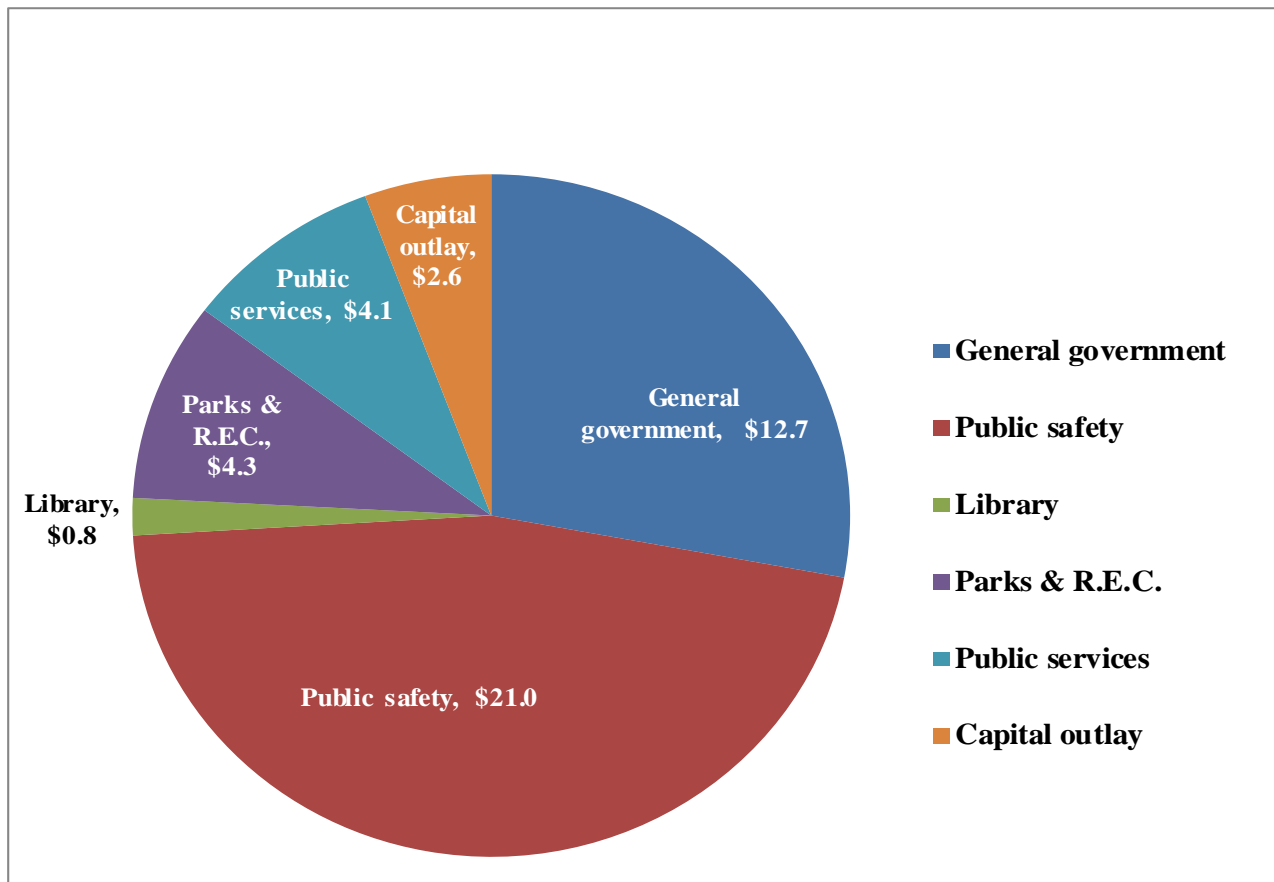
# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

*Total General Fund expenditures* increased by \$0.1 million or 0.2% as compared to the prior year. Considering the cost of inflation, the cost of General Fund services actually decreased.

The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2016 general fund expenditures.

**General Fund Expenditures (in millions)**



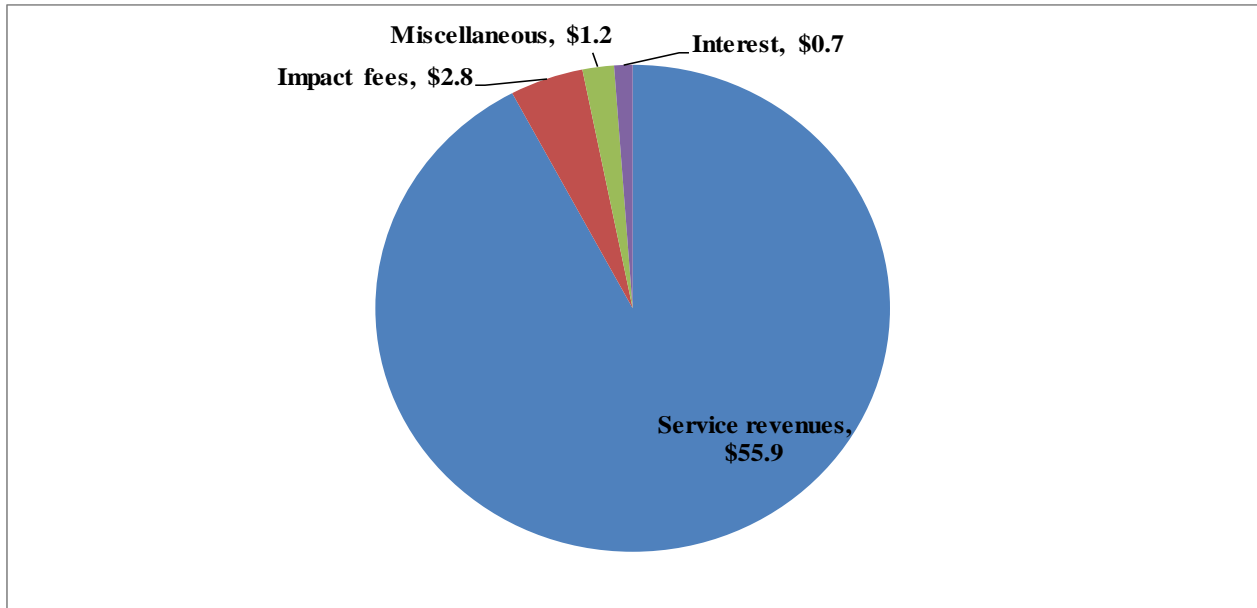
**Proprietary funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information. *Total Proprietary fund revenues* increased by \$2.0 million over last fiscal year because of increases in consumption of water, sewer and solid waste services.

# CITY OF NORTH MIAMI BEACH, FLORIDA

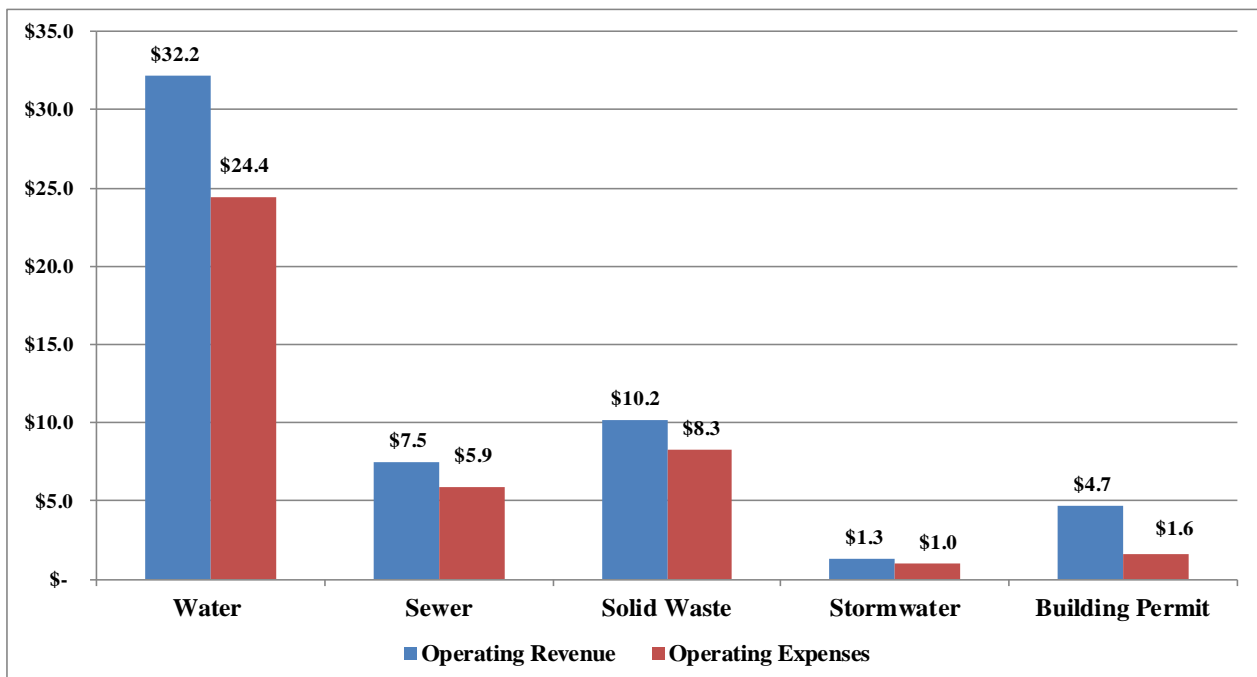
## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

The following graphics display (in millions) the sources of proprietary fund revenues relative to the total fiscal year 2017 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 SEPTEMBER 30, 2017

### **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 102-105 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$2.7 million during the current fiscal year. The original budget was increased to provide amounts encumbered for capital projects at the end of the prior fiscal year.

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

- Actual revenue was greater than planned by almost \$3.0 million. Total tax revenue exceeded expectations by about \$1.4 million. Fines and forfeiture revenue was higher than expected by \$0.4 million, and impact fees were about 1.1 million higher than budgeted.
- All expenditures exhibited positive variances. Significant savings were realized in both operating and capital outlay expenditures.
- Overall the positive expenditure variance was about \$5.6 million.
- The total budgetary variance was a positive \$5.9 million.

### **Capital Assets and Debt Administration**

#### **Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounts to \$235.9 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 decreased by \$5.8 million or 2.4%.

During the past several years, the City has experienced the unusual occurrence when depreciation expense exceeds capital asset additions. This is an indication of the City's cost cutting measures. Capital improvements were delayed until such time that economic conditions improved. Now that the economy has strengthened, capital improvement plans have resumed, with the bulk of the activity recorded as construction in progress. Additionally, as part of the contract for operation, maintenance, repair and capital programming of the Water and Sewer Utilities, a portion of the assets were sold to the contractor resulting in significant disposals in those business-type activities.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

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 depreciation (in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 4.3	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.2	\$ 10.2
Buildings and plant	1.6	2.0	111.4	117.2	113.0	119.2
Improvements other than buildings	15.6	17.0	-	-	15.6	17.0
Furniture, fixtures, machinery and equipment	5.2	5.3	3.3	3.9	8.5	9.2
Infrastructure	17.6	18.5	-	-	17.6	18.5
Capital lease equipment	1.2	1.6	0.5	0.7	1.7	2.3
Construction in progress	<u>23.7</u>	<u>21.3</u>	<u>45.6</u>	<u>44.0</u>	<u>69.3</u>	<u>65.3</u>
Total capital assets	<u>\$ 69.2</u>	<u>\$ 70.0</u>	<u>\$ 166.7</u>	<u>\$ 171.7</u>	<u>\$ 235.9</u>	<u>\$ 241.7</u>

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

### Long-term Debt

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

At the end of the current fiscal year, the City had total bonded debt outstanding, net of bond premiums of \$74.5 million, total notes payable of \$2.4 million, State Revolving loans outstanding of \$20.6 million, and \$1.4 million in Master Lease arrangements for the financing of a new financial management system and other equipment. Of this amount, \$17.4 million was approved by referendum of the City's voters. \$80.1 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 \$1.6 million.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 17.4	\$ 18.7	\$ -	\$ -	\$ 17.4	\$ 18.7
Revenue bonds	1.9	2.5	55.2	57.9	57.1	60.4
Notes payable	1.6	1.8	0.8	0.9	2.4	2.7
State Revolving Loans	-	-	20.6	22.0	20.6	22.0
Master leases	0.7	1.4	0.7	1.4	1.4	2.8
<b>Total</b>	<u>\$ 21.6</u>	<u>\$ 24.4</u>	<u>\$ 77.3</u>	<u>\$ 82.2</u>	<u>\$ 98.9</u>	<u>\$ 106.6</u>

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

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

### **Economic Factors and Next Year's Budgets and Rates**

During 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 2017 Budget. Each expenditure and revenue generation has been strategically linked to the City's Vision, Mission and Goals.

The goals identified during the Strategic Planning sessions included:

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

The City's property tax bottomed after five consecutive years of decline from 2008 to 2013. Growth was sluggish from 2013 to 2016, from \$1.7 billion to 2.0 billion. While the City's property tax base (gross taxable value) has decreased from its peak of approximately \$2.7 billion in 2008 to \$2.3 billion in 2017, operating millage rates have declined from \$6.6905 per thousand to \$6.5000 over the same period. This combination has resulted in a cumulative loss of \$38.0 million in property tax revenue since fiscal year 2009. However, property tax revenue grew by 16.5% for the current fiscal year's budget, the highest rate of increase in Miami-Dade County, and another 8.8% for next year's budget.

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.

The City continues to investigate services that are amenable to outsourcing that could provide overall savings while maintaining the level of service that the City currently provides. During May 2017, the City contracted with CH2M Hill Engineers, Inc. for the operation, maintenance and program management of the Water and Wastewater Utilities. The contract is estimated to save the City \$56.5 million over the next ten years.

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 focus will remain on the implementation of Strategic Plan initiatives.

### **Requests for Information**

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

**Janette Smith, CPA**  
**Finance Director**  
**City of North Miami Beach**  
**17011 NE 19<sup>th</sup> Avenue**  
**North Miami Beach, Florida 33162**



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## **BASIC FINANCIAL STATEMENTS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	Governmental Activities	Business- type Activities	Total
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Current assets			
Pooled cash and investments	\$ 40,515,254	\$ 59,555,169	\$ 100,070,423
Receivables	5,524,271	15,625,126	21,149,397
Prepaid costs	67,829	600	68,429
Inventory	147,157	137,885	285,042
Other assets	45,100	-	45,100
Restricted assets			
Pooled cash and investments	-	4,421,646	4,421,646
Escrow funds held by lessor	550,925	2,827,919	3,378,844
Total current assets	46,850,536	82,568,345	129,418,881
Non-Current assets			
Loans receivable	-	631,636	631,636
Capital assets, non-depreciable	28,048,655	51,446,619	79,495,274
Capital assets, net of accumulated depreciation	41,169,257	115,246,556	156,415,813
Total non-current assets	69,217,912	167,324,811	236,542,723
Deferred outflows of resources			
Pension	20,419,928	4,713,995	25,133,923
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 136,488,376</b>	<b>\$ 254,607,151</b>	<b>\$ 391,095,527</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 2,950,931	\$ 10,549,858	\$ 13,500,789
Customer/vendor deposits	429,873	4,421,646	4,851,519
Total current liabilities	3,380,804	14,971,504	18,352,308
Non-Current liabilities			
Due within one year	4,448,844	5,097,021	9,545,865
Due in more than one year			
Net pension liability	66,562,679	10,783,200	77,345,879
Other non-current liabilities	21,998,396	72,425,113	94,423,509
Total non-current liabilities	93,009,919	88,305,334	181,315,253
Deferred inflows of resources			
Taxes received in advance	820,719	-	820,719
Pension	2,812,923	1,214,490	4,027,413
Total deferred inflows of resources	3,633,642	1,214,490	4,848,132
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 100,024,365</b>	<b>\$ 104,491,328</b>	<b>\$ 204,515,693</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 47,555,436	\$ 89,393,764	\$ 136,949,200
Restricted for:			
Debt service	113,681	-	113,681
Community Redevelopment	1,311,639	-	1,311,639
Interlocal agreements	1,849,802	-	1,849,802
Public safety	6,820,599	-	6,820,599
Capital projects and equipment	-	2,827,919	2,827,919
Impact fees	316,224	13,161,797	13,478,021
Unrestricted	(21,503,370)	44,732,343	23,228,973
Total net position	<b>\$ 36,464,011</b>	<b>\$ 150,115,823</b>	<b>\$ 186,579,834</b>

See notes to basic financial statements

**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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	\$ 12,377,750	\$ 2,120,327	\$ -	\$ -	\$ (10,257,423)	\$ -	\$ (10,257,423)
Public safety	25,421,915	1,634,207	1,330,736	198,099	(22,258,873)	-	(22,258,873)
Parks & REC	5,432,110	782,797	107,445	10,025	(4,531,843)	-	(4,531,843)
Public services	4,303,941	-	-	232,268	(4,071,673)	-	(4,071,673)
Interest on long-term debt	643,291	-	-	-	(643,291)	-	(643,291)
Total governmental activities	<u>48,179,007</u>	<u>4,537,331</u>	<u>1,438,181</u>	<u>440,392</u>	<u>(41,763,103)</u>	<u>-</u>	<u>(41,763,103)</u>
Business-type activities:							
Water	27,015,304	32,232,198	-	-	-	5,216,894	5,216,894
Wastewater	6,056,660	7,451,359	-	-	-	1,394,699	1,394,699
Solid waste	8,276,131	10,180,564	-	-	-	1,904,433	1,904,433
Stormwater	998,018	1,313,261	-	-	-	315,243	315,243
Building permits	1,567,340	4,725,975	-	-	-	3,158,635	3,158,635
Total business-type activities	<u>43,913,453</u>	<u>55,903,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,989,904</u>	<u>11,989,904</u>
Total	<u>\$ 92,092,460</u>	<u>\$ 60,440,688</u>	<u>\$ 1,438,181</u>	<u>\$ 440,392</u>	<u>(41,763,103)</u>	<u>11,989,904</u>	<u>(29,773,199)</u>
General revenues:							
Property taxes					16,470,241	-	16,470,241
Utility taxes					3,406,093	-	3,406,093
Communication service taxes					1,747,690	-	1,747,690
Franchise fees on gross receipts					2,137,529	-	2,137,529
Sales taxes					4,172,363	-	4,172,363
State revenue sharing and other unrestricted intergovernmental revenue					5,333,508	-	5,333,508
Investment income					173,372	726,364	899,736
User surcharges					8,570,591	2,842,022	11,412,613
Miscellaneous					890,172	1,189,804	2,079,976
Transfers					<u>9,210,102</u>	<u>(9,210,102)</u>	<u>-</u>
Total general revenues and transfers					<u>52,111,661</u>	<u>(4,451,912)</u>	<u>47,659,749</u>
Change in net position					10,348,558	7,537,992	17,886,550
Net position - beginning					26,115,453	142,577,831	168,693,284
Net position - ending					<u>\$ 36,464,011</u>	<u>\$ 150,115,823</u>	<u>\$ 186,579,834</u>

See notes to basic financial statements



## CITY OF NORTH MIAMI BEACH, FLORIDA

### BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

ASSETS	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 29,833,546	\$ 1,314,182	\$ 8,661,775	\$ 39,809,503
Accounts receivable	4,540,872	-	983,399	5,524,271
Due from other funds	520,520	-	-	520,520
Prepaid costs	32,852	970	3,515	37,337
Inventory	147,157	-	-	147,157
Other assets	45,100	-	-	45,100
Escrow funds held by lessor	550,925	-	-	550,925
<b>TOTAL ASSETS</b>	<b>\$ 35,670,972</b>	<b>\$ 1,315,152</b>	<b>\$ 9,648,689</b>	<b>\$ 46,634,813</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,423,414	\$ 2,543	\$ 263,422	\$ 2,689,379
Vendor deposits	429,873	-	-	429,873
Due to other funds	-	-	304,288	304,288
<b>Deferred inflows of resources</b>				
Taxes received in advance	820,719	-	-	820,719
Total liabilities and deferred inflows of resources	3,674,006	2,543	567,710	4,244,259
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventory	147,157	-	-	147,157
Prepaid costs	32,852	970	3,515	37,337
<b>Restricted:</b>				
Debt service	-	-	117,017	117,017
Community Redevelopment	-	1,311,639	-	1,311,639
Interlocal agreements	-	-	1,916,135	1,916,135
Public safety	-	-	6,820,599	6,820,599
Impact fees	316,224	-	-	316,224
<b>Committed:</b>				
Alley restoration	-	-	293,382	293,382
<b>Assigned:</b>				
Capital projects and equipment	3,159,394	-	-	3,159,394
Liability claims	1,163,957	-	-	1,163,957
Workers' compensation claims	2,095,339	-	-	2,095,339
Land acquisition	68,574	-	-	68,574
<b>Unassigned:</b>				
Grant related expenditures	-	-	(66,333)	(66,333)
Debt service	-	-	(3,336)	(3,336)
General fund	25,013,469	-	-	25,013,469
Total fund balances	31,996,966	1,312,609	9,080,979	42,390,554
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 35,670,972</b>	<b>\$ 1,315,152</b>	<b>\$ 9,648,689</b>	<b>\$ 46,634,813</b>

See notes to basic financial statements

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

SEPTEMBER 30, 2017

Total governmental fund balances (page 40) \$ 42,390,554

Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:

Capital assets, (excluding those reported in the internal service funds) used in governmental activities are not current financial resources and therefore are not reported in the funds 69,092,483

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. (26,412,452)

Deferred pension outflows 20,419,928

Deferred pension inflows (2,812,923)

Net pension liability (66,562,679)

Accrued interest on long term debt (254,038)

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. 603,138

Net position of governmental activities (page 38) \$ 36,464,011

## CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 14,614,881	\$ -	\$ 1,855,360	\$ 16,470,241
User surcharges	8,570,591	-	-	8,570,591
Franchise fees	2,137,529	-	-	2,137,529
Utility taxes	3,406,093	-	-	3,406,093
Communication service taxes	1,747,690	-	-	1,747,690
Other taxes	4,172,363	-	-	4,172,363
Licenses and permits	938,769	-	-	938,769
Intergovernmental revenue	2,415,505	1,013,821	1,904,182	5,333,508
Charges for services	1,570,281	-	-	1,570,281
Fines and forfeitures	1,425,143	-	1,416,387	2,841,530
Grant revenue	-	-	337,856	337,856
Investment income	163,735	9,637	-	173,372
Miscellaneous revenue	863,922	-	26,250	890,172
Total revenues	42,026,502	1,023,458	5,540,035	48,589,995
<b>Expenditures:</b>				
Current operating:				
General government	12,683,217	201,972	415,160	13,300,349
Public safety	20,992,675	-	1,378,340	22,371,015
Library	839,113	-	-	839,113
Parks & REC	4,323,976	-	47,727	4,371,703
Public services	4,068,562	-	24,665	4,093,227
Capital outlay	2,563,557	31,660	1,112,654	3,707,871
Debt service:				
Principal	38,047	166,667	1,841,982	2,046,696
Interest and other fiscal charges	1,003	33,825	662,062	696,890
Total expenditures	45,510,150	434,124	5,482,590	51,426,864
Excess (deficiency) of revenues over expenditures	(3,483,648)	589,334	57,445	(2,836,869)
<b>Other financing sources (uses)</b>				
Transfers in	9,434,933	-	649,612	10,084,545
Transfers out	(25,257)	(120,482)	(726,564)	(872,303)
Total other financing sources (uses)	9,409,676	(120,482)	(76,952)	9,212,242
Net change in fund balance	5,926,028	468,852	(19,507)	6,375,373
Fund balances, beginning	26,070,938	843,757	9,100,486	36,015,181
Fund balances, ending	\$ 31,996,966	\$ 1,312,609	\$ 9,080,979	\$ 42,390,554

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, 2017

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)	\$ 6,375,373
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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 depreciation exceeded capital outlays in the current period. The details of the difference (excluding the internal service fund) are as follows:

Capital outlay	\$ 3,707,871	
Depreciation expense	(4,486,249)	
Amounts reported as capital outlay not included in capital assets (not capitalized)	<u>(120,022)</u>	
Net adjustment		(898,400)

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	1,230,000	
Revenue bonds	611,982	
Notes payable	166,667	
Master leases	<u>718,367</u>	
Net adjustment		2,727,016

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		(300,981)
Accrued interest		53,599
Estimated claims		(76,000)
OPEB obligations		599,502
Deferred outflows		(1,569,843)
Deferred inflows		(1,064,656)
Net pension liability		<u>3,899,810</u>

The internal service fund is used by management to charge the costs of information technology to other funds. The net revenue is reported with governmental activities.	<u>603,138</u>
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Change in net position of governmental activities (page 39)	<u>\$ 10,348,558</u>
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**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Business-type Activities					Internal Service Fund	
	Enterprise Funds				Total		Information Technology
	Major Funds			Other Enterprise Funds			
Water Utility	Wastewater Utility	Solid Waste					
<b>ASSETS</b>							
Current assets:							
Pooled cash and investments	\$ 34,945,613	\$ 13,829,863	\$ 429,795	\$ 10,349,898	\$ 59,555,169	\$ 705,751	
Accounts receivable, net	10,196,996	2,330,366	2,767,747	330,017	15,625,126	-	
Prepaid expenses	600	-	-	-	600	30,492	
Inventory	137,885	-	-	-	137,885	-	
Restricted assets:							
Customer Deposits	3,945,363	452,373	23,910	-	4,421,646	-	
Escrow funds held by lessor	726,206	265,661	1,696,641	139,411	2,827,919	-	
Total current assets	<u>49,952,663</u>	<u>16,878,263</u>	<u>4,918,093</u>	<u>10,819,326</u>	<u>82,568,345</u>	<u>736,243</u>	
Non-current assets							
Loans receivable	-	631,636	-	-	631,636	-	
Capital assets, non-depreciable	39,774,335	11,361,310	-	310,974	51,446,619	-	
Capital assets - net of accumulated depreciation	96,510,219	14,481,837	620,856	3,633,644	115,246,556	125,429	
Total non-current assets	<u>136,284,554</u>	<u>26,474,783</u>	<u>620,856</u>	<u>3,944,618</u>	<u>167,324,811</u>	<u>125,429</u>	
Total assets	<u>\$ 186,237,217</u>	<u>\$ 43,353,046</u>	<u>\$ 5,538,949</u>	<u>\$ 14,763,944</u>	<u>\$ 249,893,156</u>	<u>\$ 861,672</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension	\$ 3,153,479	\$ 283,066	\$ 369,845	\$ 907,605	\$ 4,713,995	\$ -	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 7,752,455	\$ 1,391,316	\$ 744,155	\$ 661,932	\$ 10,549,858	\$ 7,514	
Customer deposits	3,945,363	452,373	23,910	-	4,421,646	-	
Due to other funds	-	-	-	-	-	216,232	
Current portions of:							
Revenue bonds payable	2,760,403	-	-	-	2,760,403	-	
Notes payable	936,244	492,016	-	182,182	1,610,442	-	
Master lease payable	118,294	51,464	411,454	116,566	697,778	-	
Compensated absences	8,587	-	19,361	450	28,398	9,482	
Total current liabilities	<u>15,521,346</u>	<u>2,387,169</u>	<u>1,198,880</u>	<u>961,130</u>	<u>20,068,525</u>	<u>233,228</u>	
Non-current liabilities:							
Revenue bonds payable	52,469,692	-	-	-	52,469,692	-	
Notes payable	13,960,266	5,230,108	-	570,722	19,761,096	-	
Net pension liability	7,243,399	623,580	1,592,004	1,324,217	10,783,200	-	
Compensated absences	27,486	-	55,835	108,146	191,467	25,306	
Other post-employment benefits	1,547	129	645	537	2,858	-	
Total non-current liabilities	<u>73,702,390</u>	<u>5,853,817</u>	<u>1,648,484</u>	<u>2,003,622</u>	<u>83,208,313</u>	<u>25,306</u>	
Total liabilities	<u>\$ 89,223,736</u>	<u>\$ 8,240,986</u>	<u>\$ 2,847,364</u>	<u>\$ 2,964,752</u>	<u>\$ 103,276,838</u>	<u>\$ 258,534</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension	\$ 752,337	\$ 10,148	\$ 15,969	\$ 436,036	\$ 1,214,490	\$ -	
<b>NET POSITION</b>							
Net investment in capital assets	\$ 66,039,655	\$ 20,069,559	\$ 209,402	\$ 3,075,148	\$ 89,393,764	\$ 125,429	
Restricted:							
Impact fees	12,077,867	1,083,930	-	-	13,161,797	-	
Capital equipment	726,206	265,661	1,696,641	139,411	2,827,919	-	
Unrestricted	20,570,895	13,965,828	1,139,418	9,056,202	44,732,343	477,709	
Total net position	<u>\$ 99,414,623</u>	<u>\$ 35,384,978</u>	<u>\$ 3,045,461</u>	<u>\$ 12,270,761</u>	<u>\$ 150,115,823</u>	<u>\$ 603,138</u>	

See notes to basic financial statements

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	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	\$ 32,232,198	\$ 7,451,359	\$10,180,564	\$ 6,039,236	\$ 55,903,357	\$2,823,004	
Total operating revenues	32,232,198	7,451,359	10,180,564	6,039,236	55,903,357	2,823,004	
Operating expenses:							
Personnel services	6,964,807	589,686	1,118,148	1,443,162	10,115,803	735,214	
Other operating costs	12,100,706	4,336,400	7,009,113	746,691	24,192,910	1,458,211	
Depreciation	5,263,114	1,007,589	138,201	352,181	6,761,085	6,367	
Total operating expenses	24,328,627	5,933,675	8,265,462	2,542,034	41,069,798	2,199,792	
Operating income	7,903,571	1,517,684	1,915,102	3,497,202	14,833,559	623,212	
Non-operating revenue (expense):							
Impact fees	2,511,682	330,340	-	-	2,842,022	-	
Investment income	562,590	97,141	7,137	59,496	726,364	-	
Miscellaneous income	725,519	6,896	(103,910)	561,299	1,189,804	-	
Interest and other fiscal charges	(2,686,677)	(122,985)	(10,669)	(23,324)	(2,843,655)	(17,934)	
Total non-operating revenue	1,113,114	311,392	(107,442)	597,471	1,914,535	(17,934)	
Income before transfers	9,016,685	1,829,076	1,807,660	4,094,673	16,748,094	605,278	
Transfers out	(5,769,956)	(1,244,676)	(1,469,861)	(725,609)	(9,210,102)	(2,140)	
Change in net position	3,246,729	584,400	337,799	3,369,064	7,537,992	603,138	
Net position, beginning	96,167,894	34,800,578	2,707,662	8,901,697	142,577,831	-	
Net position, ending	\$ 99,414,623	\$35,384,978	\$ 3,045,461	\$12,270,761	\$150,115,823	\$ 603,138	

See notes to basic financial statements

**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities					Internal
	Enterprise Funds					Service
	Major Funds					Fund
	Water Utility	Wastewater Utility	Solid Waste	Other Enterprise Funds	Total Enterprise Funds	Information Technology
Cash flows from operating activities:						
Cash received from customers	\$ 32,342,460	\$ 7,140,883	\$ 9,862,407	\$ 6,562,902	\$ 55,908,652	\$ -
Cash received from other funds	-	-	-	-	-	3,039,236
Cash payments to internal service funds	(1,439,798)	(338,760)	-	(225,840)	(2,004,398)	-
Cash payments to suppliers	(9,433,645)	(3,747,851)	(6,908,452)	(617,460)	(20,707,408)	(1,481,189)
Cash payments to employees	(6,782,985)	(591,784)	(1,059,120)	(1,652,451)	(10,086,340)	(700,426)
Net cash provided by operating activities	14,686,032	2,462,488	1,894,835	4,067,151	23,110,506	857,621
Cash flows used in noncapital financing activities:						
Transfers to other funds	(5,769,956)	(1,244,676)	(1,469,861)	(725,609)	(9,210,102)	(2,140)
Net cash used in noncapital financing activities:	(5,769,956)	(1,244,676)	(1,469,861)	(725,609)	(9,210,102)	(2,140)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,322,475)	(666,660)	(28,295)	(30,494)	(2,047,924)	(131,796)
Disposal of capital assets	103,799	183,015	-	-	286,814	-
Impact fees	2,511,682	330,340	-	-	2,842,022	-
Principal paid on long-term debt	(3,670,633)	(532,925)	(404,915)	(293,010)	(4,901,483)	-
Interest paid on long-term debt	(2,686,677)	(122,985)	(10,669)	(23,324)	(2,843,655)	(17,934)
Net cash used in capital and related financing activities	(5,064,304)	(809,215)	(443,879)	(346,828)	(6,664,226)	(149,730)
Cash flows from investing activities:						
Investment purchases	(18,282,320)	(6,565,686)	(30,003)	(5,025,643)	(29,903,652)	-
Investment calls and maturities	18,080,630	6,494,110	30,006	4,955,242	29,559,988	-
Investment income	764,280	168,717	7,134	129,897	1,070,028	-
Net cash provided by investing activities	562,590	97,141	7,137	59,496	726,364	-
Net increase (decrease) in pooled cash and investments	4,414,362	505,738	(11,768)	3,054,210	7,962,542	705,751
Pooled cash and investments, beginning	35,202,820	14,042,159	2,162,114	7,435,099	58,842,192	-
Pooled cash and investments, ending	39,617,182	14,547,897	2,150,346	10,489,309	66,804,734	705,751
Reconciliation of operating income to net cash provided						
by operating activities:						
Operating income	7,903,571	1,517,684	1,915,102	3,497,202	14,833,559	623,212
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	5,263,114	1,007,589	138,201	352,181	6,761,085	6,367
Other income	725,519	6,896	(103,910)	561,299	1,189,804	-
(Increase) decrease in assets:						
Accounts receivable	(673,799)	(324,755)	(211,746)	(37,633)	(1,247,933)	-
Inventories	646,711	-	-	-	646,711	-
Prepaid costs	4,830	-	-	-	4,830	(30,492)
Deferred outflows of resources	1,594,213	91,213	163,300	(15,032)	1,833,694	-
Increase (decrease) in liabilities:						
Vouchers payable and accrued liabilities	(40,185)	211,954	91,358	(83,691)	179,436	42,302
Customer deposits	58,542	7,383	(2,501)	-	63,424	-
Due to other funds	-	-	-	-	-	216,232
Pension and OPEB liabilities	(995,472)	(16,612)	(41,122)	(558,172)	(1,611,378)	-
Deferred inflows of resources	198,988	(38,864)	(53,847)	350,997	457,274	-
Total adjustments	6,782,461	944,804	(20,267)	569,949	8,276,947	234,409
Net cash provided by operating activities	\$ 14,686,032	\$ 2,462,488	\$ 1,894,835	\$ 4,067,151	\$ 23,110,506	\$ 857,621
Non-cash investing, capital and financing activities:						
Decrease in fair value of investments	\$ (201,690)	\$ (71,576)	\$ -	\$ (60,401)	\$ (333,667)	\$ -

See notes to basic financial statements

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2017

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<b><u>ASSETS</u></b>		
Cash	\$ 3,916	\$ 739,220
Investments:		
Common stock	106,248,544	-
Mutual funds	26,127,546	-
U.S. Government securities	36,702,913	-
Corporate bonds	8,524,191	-
Real estate	15,159,408	-
Hedge funds	9,035,424	-
Accrued interest receivable	247,535	-
Other receivables	279,490	-
Total assets	<u>\$ 202,328,967</u>	<u>\$ 739,220</u>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	\$ 273,061	\$ -
Deposits awaiting adjudication	-	739,220
Total liabilities	<u>\$ 273,061</u>	<u>\$ 739,220</u>
<b><u>NET POSITION</u></b>		
Net position restricted for pensions	<u>\$ 202,055,906</u>	<u>\$ -</u>

See notes to basic financial statements



# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,393,786
Employee	1,586,558
State of Florida	<u>519,848</u>
Total contributions	12,500,192
Investment income (expense):	
Net appreciation in fair value of investments	17,872,291
Interest and dividends	3,771,694
Other income	25,331
Investment expenses	<u>(1,066,311)</u>
Net investment income	<u>20,603,005</u>
Total additions	33,103,197
<u>DEDUCTIONS</u>	
Pension benefit payments	20,423,706
Administrative expenses	<u>461,459</u>
Total deductions	<u>20,885,165</u>
Change in net position	12,218,032
Net position restricted for pensions, beginning	<u>189,837,874</u>
Net position restricted for pensions, ending	<u><u>\$ 202,055,906</u></u>

See notes to basic financial statements



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**NOTES TO BASIC FINANCIAL STATEMENTS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

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

#### ***Financial Reporting Entity***

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

The North Miami Beach Community Redevelopment Agency (CRA) was created by the Mayor and City Commission on December 21, 2004 by adopting a resolution 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. The purpose of the CRA is the elimination and prevention of blight conditions within the designated Community Redevelopment Area. The CRA's Board of Directors is the City Commission. The CRA's Chairman is the City's Mayor. The CRA provides services that exclusively benefit the City and management of the City has operational responsibility for the component unit.

Component units are included in the reporting entity as blended or as discretely presented. Although legally separate entities, blended component units are, in substance, part of the City's operations. Accordingly, data from these component units are combined with data of the primary government. Based upon the application of the criteria described above, the financial activity of the CRA has been included in the City's financial reporting entity as a blended component unit.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **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 as applicable during the current fiscal year:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued in June 2015;
- GASB Statement No. 77, *Tax Abatement Disclosures* issued in August 2015;
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* issued in December 2015;
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* issued in June 2015;
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* issued in January 2016;
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* issued in March 2016.

The basic financial statements consist of the government-wide statements and fund financial statements. Each set of statements distinguish between the governmental and business-type activities of the City.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The statement of net position reports all 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*.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

#### ***Government-wide and Fund Financial Statements*** (continued)

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

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

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

##### **Government-Wide Financial Statements**

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

##### **Fund Financial Statements**

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

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

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 in another fund.

The *Community Development Agency* is used to account for the operations of the North Miami Beach Community Redevelopment Agency (CRA) as a blended component unit.

The City reports the following major proprietary funds:

The *Water Utility System Fund* accounts for the activities of providing water treatment and distribution service to the utility's customers.

The *Sewer Utility System Fund* accounts for the operation of the sewage pumping stations and collection systems to customers both inside and outside the City's boundaries.

The *Solid Waste Fund* accounts for providing sanitation services within the City.

Additionally, the City reports the following fund types:

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

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

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

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

#### ***Assets and Liabilities***

##### **1. Pooled Cash and Investments**

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

In 2012, the City adopted a written investment policy; surplus funds are invested in accordance with the provisions of that policy. City investments are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are based on quoted prices in active markets for identical assets; Level 2 inputs are based on significant other observable inputs; Level 3 inputs are based on unobservable inputs. As of September 30, 2017, all of the City's, OPEB Trust Fund's and The General Management Employee Pension Plan's government securities and corporate bonds have fair value measurements using level 2 valuation inputs using pricing models maximizing the use of observable inputs for similar securities. There are no assets valued using non-recurring fair value measurements.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

#### *Assets and Liabilities* (continued)

#### **2. Receivables and Payables**

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

#### **3. Inventories and Prepaid Items**

Inventories are stated at average cost on a specific identification basis and are recorded as an asset when purchased and as an expense when consumed (consumption method). Prepaid costs are payments for expenditures that are applicable to future accounting periods and are reported 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, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

#### *Assets and Liabilities* (continued)

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

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

#### **6. Compensated Absences**

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

#### **7. Long-term Obligations**

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

#### *Assets and Liabilities* (continued)

#### **8. Pensions**

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

#### ***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 parks, public safety, and water and sewer infrastructure.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 1 - Summary of Significant Accounting Policies** (continued)

#### ***Fund Equity*** (continued)

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

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

#### ***Property Taxes***

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

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for governmental operations. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2017, was 6.5000 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 0.8360 mills.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, the pension and post-retirement obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from these estimates.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 2 - Stewardship, Compliance and Accountability**

At September 30, 2017, the City reported deficit fund balances in the Series 2015 Debt Service Fund and in the Grants Funds. The deficit in the debt service fund is related to inadequate transfers from supporting sources. The deficit in the Grants Funds is related to timing differences between expenditures and requests for reimbursements. Both deficits are 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, 2017

### **Note 3 - Deposits and Investments** (continued)

The Florida Municipal Investment Trust (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. The City, the OPEB Trust and the Retirement Plan and Trust for General Management Employees are invested in the FMIvT portfolio, 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.

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.

Deposit and investment balances as of September 30, 2017 are as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
<b>Governmental and business-type activities</b>		
Bank Deposits and cash on hand	Not rated	\$ 20,493,321
SBA Florida Prime	AAAm	5,109,041
FMIvT 1-3 Year High Quality Bond Fund	AAAf/S2	2,254,167
Mutual funds	Not rated	7,026,226
Certificates of Deposit	Not rated	699,881
US Agencies	AAA/AA+	42,581,136
Corporate Bonds	Aaa/AAA	13,328,251
Municipal Bonds	AAA/AAA	5,298,895
Commercial Paper	A1/P1	<u>11,079,995</u>
Total governmental and business-type investments		<u>\$ 107,870,913</u>
<b>Retirement Plan and Trust for General Management Employees</b>		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 18,921,875</u>
<b>OPEB Trust</b>		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 2,804,689</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 3 - Deposits and Investments** (continued)

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
<b>Retirement Plan and Trust for General Employees</b>		
Equity	Not rated	\$ 49,227,463
US Agencies	Not rated	3,922,663
US Agencies	Aaa	9,236,840
Corporate Bonds	Aa1	480,893
Corporate Bonds	Aa2	555,824
Corporate Bonds	A1	446,055
Corporate Bonds	A2	1,056,061
Corporate Bonds	A3	904,867
Mutual funds	Not rated	1,704,827
Real estate	Not rated	7,920,894
Hedge funds	Not rated	4,362,289
Total plan investments		<u>\$ 79,818,676</u>
<b>Retirement Plan for Police Officers and Firefighters</b>		
Equity	Not rated	\$ 57,021,081
US Agencies	Not rated	5,997,714
US Agencies	Aaa	17,545,696
Corporate Bonds	Aa1	541,004
Corporate Bonds	Aa2	227,552
Corporate Bonds	A1	1,209,827
Corporate Bonds	A2	1,428,548
Corporate Bonds	A3	1,673,560
Mutual funds	Not rated	2,696,155
Real estate	Not rated	7,238,514
Hedge funds	Not rated	4,673,135
Total plan investments		<u>\$ 100,252,786</u>

### ***Risk Disclosures***

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 3 - Deposits and Investments** (continued)

#### *Risk Disclosures* (continued)

***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.

***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, 2017. The following were the Boards' adopted asset allocation policies as of September 30, 2017:

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 3 - Deposits and Investments** (continued)

#### ***Risk Disclosures*** (continued)

***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, 2017 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, 2017 is approximately 14% of total investments. The Plan's investment policy limit is 20% of the total Plan portfolio.

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

The City's investment policy limits 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 policy also addresses liquidity by requiring operating funds to be invested primarily in shorter-term securities. These policy requirements are intended to mitigate the effects of interest rate risk. The City has approximately 69.1% 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, 2017 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	\$ 42,581,136	\$ -	\$ 42,581,136	\$ -	\$ -
Corporate bonds	13,328,251	-	13,328,251	-	-
Commercial paper	11,079,995	11,079,995	-	-	-
FMIvT	2,254,167	-	2,254,167	-	-
Municipal bonds	5,298,895	-	5,298,895	-	-
<b>Total</b>	<b>\$ 74,542,444</b>	<b>\$ 11,079,995</b>	<b>\$ 63,462,449</b>	<b>\$ -</b>	<b>\$ -</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 3 - Deposits and Investments** (continued)

#### *Risk Disclosures* (continued)

#### *Interest Rate Risk* (continued)

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 duration of 4.74 years and a weighted average maturity of 6.10 years.

The investment policy for the Retirement Plan for General Employees does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in government securities and corporate bonds totaled 20.8% of the portfolio and had the following distribution of maturities at September 30, 2017:

<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	\$ 3,443,700	\$ -	\$ 2,171,996	\$ 1,271,704	\$ -
US Agencies	8,457,228	2,152,049	3,867,883	1,736,958	700,338
US Treasuries	<u>4,702,275</u>	<u>-</u>	<u>-</u>	<u>4,702,275</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 16,603,203</u></b>	<b><u>\$ 2,152,049</u></b>	<b><u>\$ 6,039,879</u></b>	<b><u>\$ 7,710,937</u></b>	<b><u>\$ 700,338</u></b>

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 28.6% of the portfolio and had the following distribution of maturities at September 30, 2017:

<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	\$ 7,979,337	\$ -	\$ -	\$ 7,979,337	\$ -
US Agencies	15,564,073	5,855,730	5,701,883	1,705,631	2,300,829
Corporate bonds	<u>5,080,491</u>	<u>-</u>	<u>2,105,684</u>	<u>2,974,807</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 28,623,901</u></b>	<b><u>\$ 5,855,730</u></b>	<b><u>\$ 7,807,567</u></b>	<b><u>\$ 12,659,775</u></b>	<b><u>\$ 2,300,829</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 4 – Receivables**

#### ***Accounts Receivable***

Accounts receivable at September 30, 2017 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	Non-major			Non-major			Total
	General	Governmental	Water	Sewer	Solid Waste	Enterprise	
<b>Account Receivable</b>							
Billed	\$ 1,858,452	\$ -	\$ 9,035,259	\$ 1,875,220	\$ 1,872,660	\$ 248,647	\$ 14,890,238
Unbilled	527,199	-	2,328,411	619,971	1,248,387	121,116	4,845,084
Taxes	1,304,073	-	-	-	-	-	1,304,073
Franchise fees	457,877	-	-	-	-	-	457,877
Intergovernmental	-	743,810	12,351	-	-	-	756,161
Grants	-	239,589	-	-	-	-	239,589
Other	642,789	-	128,187	93,526	-	-	864,502
Gross receivables	4,790,390	983,399	11,504,208	2,588,717	3,121,047	369,763	23,357,524
Less allowance for uncollectibles	249,518	-	1,307,212	258,351	353,300	39,746	2,208,127
<b>Total accounts receivable</b>	<b>\$ 4,540,872</b>	<b>\$ 983,399</b>	<b>\$ 10,196,996</b>	<b>\$ 2,330,366</b>	<b>\$ 2,767,747</b>	<b>\$ 330,017</b>	<b>\$ 21,149,397</b>

Receivables at September 30, 2017, 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 \$631,636 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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **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. Escrow funds held by lessor are used to report the proceeds from capital lease agreements that are restricted for use in the acquisition of capital equipment. 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:

	<b>Funds held by lessor</b>	<b>Customer Deposits</b>	<b>Total</b>
<b>Governmental activities:</b>			
General Fund	\$ 550,925	\$ -	\$ 550,925
<b>Business-type activities:</b>			
Water	726,206	3,945,363	4,671,569
Wastewater	265,661	452,373	718,034
Solid Waste	1,696,641	23,910	1,720,551
Non-major business-type activities	139,411	-	139,411
<b>Total business-type activities</b>	<b>\$2,827,919</b>	<b>\$4,421,646</b>	<b>\$ 7,249,565</b>

### **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, 2017 are as follows:

<b><u>Fund</u></b>	<b><u>Due to Other Funds</u></b>	<b><u>Due from Other Funds</u></b>
<b><u>Governmental Activities</u></b>		
General Fund	\$ -	\$ 520,520
<b><u>Non-major Governmental Funds</u></b>		
Grants Fund	300,952	-
Series 2015 Bond Debt Service Fund	3,336	-
<b>Total Non-major Governmental Funds</b>	<b>304,288</b>	<b>-</b>
<b><u>Internal Service Fund</u></b>		
Information Technology Fund	216,232	-
<b>Total due to/from other funds</b>	<b>\$ 520,520</b>	<b>\$ 520,520</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

#### *Interfund transfers*

Interfund transfers into the general fund are used to allocate expenses to other operating funds. Allocated costs include general liability and worker's compensation insurances as well as administrative expenses. Interfund transfers into the non-major governmental funds are to provide for debt service payments and grant matching requirements. Interfund transfers made during fiscal year 2017 are as follows:

<b>Transfers out</b>	<b>Transfers In</b>		
	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
General fund	\$ -	\$ 25,257	\$ 25,257
Community Redevelopment Agency	120,482	-	120,482
Non-major governmental funds	102,209	624,355	726,564
Water utility	5,769,956	-	5,769,956
Sewer utility	1,244,676	-	1,244,676
Solid waste	1,469,861	-	1,469,861
Non-major enterprise funds	725,609	-	725,609
Information Technology fund	2,140	-	2,140
<b>Total transfers out</b>	<b><u>\$ 9,434,933</u></b>	<b><u>\$ 649,612</u></b>	<b><u>\$10,084,545</u></b>

### **Note 7 - Capital Assets**

#### *Construction Commitments*

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



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 7 - Capital Assets** (continued)

Capital assets activity for the year ended September 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Capital assets not being depreciated				
Land	\$ 4,346,433	\$ -	\$ (559)	\$ 4,345,874
Construction in progress	21,286,893	2,426,042	(10,154)	23,702,781
Total capital assets not being depreciated	<u>25,633,326</u>	<u>2,426,042</u>	<u>(10,713)</u>	<u>28,048,655</u>
Capital assets being depreciated				
Buildings	29,893,817	31,216	(39,004)	29,886,029
Improvement other than buildings	33,387,639	60,037	(132,854)	33,314,822
Infrastructure	23,989,719	30,508	(153,823)	23,866,404
Capital lease equipment	5,189,806	196,666	(122,471)	5,264,001
Furniture, fixtures, machinery and equipment	23,104,366	1,438,240	(1,633,464)	22,909,142
Total capital assets being depreciated	115,565,347	1,756,667	(2,081,616)	115,240,398
Less accumulated depreciation				
Buildings	(27,885,281)	(438,967)	36,210	(28,288,038)
Improvement other than building	(16,380,513)	(1,424,330)	103,962	(17,700,881)
Infrastructure	(5,538,129)	(778,511)	16,176	(6,300,464)
Capital lease equipment	(3,623,206)	(574,766)	122,140	(4,075,832)
Furniture, fixture machinery and equipment	(17,780,661)	(1,276,042)	1,350,777	(17,705,926)
Total accumulated depreciation	<u>(71,207,790)</u>	<u>(4,492,616)</u>	<u>1,629,265</u>	<u>(74,071,141)</u>
Total capital assets being depreciated, net	<u>44,357,557</u>	<u>(2,735,949)</u>	<u>(452,351)</u>	<u>41,169,257</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 69,990,883</u></b>	<b><u>\$ (309,907)</u></b>	<b><u>\$ (463,064)</u></b>	<b><u>\$ 69,217,912</u></b>
<b><u>Business-type Activities</u></b>				
Capital assets not being depreciated				
Land	\$ 5,872,367	\$ -	\$ -	\$ 5,872,367
Construction in progress	43,996,929	1,856,366	(279,044)	45,574,251
Total capital assets not being depreciated	<u>49,869,296</u>	<u>1,856,366</u>	<u>(279,044)</u>	<u>51,446,618</u>
Capital assets being depreciated				
Buildings and utility plant	206,336,014	3,237	-	206,339,251
Capital lease equipment	3,847,003	-	(339,672)	3,507,331
Machinery and equipment	18,174,399	203,200	(1,345,574)	17,032,025
Total capital assets being depreciated	<u>228,357,416</u>	<u>206,437</u>	<u>(1,685,246)</u>	<u>226,878,607</u>
Less accumulated depreciation				
Buildings and utility plant	(89,183,679)	(5,747,442)	-	(94,931,121)
Capital lease equipment	(3,128,195)	(209,311)	331,900	(3,005,606)
Machinery and equipment	(14,221,687)	(804,332)	1,330,696	(13,695,323)
Total accumulated depreciation	<u>(106,533,561)</u>	<u>(6,761,085)</u>	<u>1,662,596</u>	<u>(111,632,050)</u>
Total capital assets being depreciated, net	<u>121,823,855</u>	<u>(6,554,648)</u>	<u>(22,650)</u>	<u>115,246,557</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 171,693,151</u></b>	<b><u>\$ (4,698,282)</u></b>	<b><u>\$ (301,694)</u></b>	<b><u>\$ 166,693,175</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### Note 7 - Capital Assets (continued)

#### *Depreciation*

Depreciation expense for fiscal year 2017 was charged to the following functions of the City:

#### **Governmental Activities:**

General government	\$ 3,157,340
Public safety	896,901
Parks & REC	221,294
Public works	210,714
Information Technology	6,367
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 4,492,616</u></b>

#### **Business-type activities:**

Water	\$ 5,263,114
Sewer	1,007,589
Stormwater	326,018
SolidWaste	138,201
Building permit	26,163
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 6,761,085</u></b>

#### *Encumbrances*

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Encumbrances as of September 30, 2017 are as follows:

#### Major Funds:

General Fund	\$3,159,394
Community Redevelopment Agency	22,126
Other governmental funds	<u>907,434</u>
Total encumbrances	\$4,088,954

### 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, 2017, the City reported deferred outflows of resources consisting of deferred pension expenses totaling \$28,537,461 and deferred inflows of resources consisting 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 \$771,673 and deferred pension income of \$2,505,483.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt**

There are a number of limitations and restrictions contained in the various bond indentures. At September 30, 2017 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>
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds and notes	\$ 18,660,000	\$ -	\$ (1,230,000)	\$ 17,430,000	\$ 1,280,000
Revenue bonds	2,518,070	-	(611,982)	1,906,088	623,276
Notes payable CRA - Nontaxable	<u>1,750,000</u>	<u>-</u>	<u>(166,667)</u>	<u>1,583,333</u>	<u>166,667</u>
Total bonds and notes payable	22,928,070	-	(2,008,649)	20,919,421	2,069,943
Master leases	1,448,332	-	(718,367)	729,965	729,965
Net pension liability	70,462,489	12,628,186	(16,527,996)	66,562,679	-
Estimated claims	2,106,000	861,000	(785,000)	2,182,000	730,000
Compensated absences	2,339,048	2,266,743	(2,000,079)	2,605,712	918,936
Other post employment benefit obligation	<u>210,645</u>	<u>299,583</u>	<u>(500,086)</u>	<u>10,142</u>	<u>-</u>
<b>Governmental activities</b>					
<b>long-term liabilities</b>	<b><u>\$ 99,494,584</u></b>	<b><u>\$ 16,055,512</u></b>	<b><u>\$ (22,540,177)</u></b>	<b><u>\$ 93,009,919</u></b>	<b><u>\$ 4,448,844</u></b>
<b>Business-type activities:</b>					
Revenue bonds	\$ 52,701,930	\$ -	\$ (2,332,018)	\$ 50,369,912	\$ 2,433,724
Premium on Revenue bonds	<u>5,186,861</u>	<u>-</u>	<u>(326,679)</u>	<u>4,860,182</u>	<u>326,679</u>
Total revenue bonds payable	57,888,791	-	(2,658,697)	55,230,094	2,760,403
Notes payable - Stormwater	931,199	-	(178,295)	752,904	182,182
State Revolving Loans - Water	15,792,040	-	(895,530)	14,896,510	936,244
State Revolving Loans - Sewer	6,204,403	-	(482,278)	5,722,125	492,016
Master leases	<u>1,384,460</u>	<u>-</u>	<u>(686,682)</u>	<u>697,778</u>	<u>697,778</u>
Total bonds and loans	82,200,893	-	(4,901,482)	77,299,411	5,068,623
Net pension liability	12,245,527	5,114,755	(6,577,082)	10,783,200	-
Compensated absences	869,992	473,543	(1,123,670)	219,865	28,398
Other post employment benefit obligation	<u>59,355</u>	<u>84,417</u>	<u>(140,914)</u>	<u>2,858</u>	<u>-</u>
<b>Business-type activities</b>					
<b>long-term liabilities</b>	<b><u>\$ 95,375,767</u></b>	<b><u>\$ 5,672,715</u></b>	<b><u>\$ (12,743,148)</u></b>	<b><u>\$ 88,305,334</u></b>	<b><u>\$ 5,097,021</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **Bonds Payable**

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

	<b><u>Principal Outstanding</u></b>
<b><u>General Obligation Bonds and Notes</u></b>	
\$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%.	\$ 5,025,000
\$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>12,405,000</u>
<b>Total General Obligation Bonds and Notes</b>	<b><u>\$ 17,430,000</u></b>
<b><u>Revenue Bonds</u></b>	
<b>Governmental Funds</b>	
\$3,635,000 Branch Banking & Trust Company Promissory Note, Series 2013; secured by revenues pledged from Charter County Transit System surtax proceeds; due in annual installments of \$576,000 to \$634,000 from December 1, 2014 to December 1, 2019; interest at 1.71%.	\$ 1,832,000
\$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>74,088</u>
<b>Total Governmental Funds revenue bonds</b>	<b><u>\$ 1,906,088</u></b>
<b>Water Utility System</b>	
\$2,731,461 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$494,365 to \$572,927 from April 1, 2016 to April 1, 2020; interest at 1.48%.	\$ 1,689,912
\$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>48,680,000</u>
<b>Total Water Utility System Revenue Bonds</b>	<b><u>\$ 50,369,912</u></b>
<b>Total Revenue Bonds</b>	<b><u>\$ 52,276,000</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **Bonds Payable** (continued)

#### *Debt Service Requirements*

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>General Obligation Refunding Bond, Series 2012</b>			
2018	\$ 675,000	\$ 112,024	\$ 787,024
2019	690,000	109,968	799,968
2020	705,000	92,524	797,524
2021	720,000	74,702	794,702
2022	730,000	56,500	786,500
2023-2024	<u>1,505,000</u>	<u>57,258</u>	<u>1,562,258</u>
	<u>\$ 5,025,000</u>	<u>\$ 502,976</u>	<u>\$ 5,527,976</u>
<b>Chase Bank, N.A.</b>			
Promissory Note Series 2011			
2018	\$ 605,000	\$ 516,692	\$ 1,121,692
2019	640,000	556,710	1,196,710
2020	680,000	524,704	1,204,704
2021	720,000	490,758	1,210,758
2022	760,000	454,872	1,214,872
2023-2027	4,475,000	1,663,217	6,138,217
2028-2031	<u>4,525,000</u>	<u>453,053</u>	<u>4,978,053</u>
	<u>\$ 12,405,000</u>	<u>\$ 4,660,006</u>	<u>\$ 17,065,006</u>
<b>Branch Banking and Trust Company</b>			
2013 Series:			
2018	\$ 599,000	\$ 28,107	\$ 627,107
2019	613,000	19,271	632,271
2020	<u>620,000</u>	<u>6,448</u>	<u>626,448</u>
	<u>\$ 1,832,000</u>	<u>\$ 53,826</u>	<u>\$ 1,885,826</u>
<b>Refunding Revenue Note (Water &amp; Capital)</b>			
2015 Series Capital			
2018	\$ 24,276	\$ 1,097	\$ 25,373
2019	24,696	737	25,433
2020	<u>25,116</u>	<u>372</u>	<u>25,488</u>
Subtotal Capital	<u>\$ 74,088</u>	<u>\$ 2,206</u>	<u>\$ 76,294</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **Bonds Payable** (continued)

#### ***Debt Service Requirements*** (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Refunding Revenue Note (Water &amp; Capital)</b>			
2015 Series Water Revenue			
2018	\$ 553,724	\$ 25,011	\$ 578,735
2019	563,304	16,816	580,120
2020	572,884	8,479	581,363
Subtotal Water Revenue	1,689,912	50,306	1,740,218
Total Series 2015	\$ 1,764,000	\$ 52,512	\$ 1,816,512
 <b>Water Revenue Refunding Bonds</b>			
2012 Series:			
2018	\$ 1,880,000	\$ 2,152,925	\$ 4,032,925
2019	1,940,000	2,096,525	4,036,525
2020	2,030,000	1,999,525	4,029,525
2021	2,780,000	1,898,025	4,678,025
2022	2,920,000	1,759,025	4,679,025
2023-2027	16,750,000	6,661,475	23,411,475
2028-2032	20,380,000	3,079,875	23,459,875
	\$ 48,680,000	\$ 19,647,375	\$ 68,327,375

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **Notes Payable**

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

	<b>Principal Outstanding</b>
<b>Community Redevelopment</b>	
\$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	\$ 1,583,333
<b>Stormwater</b>	
\$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%.	\$ 752,904
<b>Total Notes Payable</b>	<b>\$ 2,336,237</b>

#### ***Debt Service Requirements***

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Bank of America, CRA Non-taxable</b>			
Series 2007A			
2018	\$ 166,667	\$ 25,290	\$ 191,957
2019	166,667	22,519	189,186
2020	166,667	19,747	186,414
2021	166,667	16,976	183,643
2022	166,667	14,204	180,871
2023-2027	749,998	29,620	779,618
	\$ 1,583,333	\$ 128,356	\$ 1,711,689
<b>Branch Banking and Trust Company</b>			
Promissory Note Series 2011A			
2018	\$ 182,182	\$ 16,413	\$ 198,595
2019	186,153	12,442	198,595
2020	190,211	8,384	198,595
2021	194,358	4,238	198,596
	\$ 752,904	\$ 41,477	\$ 794,381

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **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:

	<b><u>Principal Outstanding</u></b>
<b>State Revolving Loans - Sewer</b>	
\$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%.	\$ 850,995
\$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%.	262,747
\$4,284,596 State Revolving Fund Loan Agreement, Number WW130110; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$131,732 from March 15, 2013 through September 15, 2033; interest at 2.10%.	2,047,209
\$341,123 State Revolving Fund Loan Agreement, Number WW745080; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,385 from March 15, 2014 to September 15, 2034; interest at 2.05%.	309,256
\$3,693,070 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 \$111,728 from November 15, 2015 through May 15, 2035.	2,251,918
<b>Total Sewer State Revolving Loans</b>	<b><u>\$ 5,722,125</u></b>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **State Revolving Loan Programs** (continued)

<b>State Revolving Loans - Water</b>	<b><u>Principal Outstanding</u></b>
<p>\$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%.</p>	\$ 317,975
<p>\$8,852,388 State Revolving Fund Loan Agreement, Number DW130103; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$286,413 from October 15, 2012 to April 15, 2032; interest at 2.58%.</p>	6,131,721
<p>\$10,861,192 State Revolving Fund Loan Agreement, Number DW130130; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$349,944 from April 15, 2016 to April 15, 2036; interest at 3.06%.</p>	<u>8,446,814</u>
<b>Total Water State Revolving Loans</b>	<b><u>\$ 14,896,510</u></b>

#### ***Debt Service Requirements***

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

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>WW 130100 (Sewer)</b>			
2018	\$ 55,714	\$ 16,240	\$ 71,954
2019	56,800	15,154	71,954
2020	57,908	14,047	71,955
2021	59,037	12,918	71,955
2022	60,187	11,767	71,954
2023-2027	319,001	40,773	359,774
2028-2031	<u>242,348</u>	<u>9,494</u>	<u>251,842</u>
	<u>\$ 850,995</u>	<u>\$ 120,393</u>	<u>\$ 971,388</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **State Revolving Loan Programs** (continued)

#### ***Debt Service Requirements*** (continued)

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>WW 130101 (Sewer)</b>			
2018	\$ 17,296	\$ 4,797	\$ 22,093
2019	17,619	4,474	22,093
2020	17,947	4,146	22,093
2021	18,281	3,811	22,092
2022	18,622	3,471	22,093
2023-2027	98,451	12,011	110,462
2028-2031	74,531	2,793	77,324
	<b>\$ 262,747</b>	<b>\$ 35,503</b>	<b>\$ 298,250</b>
<b>WW 130110 (Sewer)</b>			
2018	\$ 221,630	\$ 41,834	\$ 263,464
2019	226,309	37,155	263,464
2020	231,086	32,378	263,464
2021	235,965	27,499	263,464
2022	240,946	22,518	263,464
2023-2026	891,273	38,124	929,397
	<b>\$ 2,047,209</b>	<b>\$ 199,508</b>	<b>\$ 2,246,717</b>
<b>WW 745080 (Sewer)</b>			
2018	\$ 16,514	\$ 6,256	\$ 22,770
2019	16,854	5,915	22,769
2020	17,201	5,568	22,769
2021	17,556	5,214	22,770
2022	17,917	4,852	22,769
2023-2027	95,280	18,567	113,847
2028-2032	105,509	8,337	113,846
2033	22,425	345	22,770
	<b>\$ 309,256</b>	<b>\$ 55,054</b>	<b>\$ 364,310</b>
<b>WW 745081 (Sewer)</b>			
2018	\$ 180,862	\$ 42,594	\$ 223,456
2019	184,370	39,086	223,456
2020	187,945	35,511	223,456
2021	191,590	31,866	223,456
2022	195,306	28,150	223,456
2023-2027	1,034,833	82,447	1,117,280
2028-2029	277,012	4,851	281,863
	<b>\$ 2,251,918</b>	<b>\$ 264,505</b>	<b>\$ 2,516,423</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### Note 9 - Long-term Debt (continued)

#### State Revolving Loan Programs (continued)

#### *Debt Service Requirements* (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>DW 130102 (Water)</b>			
2018	\$ 20,706	\$ 8,881	\$ 29,587
2019	21,271	8,317	29,588
2020	21,852	7,736	29,588
2021	22,448	7,140	29,588
2022	23,060	6,528	29,588
2023-2027	125,091	22,849	147,940
2028-2030	83,547	5,218	88,765
	<u>\$ 317,975</u>	<u>\$ 66,669</u>	<u>\$ 384,644</u>
<b>DW 130103 (Water)</b>			
2018	\$ 417,065	\$ 155,761	\$ 572,826
2019	427,912	144,914	572,826
2020	439,040	133,786	572,826
2021	450,457	122,369	572,826
2022	462,172	110,654	572,826
2023-2027	2,497,522	366,608	2,864,130
2028-2030	1,437,553	58,626	1,496,179
	<u>\$ 6,131,721</u>	<u>\$ 1,092,718</u>	<u>\$ 7,224,439</u>
<b>DW 130130 (Water)</b>			
2018	\$ 498,473	\$ 201,415	\$ 699,888
2019	510,609	189,279	699,888
2020	523,040	176,848	699,888
2021	535,774	164,114	699,888
2022	548,819	151,069	699,888
2023-2027	2,951,145	548,295	3,499,440
2028-2032	2,878,954	172,310	3,051,264
	<u>\$ 8,446,814</u>	<u>\$ 1,603,330</u>	<u>\$ 10,050,144</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **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, 2017 follows:

<u>Issue</u>	<u>Revenue Source</u>	<u>Ratio</u>
General Obligation Bonds and Notes		
Series 2011	Voted debt millage	1.00
Series 2012	Voted debt millage	1.00
Revenue Bonds		
Series 2012	Gross revenue less operating expenses	2.89
Series 2013	Transit surtax revenue	3.05
Series 2015	Gross revenue less operating expenses	20.03
Notes issues:		
Series 2007B	TIF revenue and interest earnings	5.25
Series 2011A	Operating revenue less operating expenses	1.68
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	8.93
WW Series	Gross revenue less operating expenses and senior debt obligations	3.21

#### **Capital Leases**

The City enters into lease purchase agreements periodically to finance the purchase of equipment and vehicles. Lease obligations are to be repaid from legally available funds from sources other than ad valorem taxes. The capital assets acquired under these leases remain collateral for repayment of outstanding principal obligations. Assets acquired through lease purchases during the current fiscal year totaled \$581,655. Disposals of leased equipment totaled \$2,100,240. Book value of the assets previously acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Machinery and equipment	\$ 5,264,001	\$ 3,847,003	\$ 9,111,004
Less accumulated depreciation	<u>(4,075,832)</u>	<u>(3,128,195)</u>	<u>(7,204,027)</u>
Net capital assets	<u>\$ 1,188,169</u>	<u>\$ 718,808</u>	<u>\$ 1,906,977</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 9 - Long-term Debt** (continued)

#### **Capital Leases** (continued)

Future minimum lease payments and the present value of net minimum lease payments at September 30, 2017 are as follows:

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Fiscal year ending September 30:			
2018	\$ 729,965	\$ 697,778	\$ 1,427,743
Less amount representing interest	<u>(13,242)</u>	<u>(12,658)</u>	<u>(25,900)</u>
Present value of net minimum lease payments	<u>\$ 716,723</u>	<u>\$ 685,120</u>	<u>\$ 1,401,843</u>

### **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 included in 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 and social factors.

There were no reductions in insurance coverages from the prior years, however, the deductible on property insurance changed from \$50,000 to \$100,000, in order to contain costs. The City did not settle any claims that exceeded this insurance 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 was monitored on a regular basis.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 10 – Risk Management** (continued)

#### **Self-Insurance** (continued)

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

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning	\$ 2,182	\$ 2,106
IBNR claims	-	861
Claim payments	-	(785)
Unpaid claims, ending	<u>\$ 2,182</u>	<u>\$ 2,182</u>

#### **Litigation**

The City is the defendant in several lawsuits incidental to its operations. Based upon the City Attorney's evaluation of pending cases, the estimated liability to which the City might be exposed is below \$1.0 million. The self-insurance funds, which are included in the general fund, have assigned fund balances of approximately \$3.3 million at September 30, 2017.

#### **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.

### **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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems (cont'd)**

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 19<sup>th</sup> 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 &amp; Firefighters</u>	<u>General Management Employees</u>	<u>OPEB</u>
Covered Payroll	\$ 7,937,439	\$ 6,586,705	\$ 2,957,285	\$ 17,504,439
<b>Plan members:</b>				
Currently receiving or entitled to receive benefits	317	157	29	314
Active employees				278
Vested	117	77	9	
Non-vested	44	0	31	
<b>Total members</b>	478	234	69	592

### **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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### ***Method Used to Value Investments*** (continued)

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

Government securities: pricing models maximizing observable inputs for similar securities

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

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

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

The following tables present the Plans' fair value hierarchy for investments at fair value at September 30, 2017:

<b>Retirement Plan for General Employees</b>	<b>Total</b>	<b>Fair Value Measurement Using</b>	
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
<u>Investment by fair value level</u>			
Equity securities	\$49,227,463	\$ 49,227,463	\$ -
Debt securities:			
U.S. treasury securities	4,702,275	4,702,275	-
U.S. agency securities	8,457,228	-	8,457,228
Corporate bonds	3,443,700	-	3,443,700
Total debt securities	<u>16,603,203</u>	<u>4,702,275</u>	<u>11,900,928</u>
Total assets at fair value	<u>\$65,830,666</u>	<u>\$ 53,929,738</u>	<u>\$ 11,900,928</u>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### *Method Used to Value Investments* (continued)

<b>Retirement Plan for Police Officers and Firefighters</b>		<u>Fair Value Measurement Using</u>	
<u>Investment by fair value level</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Equity securities	\$ 57,021,081	\$ 57,021,081	\$ -
Debt securities:			
U.S. treasury securities	7,979,337	7,979,337	-
U.S. agency securities	15,564,073	-	15,564,073
Corporate bonds	5,080,491	-	5,080,491
Total debt securities	<u>28,623,901</u>	<u>7,979,337</u>	<u>20,644,564</u>
Total assets at fair value	<u>\$ 85,644,982</u>	<u>\$ 65,000,418</u>	<u>\$ 20,644,564</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.

#### *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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Plan Descriptions** (continued)

#### ***Retirement Plan for General Employees*** (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 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 3,285,155, or 41.39% of covered payroll.

##### *Actuarial methods and assumptions*

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2016 actuarial valuation using the entry age normal cost method.

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

#### **Actuarial Assumptions**

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Plan Descriptions** (continued)

##### ***Retirement Plan for Police Officers and Firefighters***

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

##### *Vesting*

Benefits are fully vested after ten years of credited service.

##### *Eligibility for Retirement*

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

##### *Annual Retirement Benefit*

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

##### *Other Benefits*

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

##### *Employee Contributions*

7% of pretax earnings

##### *City Contributions*

City contributions are based upon actuarially determined amounts, which together with employee and state contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were \$5,578,590 or 84.87% of covered payroll.

##### *Actuarial methods and assumptions*

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2016 actuarial valuation using the entry age normal cost method. Pursuant to Florida Statutes Section 185 and Section 175, the State of Florida makes contributions to fund police and firefighter benefits. These State contributions were recognized as revenue and expenditures by the City. During fiscal year 2017, the amounts were \$302,914 and \$205,740 for police and firefighters, respectively.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Plan Descriptions** (continued)

#### ***Retirement Plan for Police Officers and Firefighters*** (continued)

Additional information as of the latest actuarial valuation, dated October 1, 2016, follows:

Valuation Date	October 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Actuarial Value

#### **Actuarial Assumptions**

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

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

#### ***Retirement Plan and Trust for General Management Employees***

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

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

#### *Vesting*

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

#### *Eligibility for Retirement*

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Plan Descriptions** (continued)

#### ***Retirement Plan and Trust for General Management Employees*** (continued)

##### *Annual Retirement Benefit*

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

##### *Employee Contributions*

Management personnel contribute 8% of their basic annual compensation.

##### *City Contributions*

City contributions are based upon actuarially determined amounts, which together with employee contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were \$1,095,074 and \$1,077,364, or 36.43% of covered payroll.

##### *Actuarial methods and assumptions*

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2016 actuarial valuation using the aggregate actuarial cost method.

Additional information related to the actuarial valuation follows:

Valuation Date	October 1, 2016
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	7.00%
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 Scale BB

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Plan Descriptions** (continued)

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

The City contributes to the FRS and HIS on behalf of its elected officials. FRS is a cost-sharing multiple employer defined benefit pension plan established by and administered in accordance with Chapter 121, Florida Statutes. HIS is a cost-sharing multiple employer defined benefit pension plan established by and administered in accordance with section 112.363, Florida Statutes. The City's covered payroll for the 7 elected officials covered by the FRS and HIS for the year ended September 30, 2017 was \$21,602.

#### *Vesting*

Benefits are fully vested after eight years of credited service.

#### *Eligibility for Retirement*

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

#### *Annual Retirement Benefit*

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

#### *Employee Contributions*

Elected officials contribute 3% of their basic annual compensation.

#### *City Contributions*

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

<u>Contribution Period</u>	<u>Florida Retirement System</u>	
	<u>Proportion</u>	<u>Contribution</u>
July 1, 2014 to June 30, 2015	0.000312830%	\$ 7,627
July 1, 2015 to June 30, 2016	0.000295834%	7,214
July 1, 2016 to June 30, 2017	0.000268619%	6,993

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Plan Descriptions** (continued)

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

<b>Contribution Period</b>	<b>Health Insurance Subsidy</b>	
	<b>Proportion</b>	<b>Contribution</b>
July 1, 2014 to June 30, 2015	0.000072633%	\$ 278
July 1, 2015 to June 30, 2016	0.000069977%	359
July 1, 2016 to June 30, 2017	0.000067773%	359

#### *Actuarial methods and assumptions*

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the July 1, 2017 actuarial valuation using the individual entry age method. Additional information related to the actuarial valuation follows:

Valuation Date	July 1, 2017
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 - 7.1%; HIS - 3.58%
Inflation	2.60%
Projected salary increases	3.25%
Cost of living adjustments (prior to July 1, 2011)	3.00%

Generational RP-2000 with projection Scale BB

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Net Pension Liability**

##### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75% for the Retirement Plan for the General Employees, 8.00% for the Retirement Plan for Police Officers and Firefighters, 7.50% for the Retirement Plan and Trust for General Management Employees, 7.10% for the FRS and 3.58% for the HIS Program. These rates were based on the expected rate of return on Plan investments. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined current contribution rates and the member contribution rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### *Sensitivity of the Net Pension Liability to the Discount Rate Assumption*

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

<u>Retirement Plan</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employees (7.75%)	\$ 43,684,456	\$ 30,871,075	\$ 20,187,844
Police and Firefighters (8.00%)	59,442,002	43,706,677	30,594,546
General Management (7.50%)	6,152,868	3,539,177	1,366,641
Florida Retirement System (7.10%)	143,810	79,456	26,027
Health Insurance Subsidy (3.58%)	8,270	7,247	6,395

##### *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, 2017

### **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, 2016 and the Florida Retirement System Plan as of July 1, 2017 are summarized in the following table:

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
General Employees	Large Cap Value	6.08%
	Large Cap Growth	5.90%
	Small Cap Value	6.25%
	Mid Cap Growth	6.20%
	International Value	5.56%
	International Growth	5.39%
	Hedge Funds	2.17%
	Real Estate	2.91%
	Fixed Income	2.15%
Police and Firefighters	Large Cap Value	6.30%
	Large Cap Growth	5.90%
	Small Cap Value	6.25%
	Mid Cap Growth	6.20%
	International Value	5.52%
	International Growth	5.55%
	Hedge Funds	1.70%
	Real Estate	2.91%
	Fixed Income	2.15%
General Management	Core Bonds	0.50%
	Multi-Sector	1.00%
	US Large Cap Equity	6.00%
	US Small Cap Equity	6.75%
	Non-US Equity	6.75%
Florida Retirement System	Cash	3.00%
	Fixed Income	4.40%
	Global Equity	6.60%
	Real Estate	5.90%
	Private Equity	7.80%
	Strategic Investments	5.60%

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

#### **Changes in the Net Pension Liability**

	Retirement Plan				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
Total pension liability - beginning	\$ 104,972,279	\$ 136,441,317	\$ 24,218,726	\$ 448,677	\$ 7,976
Changes for the year					
Service cost	1,156,065	1,601,153	435,918	5,571	207
Interest	7,928,162	10,661,632	1,794,281	33,535	229
Difference between expected and actual experience	(350,213)	(1,959,016)	(1,003,172)	4,042	-
Change of assumptions	-	614,873	(1,244,447)	27,932	(728)
Adjustment for Chapter 175/185 reserves	-	242,987	-	-	-
Benefit payments	(7,137,255)	(9,731,347)	(1,738,538)	(26,484)	(316)
Net change in total pension liability	<u>1,596,759</u>	<u>1,430,282</u>	<u>(1,755,958)</u>	<u>44,596</u>	<u>(608)</u>
Total pension liability - ending (a)	<u>\$ 106,569,038</u>	<u>\$ 137,871,599</u>	<u>\$ 22,462,768</u>	<u>\$ 493,273</u>	<u>\$ 7,368</u>
Plan fiduciary net position - beginning	\$ 74,770,502	\$ 91,342,471	\$ 16,894,185	\$ 380,850	\$ 77
Employer contributions	3,285,155	6,254,492	1,077,364	6,993	359
Employee contributions	708,318	692,487	266,060	2,001	-
Other contributions	-	605,857	-	-	-
Net investment income (loss)	5,109,744	5,238,367	2,485,771	50,506	1
Benefit payments	(7,137,255)	(9,731,347)	(1,738,538)	(26,484)	(316)
Administrative expenses	(180,748)	(237,405)	(61,251)	(49)	-
Net change in plan fiduciary net position	<u>1,785,214</u>	<u>2,822,451</u>	<u>2,029,406</u>	<u>32,967</u>	<u>44</u>
Plan fiduciary net position - ending (b)	<u>\$ 76,555,716</u>	<u>\$ 94,164,922</u>	<u>\$ 18,923,591</u>	<u>\$ 413,817</u>	<u>\$ 121</u>
<b>Net pension liability (a-b)</b>	<u>\$ 30,013,322</u>	<u>\$ 43,706,677</u>	<u>\$ 3,539,177</u>	<u>\$ 79,456</u>	<u>\$ 7,247</u>

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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **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>					
Beginning balance	\$ 8,975,510	\$ 15,051,702	\$ 4,473,703	\$ 34,940	\$ 1,606
Difference between expected and actual experience	-	614,873	-	7,292	-
Amortization payments	(5,337,439)	(9,255,534)	(1,337,723)	(1,939)	(90)
Contributions subsequent to the measurement date	3,249,182	5,578,590	1,077,364	1,676	90
Difference between expected and actual earnings on investments	-	1,972,394	-	-	4
Changes in assumptions	-	-	-	26,703	1,019
Ending balance	<u>\$ 6,887,253</u>	<u>\$ 13,962,025</u>	<u>\$ 4,213,344</u>	<u>\$ 68,672</u>	<u>\$ 2,629</u>
<u>Deferred inflows</u>					
Beginning balance	\$ 1,175,355	\$ 983,541	\$ 342,188	\$ 4,149	\$ 250
Difference between expected and actual experience	-	-	1,003,172	440	14
Amortization payments	(950,218)	(327,847)	(818,087)	-	-
Changes in assumptions	-	-	1,244,447	-	627
Difference between expected and actual earnings on investments	-	-	1,235,511	1,969	-
Ending balance	<u>\$ 225,137</u>	<u>\$ 655,694</u>	<u>\$ 3,007,231</u>	<u>\$ 6,558</u>	<u>\$ 891</u>
<b>Pension Cost</b>	<b>\$ 7,483,920</b>	<b>\$ 11,202,743</b>	<b>\$ 1,294,766</b>	<b>\$ 15,173</b>	<b>\$ 641</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 11 - Employee Retirement Systems** (continued)

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

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:

<u>Fiscal Year:</u>	Retirement Plan				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
2018	\$ 1,096,297	\$ 2,517,006	\$ (148,605)	\$ 8,097	\$ 346
2019	856,782	2,339,617	(129,105)	14,932	345
2020	1,348,628	2,476,640	(356,080)	19,164	344
2021	111,227	394,478	(116,604)	9,437	313
2022	-	-	419,410	6,453	230
After	-	-	459,733	2,355	70
	\$3,412,934	\$ 7,727,741	\$ 128,749	\$ 60,438	\$ 1,648

#### **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, 2017

### **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 funding progress has not been provided as the plan does not maintain assets. Accordingly, the plan held no assets at September 30, 2017. The City's annual pension cost at September 30, 2017 is as follows:

Annual required contribution	\$ 290,054
Annual pension cost	290,054
Contributions made	<u>290,054</u>
Change in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, 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, 2017

### **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, 2017

#### **Assets**

Investments at fair value	\$ 18,921,875
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#### **Net Position**

Restricted for pension benefits	\$ 18,921,875
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#### **Statement of Changes in Fiduciary Net Position**

Retirement Plan and Trust for General Management Employees  
For the Year Ended September 30, 2017

#### **Additions**

##### Contributions:

Employer	\$ 1,077,364
Employees	269,646

##### Investment income:

Net appreciation in fair value of investments	2,485,771
Investment expenses	(38,932)

<b>Total additions</b>	<b>3,793,849</b>
------------------------	------------------

#### **Deductions**

Pension benefit payments	1,738,538
Administrative expenses	22,319

<b>Total deductions</b>	<b>1,760,857</b>
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<b>Change in net position</b>	<b>2,032,992</b>
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<b>Net position - beginning</b>	<b>16,888,883</b>
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<b>Net position - ending</b>	<b>\$ 18,921,875</b>
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# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **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 Employee 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, 2017, the City made contributions of approximately \$85,597 to the Charter Officer Plan for two employees and approximately \$11,632 to the Management Plan for 22 employees. Plan provisions and contribution requirements are established and may be amended by the City Manager.

### **Note 13 - Other Post-Employment Benefits**

#### **Description of Benefits**

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

#### *Eligibility*

Eligible individuals include all 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 are eligible after serving at least four terms. In most cases, eligibility for healthcare coverage also includes spouses and dependent children. Spousal coverage generally ends at age 65 or after the employee's death.

#### *Healthcare Plans*

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 13 - Other Post-Employment Benefits** (continued)

#### **Description of Benefits** (continued)

##### *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.

##### *Funding Policy*

During fiscal year 2011, the City established an OPEB Trust in order to accumulate the assets necessary to fund the OPEB liability and to pay future benefits. The annual required contributions for the Plan were determined as part of the October 1, 2016 actuarial valuation using the following assumptions:

Valuation Date	October 1, 2006
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, 10 year open period
Remaining amortization period	10 years
Asset valuation method	Market value

#### **Actuarial Assumptions**

Investment rate of return	4.08%
Healthcare cost trend rate	5.00%
Inflation	2.92%

#### ***Funded Status and Funding Progress***

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of trust assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the trust as October 1, 2016 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2016	\$ 2,228	\$ 4,336	\$ 2,108	51.4%	\$ 17,500	12.0%



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 13 - Other Post-Employment Benefits** (continued)

#### ***Annual OPEB Costs and Net OPEB Obligation***

The City's annual OPEB cost and the net OPEB obligation for September 30, 2017 is as follows:

Annual required contribution	\$	365,000
Interest on net OPEB obligation		19,000
Adjustment to annual required contribution		(36,000)
Annual OPEB cost		348,000
Contributions made		(605,000)
Increase in net OPEB obligation		(257,000)
Net OPEB obligation, beginning of year		270,000
Net OPEB obligation, end of year	\$	13,000

The following table provides trend information about the level of city contributions toward the annual OPEB cost.

#### **Three Year Trend Information**

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Percentage of OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
9/30/2015	\$ 300,000	152%	\$ 433,000
9/30/2016	294,000	155%	270,000
9/30/2017	348,000	174%	13,000

### **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, 2017:

<b><u>Expenditures</u></b>	<b><u>Amount</u></b>
General government	\$ 201,972
Capital outlay	31,660
Debt service:	
Principal	166,667
Interest	33,825
Total expenditures	\$ 434,124

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### **Note 14 - Community Redevelopment Agency** (continued)

In 2017, the major activities of the CRA included:

- Successful completion of the joint infrastructure project with Miami-Dade County to extend sewer lines on NE 20<sup>th</sup> Avenue.
- Held a groundbreaking for the joint infrastructure project with Miami-Dade County on NE 163<sup>rd</sup> Street which will allow twelve commercial properties to tie-in to the sewer system.

### **Tax Abatements**

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

One award was granted in January 2016 to the NoMa project, a 249 residential unit mixed use development located on West Dixie Highway. As part of the TIF Recapture program, the recipient has agreed to install certain Waterfront Improvements and Art in Public Places as defined in the agreement. The project is scheduled for completion during early 2018, which will be considered the base year for increment measurement. As such, no rebates are anticipated to be paid until fiscal year 2019.

### **Note 15 – Subsequent Events**

On January 16, 2018, Resolution 2018-1 was adopted which reduced the mandatory employee contribution to the Management Employees Defined Contribution Money Purchas Plan (401a) from 8% to 5% of salary.

On February 2, 2018, the operations, maintenance and administration of the Eastern Shores Security Special Taxing District and the Eastern Shores First Addition Security Guard Special Taxing District were transferred from Miami-Dade County to the City. Budgets for the districts were adopted on February 20, 2018. The activities of the districts will be included as a special revenue fund of the fiscal year 2018 Comprehensive Annual Financial Report and fiscal years thereafter.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

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



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

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# 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, 2017

<u>REVENUES</u>	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>Taxes:</b>				
Property taxes	\$ 14,401,402	\$ 14,401,402	\$ 14,614,881	\$ 213,479
User surcharges	7,127,000	7,127,000	7,433,485	306,485
Utility taxes	2,955,900	2,955,900	3,406,093	450,193
Communication service taxes	1,700,000	1,700,000	1,747,690	47,690
Sales taxes	3,339,000	3,339,000	3,313,259	(25,741)
Franchise fees	1,769,450	1,769,450	2,137,529	368,079
Fuel taxes	<u>830,000</u>	<u>830,000</u>	<u>859,104</u>	<u>29,104</u>
Total taxes	32,122,752	32,122,752	33,512,041	1,389,289
<b>Intergovernmental:</b>				
State shared revenue	1,609,000	1,609,000	1,712,459	103,459
State insurance premium taxes	650,000	650,000	508,655	(141,345)
Other State and County revenues	<u>170,788</u>	<u>170,788</u>	<u>194,391</u>	<u>23,603</u>
Total intergovernmental	2,429,788	2,429,788	2,415,505	(14,283)
<b>Charges for services:</b>				
General services fees	531,501	531,501	578,420	46,919
Parks & REC fees	772,680	772,680	782,797	10,117
Police services fees	<u>130,000</u>	<u>130,000</u>	<u>209,064</u>	<u>79,064</u>
Total charges for services	1,434,181	1,434,181	1,570,281	136,100
Fines and forfeitures	990,000	990,000	1,425,143	435,143
Licenses and permits	937,350	937,350	938,769	1,419
<b>Other income:</b>				
Investment income	204,500	204,500	163,735	(40,765)
Impact fees	60,000	60,000	1,137,106	1,077,106
Miscellaneous	<u>890,065</u>	<u>890,065</u>	<u>863,922</u>	<u>(26,143)</u>
Total other income	<u>1,154,565</u>	<u>1,154,565</u>	<u>2,164,763</u>	<u>1,010,198</u>
Total revenues	<u>\$ 39,068,636</u>	<u>\$ 39,068,636</u>	<u>\$ 42,026,502</u>	<u>\$ 2,957,866</u>

(Continued)

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2017

<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	\$ 1,717,471	\$ 1,749,480	\$ 1,585,109	\$ 164,371
Legislative	5,712,532	5,694,542	4,661,926	1,032,616
Executive	2,939,080	2,677,573	2,161,508	516,065
Human resources	3,410,633	3,395,471	3,057,428	338,043
Financial services	1,182,671	1,295,172	1,217,246	77,926
Total general government	14,962,387	14,812,238	12,683,217	2,129,021
Public safety	21,494,237	21,456,855	20,992,675	464,180
Library	873,105	873,359	839,113	34,246
Parks & REC	4,425,399	4,423,969	4,323,976	99,993
Public services	4,497,748	4,489,979	4,068,562	421,417
Total operating expenditures	46,252,876	46,056,400	42,907,543	3,148,857
Capital Outlay:				
General government	4,800	1,859,022	206,731	1,652,291
Public safety	10,000	104,548	54,761	49,787
Library	-	69,800	45,658	24,142
Parks & REC	50,000	526,042	393,616	132,426
Public services	2,068,443	2,445,631	1,862,791	582,840
Total capital outlay	2,133,243	5,005,043	2,563,557	2,441,486
Debt service:				
Principal	74,910	74,910	38,047	36,863
Interest and other fiscal charges	3,262	3,262	1,003	2,259
Total debt service	78,172	78,172	39,050	39,122
Total expenditures	48,464,291	51,139,615	45,510,150	5,629,465
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	9,420,912	9,420,751	9,434,933	14,182
Transfers out	(25,257)	(25,257)	(25,257)	-
Prior year appropriations	-	2,675,485	-	(2,675,485)
Total other financing sources (uses)	9,395,655	12,070,979	9,409,676	(2,661,303)
Net change in fund balance	\$ -	\$ -	\$ 5,926,028	\$ 5,926,028

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, 2017

	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,013,821	\$ 1,013,821	\$ 1,013,821	\$ -
Other income	9,209	9,209	9,637	428
Total revenues	1,023,030	1,023,030	1,023,458	428
<b>Expenditures:</b>				
Operating:				
General government	527,898	508,101	201,972	306,129
Parks & REC	-	-	-	-
Public safety	-	-	-	-
Capital outlay	1,028,750	1,069,032	31,660	1,037,372
Debt service:				
Principal	166,700	166,700	166,667	33
Interest and other fiscal charges	34,200	34,200	33,825	375
Total expenditures	1,757,548	1,778,033	434,124	1,343,909
Excess of revenues over expenditures	(734,518)	(755,003)	589,334	1,344,337
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(120,482)	(120,482)	(120,482)	-
Appropriations of prior year fund balance	855,000	875,485	-	875,485
Total other financing sources (uses)	734,518	755,003	(120,482)	(875,485)
Net changes in fund balance	\$ -	\$ -	468,852	\$ 468,852
Fund balance, beginning			843,757	
Fund balance, ending			\$ 1,312,609	

See notes to budgetary comparison schedules

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2017

### **Note 1 - Budgets and Budgetary Accounting**

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

1. Prior to July 1, the City Manager submits a budget estimate of revenues and expenditures for all City departments for the fiscal year commencing October 1 to the City Commission.
2. The City Commission holds various budget workshops to review and amend the proposed budget.
3. Public hearings are held to obtain taxpayers' comments.
4. Prior to October 1, the budget is legally enacted through passage of an ordinance.
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 adopted budget may be amended by the City Manager for line item adjustments within a department. The legal level of budgetary control is at the departmental level. 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 variance associated with Series 2015 Debt Service Fund was caused by a deficiency of transfers from the General Fund. Additional transfers are scheduled for fiscal year 2018.

## CITY OF NORTH MIAMI BEACH, FLORIDA

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

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

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

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 THREE FISCAL YEARS

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

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  
LAST FOUR FISCAL YEARS

Fiscal Year Ended	Employer Contributions	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as percentage of covered payroll	Actuarial Assumptions	
<b>Retirement Plan for General Employees</b>							
9/30/2014	\$ 3,545,108	\$ 3,545,108	\$ -	\$ 8,935,213	39.68%	Actuarial cost method	Entry age normal
9/30/2015	3,528,201	3,528,201	-	8,438,765	41.81%	Amortization method	Level percent of pay, closed
9/30/2016	3,285,155	3,285,155	-	7,937,439	41.39%	Remaining amortization period	30 years
9/30/2017	3,249,182	3,249,182	-	6,934,420	46.86%	Asset valuation method	Smoothed market value
						Investment rate of return	7.75%
						Projected salary increases	4.25% to 8.00%
						Cost of living adjustments	0%, 0.75%, 2.25%
						Inflation	3.25%
						RP 2000 Combined Mortality Table for males and females with fully generational projections to each future decrement date using Scale AA	
<b>Retirement Plan for Police Officers and Firefighters</b>							
9/30/2014	\$ 6,357,669	\$ 6,357,669	\$ -	\$ 5,597,265	113.59%	Actuarial cost method	Entry age normal
9/30/2015	6,498,316	6,337,328	(160,988)	5,127,475	126.74%	Amortization method	Level percent closed
9/30/2016	6,254,492	6,254,492	-	6,586,705	94.96%	Remaining amortization period	30 years
9/30/2017	5,578,590	5,578,590	-	6,573,350	84.87%	Asset valuation method	Actuarial Value
						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	
<b>Retirement Plan and Trust for General Management Employees</b>							
9/30/2014	\$ 594,082	\$ 598,464	\$ (4,382)	\$ 2,398,885	24.76%	Actuarial cost method	Aggregate
9/30/2015	598,464	598,464	-	2,027,135	29.52%	Amortization method	Level dollar, fixed
9/30/2016	668,241	693,932	(25,691)	2,391,509	27.94%	Remaining amortization period	19 years
9/30/2017	1,077,364	1,095,074	(17,710)	2,957,285	36.43%	Asset valuation method	Market value
						Investment rate of return	7.00%
						Projected salary increases	4.00%
						Cost of living adjustments	2.25%
						Inflation	2.92%
						RP 2000 Combined Mortality Table with full generational projections using Scale BB	

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 THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST THREE FISCAL YEARS

Measurement date June 30,	2015	2016	2017
<u>Florida Retirement System</u>			
City's proportion of the net pension liability	0.000312830%	0.000295834%	0.000268619%
City's proportionate share of the net pension liability	\$ 48,034	\$ 74,698	\$ 79,456
Covered employee payroll	\$ 21,685	\$ 21,353	\$ 21,602
City's proportionate share of the net pension liability as a percentage of covered employee payroll	221.51%	349.82%	367.82%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	84.88%	83.89%
 <u>Health Insurance Subsidy</u>			
City's proportion of the net pension liability	0.000072633%	0.000069977%	0.000067773%
City's proportionate share of the net pension liability	\$ 7,406	\$ 8,154	\$ 7,247
Covered employee payroll	\$ 21,685	\$ 21,353	\$ 21,602
City's proportionate share of the net pension liability as a percentage of covered employee payroll	34.15%	38.19%	33.55%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%

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 THREE FISCAL YEARS

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

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, 2017

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Total Contributions</u>	<u>Percentage Contributed</u>
<u>Excess Benefit Plan<sup>1</sup></u>				
2010	\$ 183	\$ 183	\$ 183	100%
2011	197	197	197	100%
2012	204	204	204	100%
2013	211	211	211	100%
2014	223	223	223	100%
2015	257	257	257	100%
2016	278	278	278	100%
2017	290	290	290	100%
<u>Excess Benefit Plan<sup>1</sup></u>				
2009	\$ 561	\$ 106	\$ 106	19%
2010	590	106	106	18%
2011	670	62	662	99%
2012	632	684	684	108%
2013	381	395	395	104%
2014	349	395	395	113%
2015	337	440	440	131%
2016	332	-	-	0%
2017	365	605	605	166%

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

<sup>2</sup> The City implemented GASB 45 (OPEB) during the fiscal year ending September 30, 2009.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

(in thousands)

SEPTEMBER 30, 2017

Valuation Date <u>October 1,</u>	Actuarial Value of Assets <sup>2</sup> <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded Actuarial Accrued Liability (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a) / (b)</u>	Covered Payroll <u>(c)</u>
<u>OPEB<sup>1</sup></u>					
2009	\$ -	\$ 4,241	\$ 4,241	0%	\$ 26,027
2010	-	4,241	4,241	0%	26,027
2011	492	4,100	3,608	12%	24,857
2012	526	4,386	3,860	12%	23,143
2013	1,167	3,518	2,351	33%	22,336
2014	1,578	3,687	2,109	43%	22,336
2015	1,972	3,966	1,994	50%	22,677
2016	1,973	4,104	2,131	48%	22,677
2017	2,228	4,336	2,108	51%	17,500

<sup>1</sup> The City implemented GASB 45 during the fiscal year ending September 30, 2009.

<sup>2</sup> Beginning in 2013, based on the smoothed actuarial value of the assets.

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**COMBINING, INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**NON-MAJOR GOVERNMENTAL FUNDS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2017

### **Special Revenue Funds**

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

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

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

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

### **Debt Service Funds**

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

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

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

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2017

### **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, 2017

	Special Revenue Funds			
	Grants Funds	Transit Surtax	Confiscated Property	Total Special Revenue
<u>ASSETS</u>				
Pooled cash and investments	\$ 131,829	\$ 1,223,234	\$ 6,896,313	\$ 8,251,376
Accounts receivable:				
Intergovernmental	-	743,810	-	743,810
Grants	239,589	-	-	239,589
Prepays	239	-	3,276	3,515
Total assets	\$ 371,657	\$ 1,967,044	\$ 6,899,589	\$ 9,238,290
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 136,799	\$ 50,909	\$ 75,714	\$ 263,422
Due to other funds	300,952	-	-	300,952
Total liabilities	437,751	50,909	75,714	564,374
Fund balances:				
Nonspendable:				
Prepays	239	-	3,276	3,515
Restricted:				
Interlocal agreements	-	1,916,135	-	1,916,135
Public Safety	-	-	6,820,599	6,820,599
Unassigned	(66,333)	-	-	(66,333)
Total fund balances	(66,094)	1,916,135	6,823,875	8,673,916
Total liabilities and fund balances	\$ 371,657	\$ 1,967,044	\$ 6,899,589	\$ 9,238,290

(Continued)

# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2017

	Debt Service Funds				
	Series 2011	Series 2012	Series 2013	Series 2015	Total Debt Service
<u>ASSETS</u>					
Pooled cash and investments	\$ 17,436	\$ 14,191	\$ 85,390	\$ -	\$ 117,017
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 3,336	\$ 3,336
Fund balances:					
Restricted:					
Debt service	17,436	14,191	85,390	-	117,017
Unassigned:	-	-	-	(3,336)	(3,336)
Total fund balances	17,436	14,191	85,390	(3,336)	113,681
Total liabilities and fund balances	\$ 17,436	\$ 14,191	\$ 85,390	\$ -	\$ 117,017

(Continued)

# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2017

	Capital Projects Fund Alley Restoration Program	Total Capital Projects	Total Non-major Governmental Funds
<u>ASSETS</u>			
Pooled cash and investments	\$ 293,382	\$ 293,382	\$ 8,661,775
Accounts receivable:			
Intergovernmental	-	-	743,810
Grants	-	-	239,589
Prepaid costs	-	-	3,515
Total assets	\$ 293,382	\$ 293,382	\$ 9,648,689
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 263,422
Due to other funds	-	-	304,288
Total liabilities	-	-	567,710
Fund balances:			
Nonspendable:			
Prepaid costs	-	-	3,515
Restricted:			
Interlocal agreements	-	-	1,916,135
Debt service	-	-	117,017
Public Safety	-	-	6,820,599
Committed:			
Alley restoration	293,382	293,382	293,382
Unassigned:			
Grant related	-	-	(66,333)
Debt service	-	-	(3,336)
Total fund balances	293,382	293,382	9,080,979
Total fund balances and liabilities	\$ 293,382	\$ 293,382	\$ 9,648,689

## 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, 2017

	Special Revenue Funds			Total Special Revenue
	Grants Funds	Transit Surtax	Confiscated Property	
Revenues:				
Intergovernmental	\$ -	\$ 1,904,182	\$ -	\$ 1,904,182
Grants	337,856	-	-	337,856
Fines and forfeitures	-	-	1,416,387	1,416,387
Miscellaneous	-	2,300	23,950	26,250
Total revenues	337,856	1,906,482	1,440,337	3,684,675
Expenditures:				
Operating expenditures:				
General government	-	415,160	-	415,160
Public safety	79,019	-	1,299,321	1,378,340
Parks & REC	47,727	-	-	47,727
Public services	24,665	-	-	24,665
Capital outlay	261,704	672,262	178,688	1,112,654
Total expenditures	413,115	1,087,422	1,478,009	2,978,546
Excess (deficiency) of revenues over expenditures	(75,259)	819,060	(37,672)	706,129
Other financing uses:				
Transfers out	(14,022)	(711,555)	(987)	(726,564)
Total other financing uses	(14,022)	(711,555)	(987)	(726,564)
Net change in fund balances	(89,281)	107,505	(38,659)	(20,435)
Fund balances, beginning	23,187	1,808,630	6,862,534	8,694,351
Fund balances, ending	\$ (66,094)	\$ 1,916,135	\$ 6,823,875	\$ 8,673,916

(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, 2017

	Debt Service Funds				Total Debt Service
	Series 2011	Series 2012	Series 2013	Series 2015	
Revenues:					
Property taxes	\$ 1,072,000	\$ 783,360	\$ -	\$ -	\$ 1,855,360
Expenditures:					
Debt service:					
Principal	565,000	665,000	588,000	23,982	1,841,982
Interest and other fiscal charges	<u>506,232</u>	<u>118,023</u>	<u>36,356</u>	<u>1,451</u>	<u>662,062</u>
Total expenditures	<u>1,071,232</u>	<u>783,023</u>	<u>624,356</u>	<u>25,433</u>	<u>2,504,044</u>
Excess (deficiency) of revenues over expenditures	768	337	(624,356)	(25,433)	(648,684)
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>-</u>	<u>624,355</u>	<u>25,257</u>	<u>649,612</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>624,355</u>	<u>25,257</u>	<u>649,612</u>
Net change in fund balances	768	337	(1)	(176)	928
Fund balances, beginning	<u>16,668</u>	<u>13,854</u>	<u>85,391</u>	<u>(3,160)</u>	<u>112,753</u>
Fund balances, ending	<u>\$ 17,436</u>	<u>\$ 14,191</u>	<u>\$ 85,390</u>	<u>\$ (3,336)</u>	<u>\$ 113,681</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, 2017

	Capital Projects Fund Alley Restoration Program	Total Capital Projects	Total Non-major Governmental Funds
Revenues:			
Property taxes	\$ -	\$ -	\$ 1,855,360
Intergovernmental	-	-	1,904,182
Grants	-	-	337,856
Fines and forfeitures	-	-	1,416,387
Other income	-	-	26,250
Total revenues	-	-	5,540,035
Expenditures:			
Operating expenditures:			
General government	-	-	415,160
Public safety	-	-	1,378,340
Parks & REC	-	-	47,727
Public services	-	-	24,665
Capital outlay	-	-	1,112,654
Debt service:			
Principal	-	-	1,841,982
Interest and other fiscal charges	-	-	662,062
Total expenditures	-	-	5,482,590
Excess (deficiency) of revenues over expenditures	-	-	57,445
Other financing sources (uses):			
Transfers in	-	-	649,612
Transfers out	-	-	(726,564)
Total other financing sources (uses)	-	-	(76,952)
Net change in fund balances	-	-	(19,507)
Fund balances, beginning	293,382	293,382	9,100,486
Fund balances, ending	\$ 293,382	\$ 293,382	\$ 9,080,979

## 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, 2017

#### TRANSIT SURTAX FUND

	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,744,000	\$ 1,744,000	\$ 1,904,182	\$ 160,182
Other income	-	-	2,300	2,300
Total revenues	1,744,000	1,744,000	1,906,482	162,482
<b>Expenditures:</b>				
<b>Operating:</b>				
General government	862,783	868,958	415,160	453,798
Capital outlay	349,657	892,950	672,262	220,688
Total expenditures	1,212,440	1,761,908	1,087,422	674,486
Excess of revenues over expenditures	531,560	(17,908)	819,060	836,968
<b>Other financing sources (uses):</b>				
Transfers out	(711,560)	(711,560)	(711,555)	5
Appropriations of prior year fund balance	180,000	729,468	-	(729,468)
Total other financing sources (uses)	(531,560)	17,908	(711,555)	(729,463)
Net changes in fund balance	\$ -	\$ -	107,505	\$ 107,505
Fund balance, beginning			1,808,630	
Fund balance, ending			\$ 1,916,135	

**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, 2017

	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	\$1,072,000	\$1,072,000	\$1,072,000	\$ -	\$ 783,360	\$ 783,360	\$ 783,360	\$ -
Total revenues	1,072,000	1,072,000	1,072,000	-	783,360	783,360	783,360	-
Expenditures:								
Debt service:								
Principal	565,000	565,000	565,000	-	665,000	665,000	665,000	-
Interest and other fiscal charges	507,000	507,000	506,232	768	118,360	118,360	118,023	337
Total expenditures	1,072,000	1,072,000	1,071,232	768	783,360	783,360	783,023	337
Net changes in fund balance	\$ -	\$ -	768	\$ 768	\$ -	\$ -	337	\$ 337
Fund balance, beginning			16,668				13,854	
Fund balance, ending			\$ 17,436				\$ 14,191	(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, 2017

	SERIES 2013				SERIES 2015			
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from Final Budget - Favorable (Unfavorable)	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Expenditures:								
Debt service:								
Principal	\$ 588,000	\$ 588,000	\$ 588,000	\$ -	\$ 23,982	\$ 23,982	\$ 23,982	\$ -
Interest and other fiscal charges	36,360	36,360	36,356	4	1,275	1,275	1,451	(176)
Total expenditures	<u>624,360</u>	<u>624,360</u>	<u>624,356</u>	<u>4</u>	<u>25,257</u>	<u>25,257</u>	<u>25,433</u>	<u>(176)</u>
Other financing sources:								
Transfers in	<u>624,360</u>	<u>624,360</u>	<u>624,355</u>	<u>(5)</u>	<u>25,257</u>	<u>25,257</u>	<u>25,257</u>	<u>-</u>
Total other financing sources	<u>624,360</u>	<u>624,360</u>	<u>624,355</u>	<u>(5)</u>	<u>25,257</u>	<u>25,257</u>	<u>25,257</u>	<u>-</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	(176)	<u>\$ 176</u>
Fund balance, beginning			<u>85,391</u>				<u>(3,160)</u>	
Fund balance, ending			<u>\$ 85,390</u>				<u>\$ (3,336)</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, 2017

ALLEY RESTORATION PROGRAM				
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Operating:				
Public services	\$ 500	\$ 500	\$ -	\$ 500
Capital outlay	274,500	274,500	-	274,500
Total expenditures	275,000	275,000	-	275,000
Other financing sources:				
Prior year appropriations	275,000	275,000	-	(275,000)
Total other financing sources	275,000	275,000	-	(275,000)
Net changes in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			293,382	
Fund balance, ending			\$ 293,382	

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**NON-MAJOR ENTERPRISE FUNDS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2017

### **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, 2017

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current assets:			
Pooled cash and investments	\$ 1,489,934	\$ 8,859,964	\$ 10,349,898
Accounts receivable, net	330,017	-	330,017
Restricted assets:			
Escrow funds held by lessor	<u>32,313</u>	<u>107,098</u>	<u>139,411</u>
Total current assets	1,852,264	8,967,062	10,819,326
Non-current assets			
Capital assets, non-depreciable	271,353	39,621	310,974
Capital assets - net of accumulated depreciation	<u>3,532,252</u>	<u>101,392</u>	<u>3,633,644</u>
Total assets	<u>\$ 5,655,869</u>	<u>\$ 9,108,075</u>	<u>\$ 14,763,944</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension	<u>\$ 130,858</u>	<u>\$ 776,747</u>	<u>\$ 907,605</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 59,961	\$ 601,971	\$ 661,932
Current portions of:			
Notes payable	182,182	-	182,182
Master lease payable	96,014	20,552	116,566
Compensated absences	<u>450</u>	<u>-</u>	<u>450</u>
Total current liabilities	338,607	622,523	961,130
Non-current liabilities:			
Notes payable	570,722	-	570,722
Net pension liability	372,595	951,622	1,324,217
Compensated absences	16,820	91,326	108,146
Other post-employment benefits	<u>301</u>	<u>236</u>	<u>537</u>
Total non-current liabilities	<u>960,438</u>	<u>1,043,184</u>	<u>2,003,622</u>
Total liabilities	<u>\$ 1,299,045</u>	<u>\$ 1,665,707</u>	<u>\$ 2,964,752</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension	<u>\$ 4,576</u>	<u>\$ 431,460</u>	<u>\$ 436,036</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 2,954,687	\$ 120,461	\$ 3,075,148
Restricted - Capital equipment	32,313	107,098	139,411
Unrestricted	<u>1,496,106</u>	<u>7,560,096</u>	<u>9,056,202</u>
Total net position	<u>\$ 4,483,106</u>	<u>\$ 7,787,655</u>	<u>\$ 12,270,761</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, 2017

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,313,261	\$ 4,725,975	\$ 6,039,236
Total operating revenues	<u>1,313,261</u>	<u>4,725,975</u>	<u>6,039,236</u>
Operating expenses:			
Personnel services	252,400	1,190,762	1,443,162
Other operating costs	396,809	349,882	746,691
Depreciation	<u>326,018</u>	<u>26,163</u>	<u>352,181</u>
Total operating expenses	<u>975,227</u>	<u>1,566,807</u>	<u>2,542,034</u>
Operating income	338,034	3,159,168	3,497,202
Non-operating revenue (expense):			
Investment income	8,799	50,697	59,496
Miscellaneous income	609	560,690	561,299
Interest and other fiscal charges	<u>(22,791)</u>	<u>(533)</u>	<u>(23,324)</u>
Total non-operating revenue	<u>(13,383)</u>	<u>610,854</u>	<u>597,471</u>
Income before transfers	324,651	3,770,022	4,094,673
Transfers out	<u>(208,143)</u>	<u>(517,466)</u>	<u>(725,609)</u>
Change in net position	116,508	3,252,556	3,369,064
Net position, beginning	<u>4,366,598</u>	<u>4,535,099</u>	<u>8,901,697</u>
Net position, ending	<u>\$ 4,483,106</u>	<u>\$ 7,787,655</u>	<u>\$ 12,270,761</u>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,276,237	\$ 5,286,665	\$ 6,562,902
Cash payments to internal service funds	-	(225,840)	(225,840)
Cash payments to suppliers	(434,497)	(182,963)	(617,460)
Cash payments to and on behalf of employees	<u>(252,564)</u>	<u>(1,399,887)</u>	<u>(1,652,451)</u>
Net cash provided by operating activities	589,176	3,477,975	4,067,151
Cash flows from noncapital financing activities:			
Transfers to other funds	(208,143)	(517,466)	(725,609)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(6,539)	(23,955)	(30,494)
Principal paid on long-term debt	(272,784)	(20,226)	(293,010)
Interest paid on long-term debt	<u>(22,791)</u>	<u>(533)</u>	<u>(23,324)</u>
Net cash used in capital and related financing activities	(302,114)	(44,714)	(346,828)
Cash flows from investing activities:			
Investment purchases	(574,755)	(4,450,888)	(5,025,643)
Investment calls and maturities	565,823	4,389,419	4,955,242
Investment income	<u>17,731</u>	<u>112,166</u>	<u>129,897</u>
Net cash provided by investing activities	8,799	50,697	59,496
Net increase in pooled cash and investments:			
Pooled cash and investments, beginning	<u>1,434,529</u>	<u>6,000,570</u>	<u>7,435,099</u>
Pooled cash and investments, ending	<u>\$ 1,522,247</u>	<u>\$ 8,967,062</u>	<u>\$ 10,489,309</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 338,034	\$ 3,159,168	\$ 3,497,202
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	326,018	26,163	352,181
Other income	609	560,690	561,299
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	(37,633)	-	(37,633)
Deferred outflows of resources	26,213	(41,245)	(15,032)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	(39,127)	(44,564)	(83,691)
Pension and OPEB liabilities	(8,945)	(549,227)	(558,172)
Deferred inflows of resources	<u>(15,993)</u>	<u>366,990</u>	<u>350,997</u>
Total adjustments	<u>251,142</u>	<u>318,807</u>	<u>569,949</u>
Net cash provided by operating activities	<u>\$ 589,176</u>	<u>\$ 3,477,975</u>	<u>\$ 4,067,151</u>
Non-cash investing, capital and financing activities:			
Increase in fair value of investments	<u>\$ (8,932)</u>	<u>\$ (51,469)</u>	<u>\$ (60,401)</u>



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## **FIDUCIARY FUNDS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2017

### 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	\$ 1,063	\$ 2,853	\$ -	\$ -	\$ 3,916
Investments:					
Common stock	49,227,463	57,021,081	-	-	106,248,544
Mutual funds	1,704,827	2,696,155	18,921,875	2,804,689	26,127,546
U.S. Government securities	13,159,503	23,543,410	-	-	36,702,913
Corporate bonds	3,443,700	5,080,491	-	-	8,524,191
Real estate	7,920,894	7,238,514	-	-	15,159,408
Hedge funds	4,362,289	4,673,135	-	-	9,035,424
Accrued interest receivable	104,368	143,167	-	-	247,535
Other receivables	268,296	11,194	-	-	279,490
Total assets	<u>\$ 80,192,403</u>	<u>\$ 100,410,000</u>	<u>\$ 18,921,875</u>	<u>\$ 2,804,689</u>	<u>\$ 202,328,967</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	<u>\$ 247,436</u>	<u>\$ 25,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,061</u>
<u>NET POSITION</u>					
Net position restricted for pensions	<u>\$ 79,944,967</u>	<u>\$ 100,384,375</u>	<u>\$ 18,921,875</u>	<u>\$ 2,804,689</u>	<u>\$ 202,055,906</u>

## CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	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>
<b><u>ADDITIONS</u></b>					
Contributions:					
Employer	\$ 3,249,182	\$ 5,578,590	\$ 1,077,364	\$ 488,650	\$ 10,393,786
Employee	551,371	765,541	269,646	-	1,586,558
State of Florida	-	519,848	-	-	519,848
Total contributions	3,800,553	6,863,979	1,347,010	488,650	12,500,192
Investment income (expense):					
Net appreciation in fair value of investments	6,815,609	8,241,551	2,485,771	329,360	17,872,291
Interest and dividends	1,754,935	2,016,759	-	-	3,771,694
Investment expenses	(467,842)	(559,537)	(38,932)	-	(1,066,311)
Net investment gain	8,102,702	9,698,773	2,446,839	329,360	20,577,674
Other income	12,470	12,861	-	-	25,331
Total additions	11,915,725	16,575,613	3,793,849	818,010	33,103,197
<b><u>DEDUCTIONS</u></b>					
Pension benefit payments	8,348,341	10,098,177	1,738,538	238,650	20,423,706
Administrative expenses	178,133	257,983	22,319	3,024	461,459
Total deductions	8,526,474	10,356,160	1,760,857	241,674	20,885,165
Change in position held in trust	3,389,251	6,219,453	2,032,992	576,336	12,218,032
Net position restricted for pensions, beginning	76,555,716	94,164,922	16,888,883	2,228,353	189,837,874
Net position restricted for pensions, ending	\$ 79,944,967	\$ 100,384,375	\$ 18,921,875	\$ 2,804,689	\$ 202,055,906

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2017

		Police Holding Account			
		<u>Beginning Balance</u>	<u>Seizures</u>	<u>Distributions</u>	<u>Ending Balance</u>
<u>ASSETS</u>					
Cash		\$ <u>1,311,225</u>	\$ <u>178,734</u>	\$ <u>(750,739)</u>	\$ <u>739,220</u>
<u>LIABILITIES</u>					
Deposits awaiting adjudication		\$ <u>1,311,225</u>	\$ <u>178,734</u>	\$ <u>(750,739)</u>	\$ <u>739,220</u>





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## **IV. STATISTICAL SECTION**

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## 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>
<b>Financial Trends</b> <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>	<b>133-136</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>137-143</b>
<b>Debt Capacity</b>  <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>	<b>144-147</b>
<b>Demographic and Economic Information</b> <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>	<b>148-150</b>
<b>Operating Information</b> <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>	<b>151-152</b>

*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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:										
Net investment in capital assets	\$ 23,071	\$ 35,288	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494	\$ 41,846	\$ 41,751	\$ 45,614	\$ 47,555
Restricted	2,140	7,679	6,324	14,422	16,699	15,054	12,186	11,326	10,202	10,412
Unrestricted	<u>16,659</u>	<u>11,565</u>	<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>
Total governmental activities net position	<u>\$ 41,870</u>	<u>\$ 54,532</u>	<u>\$ 55,301</u>	<u>\$ 60,613</u>	<u>\$ 67,022</u>	<u>\$ 71,574</u>	<u>\$ 77,024</u>	<u>\$ 18,917</u>	<u>\$ 26,115</u>	<u>\$ 36,464</u>
Business-type activities:										
Net investment in capital assets	\$ 84,046	\$ 87,440	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063	\$ 86,582	\$ 92,456	\$ 89,253	\$ 89,394
Restricted	89	204	833	907	1,545	3,380	7,691	10,256	14,524	15,990
Unrestricted (deficit)	<u>(5,012)</u>	<u>(2,657)</u>	<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>
Total business-type activities net position	<u>\$ 79,123</u>	<u>\$ 84,987</u>	<u>\$ 84,922</u>	<u>\$ 94,084</u>	<u>\$ 104,158</u>	<u>\$ 110,223</u>	<u>\$ 119,461</u>	<u>\$ 136,049</u>	<u>\$ 142,578</u>	<u>\$ 150,115</u>
Total government:										
Net investment in capital assets	\$ 107,117	\$ 122,728	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557	\$ 128,428	\$ 134,207	\$ 134,867	\$ 136,949
Restricted	2,229	7,883	7,157	15,329	18,244	18,434	19,877	21,582	24,726	26,402
Unrestricted	<u>11,647</u>	<u>8,908</u>	<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>
Total City net position	<u>\$ 120,993</u>	<u>\$ 139,519</u>	<u>\$ 140,223</u>	<u>\$ 154,697</u>	<u>\$ 171,180</u>	<u>\$ 181,797</u>	<u>\$ 196,485</u>	<u>\$ 154,966</u>	<u>\$ 168,693</u>	<u>\$ 186,579</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 14,951	\$ 16,556	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018	\$ 10,493	\$ 13,752	\$ 15,009	\$ 12,378
Public safety	23,283	22,042	22,091	25,069	22,452	22,793	22,206	21,824	21,918	25,422
Parks and R.E.C.	5,833	5,021	5,373	4,950	4,561	4,555	4,771	4,617	5,166	5,432
Public works	11,635	12,966	10,718	10,631	5,213	4,087	4,147	4,386	3,988	4,304
Interest on long-term debt	1,873	1,952	1,943	1,735	1,580	1,153	1,214	813	736	643
Total governmental activities	<u>57,575</u>	<u>58,537</u>	<u>58,946</u>	<u>57,664</u>	<u>45,822</u>	<u>43,606</u>	<u>42,831</u>	<u>45,392</u>	<u>46,817</u>	<u>48,179</u>
Business-type activities:										
Water	22,003	23,344	23,990	23,367	22,579	23,424	21,082	16,329	26,092	27,015
Wastewater	4,456	5,007	5,305	4,487	3,952	4,156	3,929	4,033	5,306	6,057
Solid waste	-	-	-	-	6,574	6,749	7,186	6,551	8,813	8,276
Stormwater	752	762	868	864	886	633	645	592	1,002	998
Building permits	-	-	1,359	1,437	1,293	1,257	1,289	1,355	2,077	1,567
Total business-type activities	<u>27,211</u>	<u>29,113</u>	<u>31,522</u>	<u>30,155</u>	<u>35,284</u>	<u>36,219</u>	<u>34,131</u>	<u>28,860</u>	<u>43,290</u>	<u>43,913</u>
Total government expenses	<u>\$ 84,786</u>	<u>\$ 87,650</u>	<u>\$ 90,468</u>	<u>\$ 87,819</u>	<u>\$ 81,106</u>	<u>\$ 79,825</u>	<u>\$ 76,962</u>	<u>\$ 74,252</u>	<u>\$ 90,107</u>	<u>\$ 92,092</u>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 8,941	\$ 10,021	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913	\$ 1,629	\$ 1,732	\$ 1,583	\$ 2,120
Public safety	1,630	8,996	1,513	5,095	6,801	2,857	1,512	177	194	1,634
Parks and R.E.C.	624	639	597	821	838	956	823	841	856	783
Public works	8,674	8,991	8,870	8,956	(979)	-	-	-	-	-
Operating grants and contributions	1,817	1,215	2,013	1,028	945	169	78	2,209	2,439	1,438
Capital grants and contributions	34	379	3	2,013	1,069	1,129	706	543	1,614	440
Total governmental activities program reve:	<u>21,720</u>	<u>30,241</u>	<u>15,768</u>	<u>21,010</u>	<u>10,350</u>	<u>7,024</u>	<u>4,748</u>	<u>5,502</u>	<u>6,686</u>	<u>6,415</u>
Business-type activities:										
Charges for services:										
Water	23,477	27,599	31,465	33,790	27,990	27,795	27,547	32,915	30,546	32,232
Sewer	5,865	6,360	7,082	7,701	7,490	7,487	7,532	7,036	6,956	7,451
Solid waste	-	-	-	-	9,992	8,832	8,860	8,939	9,343	10,181
Stormwater	1,279	1,280	1,282	1,268	1,279	1,266	1,273	1,269	1,235	1,313
Building permits	-	-	1,250	1,204	1,514	1,307	2,073	3,800	3,311	4,726
Operating grants and contributions	1,401	56	1,536	2,334	-	-	-	-	-	-
Capital grants and contributions	1,439	4,917	770	482	2,163	-	-	-	-	-
Total business-type activities program reve:	<u>33,461</u>	<u>40,212</u>	<u>43,385</u>	<u>46,779</u>	<u>50,428</u>	<u>46,687</u>	<u>47,285</u>	<u>53,959</u>	<u>51,391</u>	<u>55,903</u>
Total program revenues	<u>\$ 55,181</u>	<u>\$ 70,453</u>	<u>\$ 59,153</u>	<u>\$ 67,789</u>	<u>\$ 60,778</u>	<u>\$ 53,711</u>	<u>\$ 52,033</u>	<u>\$ 59,461</u>	<u>\$ 58,077</u>	<u>\$ 62,318</u>
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (35,855)	\$ (28,296)	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)	\$ (38,083)	\$ (39,890)	\$ (40,131)	\$ (41,764)
Business-type activities	6,250	11,099	11,863	16,624	15,144	10,468	13,154	25,099	8,101	11,990
Total net expense	<u>\$ (29,605)</u>	<u>\$ (17,197)</u>	<u>\$ (31,315)</u>	<u>\$ (20,030)</u>	<u>\$ (20,328)</u>	<u>\$ (26,114)</u>	<u>\$ (24,929)</u>	<u>\$ (14,791)</u>	<u>\$ (32,030)</u>	<u>\$ (29,774)</u>
<b>General revenues:</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067	\$ 16,470
Sales and other taxes	9,375	9,628	9,282	9,559	9,601	10,021	10,081	11,124	11,399	11,464
State and local shared revenue	5,786	5,429	5,085	5,671	5,325	5,311	5,187	4,319	4,841	5,334
Unrestricted investment earnings (losses)	173	339	353	131	223	(389)	700	382	146	173
User surcharges	-	-	-	-	-	-	-	-	7,163	8,571
Miscellaneous	1,437	1,439	1,793	284	675	441	7,149	7,999	962	890
Transfers	5,297	5,973	13,054	13,769	12,757	13,386	7,546	7,946	8,750	9,210
Total governmental activities	<u>41,737</u>	<u>40,959</u>	<u>45,830</u>	<u>41,966</u>	<u>41,881</u>	<u>41,134</u>	<u>43,532</u>	<u>45,522</u>	<u>47,328</u>	<u>52,112</u>
Business-type activities:										
Unrestricted investment earnings (losses)	136	192	167	46	94	(324)	956	1,202	845	726
User surcharges	-	-	-	-	-	-	-	-	3,466	2,842
Miscellaneous	577	519	2,218	6,261	7,593	9,307	2,673	5,035	2,867	1,190
Transfers	(5,297)	(5,973)	(13,054)	(13,769)	(12,757)	(13,386)	(7,546)	(7,946)	(8,750)	(9,210)
Total business-type activities	<u>(4,584)</u>	<u>(5,262)</u>	<u>(10,669)</u>	<u>(7,462)</u>	<u>(5,070)</u>	<u>(4,403)</u>	<u>(3,917)</u>	<u>(1,709)</u>	<u>(1,572)</u>	<u>(4,452)</u>
Total general revenues	<u>\$ 37,153</u>	<u>\$ 35,697</u>	<u>\$ 35,161</u>	<u>\$ 34,504</u>	<u>\$ 36,811</u>	<u>\$ 36,731</u>	<u>\$ 39,615</u>	<u>\$ 43,813</u>	<u>\$ 45,756</u>	<u>\$ 47,660</u>
<b>Change in net position:</b>										
Governmental activities	\$ 5,882	\$ 12,663	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552	\$ 5,449	\$ 5,632	\$ 7,197	\$ 10,348
Business-type activities	1,666	5,837	1,194	9,162	10,074	6,065	9,237	23,390	6,529	7,538
Total change in net position	<u>\$ 7,548</u>	<u>\$ 18,500</u>	<u>\$ 3,846</u>	<u>\$ 14,474</u>	<u>\$ 16,483</u>	<u>\$ 10,617</u>	<u>\$ 14,686</u>	<u>\$ 29,022</u>	<u>\$ 13,726</u>	<u>\$ 17,886</u>

Source: City of North Miami Beach

**CITY OF NORTH MIAMI BEACH, FLORIDA**

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST SEVEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Property taxes	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067	\$ 16,470
User surcharges	-	-	-	-	-	-	-	-	7,164	8,571
Franchise fees	1,906	2,292	2,225	2,019	1,943	1,898	2,064	2,098	2,072	2,138
Utility taxes	2,452	2,516	2,680	2,751	2,794	2,936	3,162	3,209	3,336	3,406
Communication service tax	2,431	2,491	2,140	2,314	2,168	2,105	1,827	1,792	1,843	1,748
Other taxes	806	558	561	628	733	3,932	3,829	4,025	4,149	4,172
Licenses and permits	2,083	1,760	574	885	919	937	829	940	786	939
Intergovernmental revenue	7,484	7,200	6,761	7,518	7,288	4,391	4,321	4,319	4,841	5,334
Charges for services	10,913	11,662	11,571	12,210	869	2,130	1,786	1,809	1,847	1,570
Fines and forfeitures	1,589	8,958	1,465	4,874	6,547	2,658	1,349	2,005	3,183	2,842
Other	8,680	9,115	3,951	3,325	2,728	1,810	7,997	8,746	1,832	1,224
Investment income (losses)	173	339	353	131	223	(389)	700	382	146	176
<b>Total revenues</b>	<b>58,186</b>	<b>65,042</b>	<b>48,544</b>	<b>49,207</b>	<b>39,512</b>	<b>34,772</b>	<b>40,733</b>	<b>43,077</b>	<b>45,266</b>	<b>48,590</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	14,886	14,398	15,237	13,116	10,498	10,052	10,384	12,873	13,179	13,300
Public safety	22,902	22,721	24,566	24,501	21,812	22,147	21,526	21,049	21,196	22,371
Library	-	-	-	-	-	-	-	-	-	839
Parks and R.E.C.	4,918	5,496	5,175	4,945	4,402	4,382	4,589	4,423	4,992	4,372
Public works	10,089	9,796	10,001	10,214	3,469	3,943	4,004	4,230	3,820	4,093
Capital outlay	5,930	5,088	6,310	5,897	1,675	2,754	3,864	4,985	6,055	3,708
<b>Debt service:</b>										
Principal	2,451	2,434	2,523	2,393	2,338	2,357	5,516	2,441	2,672	2,047
Interest and other fiscal charges	1,896	1,977	1,907	1,830	1,719	1,154	941	813	771	697
<b>Total expenditures</b>	<b>63,072</b>	<b>61,910</b>	<b>65,719</b>	<b>62,896</b>	<b>45,913</b>	<b>46,789</b>	<b>50,824</b>	<b>50,814</b>	<b>52,685</b>	<b>51,427</b>
Deficiency of revenues over expenditures	(4,886)	3,132	(17,175)	(13,689)	(6,401)	(12,017)	(10,091)	(7,737)	(7,419)	(2,837)
<b>Other financing sources (uses):</b>										
Transfers in	8,157	9,012	17,980	15,750	14,508	15,089	8,563	9,232	9,628	10,085
Transfers out	(2,860)	(3,054)	(4,926)	(1,981)	(1,752)	(1,703)	(1,017)	(1,287)	(878)	(872)
Lease proceeds	-	788	-	-	-	-	2,851	-	-	-
Debt issuance	4,000	4,000	517	14,835	8,190	3,719	-	120	-	-
Payment to escrow agent	-	-	-	(14,835)	(8,140)	(3,719)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,297</b>	<b>10,746</b>	<b>13,571</b>	<b>13,769</b>	<b>12,806</b>	<b>13,386</b>	<b>10,397</b>	<b>8,065</b>	<b>8,750</b>	<b>9,213</b>
Net change in fund balances	4,411	13,878	(3,604)	80	6,405	1,369	306	328	1,331	6,376
Fund balances - beginning	13,006	17,417	29,800	26,196	26,276	32,681	34,050	34,356	34,684	36,015
Fund balances - ending	\$ 17,417	\$ 31,295	\$ 26,196	\$ 26,276	\$ 32,681	\$ 34,050	\$ 34,356	\$ 34,684	\$ 36,015	\$ 42,391
<b>Debt service as a percentage of non-capital expenditures</b>										
	7.61%	7.76%	7.46%	7.41%	9.17%	7.97%	13.75%	7.10%	7.38%	5.75%

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>
2008	2,600,993	130,023	1,214	2,732,230	33,706	2,698,524	7.5044
2009	2,521,418	124,873	1,392	2,647,683	5,087	2,642,596	7.5831
2010	2,156,288	112,131	1,377	2,269,796	4,297	2,265,499	7.5731
2011	1,684,317	121,656	1,024	1,806,997	3,137	1,803,860	7.8096
2012	1,610,062	130,944	1,060	1,742,066	2,968	1,739,098	7.8616
2013	1,608,856	128,634	872	1,738,362	(2,974)	1,741,336	7.6445
2014	1,612,382	127,560	1,056	1,740,998	6,785	1,734,213	7.7052
2015	1,741,749	126,088	1,229	1,869,066	3,000	1,866,066	7.6369
2016	1,882,680	116,515	1,392	2,000,587	4,444	1,996,143	7.5769
2017	2,216,752	112,628	1,540	2,330,920	178,620	2,152,300	7.3360

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		
2008	\$ 6.6905	\$ 0.8139	\$ 7.5044	\$ 4.8379	\$ 0.2850	\$ 5.1229	\$ 7.5330	\$ 0.2640	\$ 7.7970	\$ 3.3068	\$ 23.7311
2009	6.6236	0.9595	7.5831	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0866
2010	6.6136	0.9595	7.5731	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0766
2011	6.6036	1.2060	7.8096	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	3.7538	25.6849
2012	6.6036	1.2580	7.8616	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	3.4335	24.3901
2013	6.6036	1.0409	7.6445	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	3.4261	24.0571
2014	6.6036	1.1016	7.7052	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	3.4078	24.2155
2015	6.6036	1.0333	7.6369	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	3.3508	24.0786
2016	6.6036	0.9733	7.5769	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	3.3164	23.6222
2017	6.5000	0.8360	7.3360	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	3.2909	23.0158

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	2017			2008		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Dezer Intracoastal Mall LLC	Retail	\$ 54,450	1	2.53%	\$ -	-	-
Florida Power & Light	Utility	42,235	2	1.96%	38,229	1	1.42%
Southern Memorial Park	Special Use	36,538	3	1.70%	-	-	-
Biscayne Commons (Edens) LLC	Retail	29,500	4	1.37%	20,850	3	0.77%
A.Sur Net Inc	Telecommunications	18,251	5	0.80%	-	-	-
Sontic Ward, Inc. (K-Mart)	Retail	17,200	6	0.80%	15,100	5	0.56%
Costco Wholesaler Corporation	Retail	16,940	7	0.79%	13,925	6	0.52%
NMB Commerce Center	Real Estate	14,700	8	0.68%	12,000	9	0.44%
Grand Island Square LLC	Retail	13,990	9	0.65%	-	-	-
Target Corp. (Dayton Husdon)	Retail	13,427	10	0.62%	13,500	7	0.50%
MSW Intracoastal Mall, LLC	Shopping Mall	-	-	-	29,644	2	1.10%
Klien Motors	Retail	-	-	-	16,494	4	0.61%
Divine Square LLC	Condo	-	-	-	12,228	8	0.45%
Inland Towers Condo, LLc	Condo	-	-	-	11,452	10	0.42%
Total		<u>\$ 257,231</u>		<u>11.90%</u>	<u>\$ 183,422</u>		<u>6.80%</u>
Total assessed value				<u>\$ 2,152,300</u>			<u>\$ 2,698,524</u>

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
2008	\$ 18,054	\$ 17,421	96%	\$ 200	\$ 17,621	98%
2009	17,503	15,936	91%	168	16,104	92%
2010	14,983	13,491	90%	704	14,195	95%
2011	11,912	9,978	84%	564	10,542	88%
2012	11,504	10,687	93%	531	11,218	98%
2013	11,479	10,642	93%	2	10,644	93%
2014	11,498	10,663	93%	384	11,047	96%
2015	12,343	11,918	97%	-	11,918	97%
2016	13,211	11,721	89%	491	12,212	92%
2017	15,159	13,923	92%	692	14,615	96%

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

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

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

Fiscal Year Ended <u>September 30,</u>	Gallons of Water Produced by City's Norwood <u>Treatment Plant (1)</u>	Gallons of Water Purchased from Miami-Dade <u>County WASA (1)</u>	Gallons of Water <u>Consumed (2)</u>	Water Operating Revenue <u>Collected</u>	Direct Rate (3)
2008	8,182,466	568,949	6,894,029	\$ 23,477	\$ 17.40
2009	7,926,955	104,170	7,073,975	27,599	19.55
2010	7,359,260	100,234	6,753,329	26,410	21.57
2011	7,492,095	99	6,664,525	33,790	23.84
2012	7,570,517	82	6,509,654	27,890	23.84
2013	7,278,694	233	6,471,569	27,775	23.84
2014	7,586,722	237	6,368,875	27,547	26.11
2015	7,375,327	3,640	6,913,853	33,374	26.11
2016	7,380,058	585	6,490,459	31,511	26.11
2017	7,410,600	889	6,566,017	32,232	26.11

Notes:

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

Sources:

- (1) City of North Miami Beach Water Department
- (2) & (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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>(1) Minimum Chg - Single Family:</b>										
5/8"	\$ 8.10	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71	\$ 10.71	\$ 10.71	\$ 10.71
3/4"	8.10	9.10	8.85	9.78	9.78	9.78	10.71	10.71	10.71	10.71
1"	20.25	22.75	22.13	24.75	24.45	24.45	26.78	26.78	26.78	26.78
1 1/2"	40.50	45.50	44.25	48.90	48.90	48.90	53.55	53.55	53.55	53.55
2"	64.80	72.80	70.80	78.34	78.24	78.24	85.68	85.68	85.68	85.68
3"	129.60	145.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	202.50	227.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	405.00	455.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8"	648.00	728.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10"	931.50	1,046.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Minimum Chg - Multi-Fam/Non-Residential:</b>										
5/8"	\$ 8.10	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40	\$ 12.40	\$ 12.40	\$ 12.40
3/4"	8.10	9.10	10.24	11.32	11.32	11.32	12.40	12.40	12.40	12.40
1"	20.25	22.75	25.60	28.30	28.30	28.30	31.00	31.00	31.00	31.00
1 1/2"	40.50	45.50	51.20	56.60	56.60	56.60	62.00	62.00	62.00	62.00
2"	64.80	72.80	81.92	90.56	90.56	90.56	99.20	99.20	99.20	99.20
3"	129.60	145.60	163.84	181.12	181.12	181.12	198.40	198.40	198.40	198.40
4"	202.50	227.50	256.00	283.00	283.00	283.00	310.00	310.00	310.00	310.00
6"	405.00	455.00	512.00	566.00	566.00	566.00	620.00	620.00	620.00	620.00
8"	648.00	728.00	819.20	905.60	905.60	905.60	992.00	992.00	992.00	992.00
10"	931.50	1,046.50	1,177.60	1,301.80	1,301.80	1,301.80	1,426.00	1,426.00	1,426.00	1,426.00
<b><u>(2) Conservation Increments (Blocks):</u></b>										
<b><u>Single Fam/Non-Resi</u></b>										
0 - 7 mgs	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22
8 - 12 mgs	2.35	2.64	2.97	3.28	3.28	3.28	3.59	3.59	3.59	3.59
over 12 mgs	2.92	3.28	3.69	4.08	4.08	4.08	4.47	4.47	4.47	4.47
<b><u>Multi-family</u></b>										
0 - 5 mgs/unit	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22	\$ 3.22	\$ 3.22
6 - 9 mgs/unit	2.35	2.64	2.97	3.28	3.28	3.28	3.59	3.59	3.59	3.59
over 9 mgs/unit	2.92	3.28	3.69	4.08	4.08	4.08	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>2017</u>			<u>2008</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>
Williams Island	Condominium	63,976	1	0.97%	-		-
Miami-Dade Water & Sewer	Water Mgmt District	61,137	2	0.93%	-		-
Plaza Del Prado	Shopping Mall	58,810	3	0.90%	-		-
Intracoastal Yacht Club	Condominium	48,386	4	0.74%	-		-
Trump Int'l Sonesta Beach	Condominium	47,038	5	0.72%	49,634	7	0.72%
Commodore Plaza Condo Assoc.	Condominium	38,183	6	0.58%	47,140	10	0.68%
Plaza of the Americas Club	Shopping Mall	37,830	7	0.58%	49,623	8	0.72%
Arlen - Burke	Condominium	34,234	8	0.52%	-		-
Admirals Port	Condominium	32,810	9	0.50%	50,312	6	0.73%
Arlen House E Condo Assoc.	Condominium	32,692	10	0.50%	74,239	2	1.08%
Winston Towers	Condominium	-		-	201,950	1	2.93%
Ocean View Condo Assoc.	Condominium	-		-	60,836	3	0.88%
International Yacht Club	Condominium	-		-	59,173	4	0.86%
Pro Player Stadium	Stadium	-		-	57,015	5	0.83%
Oceania Towers I, II, III	Condominium	-		-	49,500	9	0.72%
<b>Total</b>		<u>455,096</u>		<u>6.93%</u>	<u>699,422</u>		<u>10.15%</u>
<b>Total Consumption</b>				<u>6,566,017</u>			<u>6,894,029</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			
2008	\$ 33,703	\$ 1,344	\$ 4,000	\$ 6,398	\$ 71,951	\$ 2,094	\$ 334	-	\$ 119,824	\$ 3,154	7.43%
2009	32,387	1,300	7,778	5,982	71,278	1,990	256	-	120,971	2,880	6.86%
2010	31,020	1,106	7,333	5,555	70,362	3,669	862	1,783	121,690	2,931	7.42%
2011	29,332	595	6,889	5,097	68,486	1,672	591	5,140	117,802	2,772	13.73%
2012	28,079	94	6,445	4,629	66,540	1,607	276	6,382	114,052	2,654	14.67%
2013	22,090	-	6,000	3,879	65,306	1,444	-	5,996	104,715	2,421	12.94%
2014	20,995	2,851	2,083	3,711	62,938	1,276	2,725	6,204	102,783	2,354	12.25%
2015	19,855	2,155	1,917	3,122	60,495	1,106	1,790	16,567	107,007	2,434	13.10%
2016	18,660	1,448	1,750	2,518	57,889	931	1,384	21,996	106,576	2,394	12.07%
2017	17,430	729	1,583	1,906	55,230	753	698	20,619	98,948	2,178	10.97%

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 134 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>		
2008	\$ 33,703	\$ 251	\$ 33,452	1.27%	\$ 946
2009	32,387	232	32,155	1.42%	909
2010	31,020	222	30,798	1.71%	871
2011	29,332	131	29,201	1.68%	687
2012	28,079	244	27,835	1.60%	648
2013	22,090	166	21,924	1.26%	507
2014	20,995	139	20,856	1.20%	478
2015	19,855	31	19,824	1.06%	451
2016	18,660	31	18,630	0.93%	419
2017	17,430	31	17,399	0.81%	383

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 123 for net assessed property value data.

(2) See the Schedule of Demographic and Economic Statistics on Page 134 for population data.

**CITY OF NORTH MIAMI BEACH, FLORIDA**  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2017		
	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of North Miami Beach (1)</u>	<u>Amount Applicable to the City of North Miami Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 1,682,698	0.86%	\$ 14,464
Miami-Dade County School Board	2,561	0.77%	20
Other debt:			
Miami-Dade County	2,285,429	0.86%	19,645
Miami-Dade County School Board	920	0.77%	<u>7</u>
Subtotal, Overlapping Debt			34,136
City of North Miami Beach Direct Debt			<u>18,159</u>
Total Direct and Overlapping Debt			<u><u>\$ 52,295</u></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**

PLEGGED 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 Revenue	Principal	Interest	Coverage		
		Principal	Interest							
2008	\$ 1,307	\$ 405	\$ 282	1.90	\$ 756	\$ -	\$ 28	27.00		
2009	1,195	415	272	1.74	898	222	153	2.39		
2010	1,202	425	261	1.75	711	444	149	1.20		
2011	1,261	440	248	1.83	1,139	444	139	1.95		
2012	1,409	450	235	2.06	481	444	109	0.87		
2013*	1,494	465	219	2.18	550	445	122	0.97		
2014	1,566	485	127	2.56	425	167	35	2.10		
2015	1,660	569	56	2.66	426	167	34	2.12		
2016	1,733	582	46	2.76	694	167	32	3.49		
2017	1,904	588	36	3.05	1,023	167	28	5.25		

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	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2008	\$ 751	\$ 104	\$ 45	5.04	\$ 6,488	\$ 155	\$ 3,249	1.91		
2009	772	104	24	6.03	13,202	280	3,244	0.11		
2010	690	104	6	6.27	17,850	505	3,235	4.77		
2011**	684	214	5	3.12	23,262	1,445	3,217	4.99		
2012	685	65	15	8.56	19,813	1,505	2,546	4.89		
2013	910	164	35	4.57	16,925	1,565	2,485	4.18		
2014	943	167	31	4.76	15,610	2,030	2,595	3.38		
2015	710	171	28	3.57	24,439	2,104	2,536	5.27		
2016	267	174	24	1.35	11,656	2,189	2,365	2.56		
2017	333	178	20	1.68	11,621	2,332	2,275	2.52		

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	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2008	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-		
2009	-	-	-	-	-	-	-	-		
2010	-	-	-	-	-	-	-	-		
2011	23,262	9	6	1,550.80	8,240	25	11	228.89		
2012	19,813	162	112	72.31	6,119	81	34	53.21		
2013	16,925	364	238	28.11	5,771	264	84	16.58		
2014	15,610	497	233	21.38	4,891	254	125	12.91		
2015	24,439	829	443	19.21	3,454	425	179	5.72		
2016	11,656	829	444	9.16	1,005	426	179	1.66		
2017	11,621	857	444	8.93	1,944	469	136	3.21		

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>
2008	37,997	1,612,669	42,442	36.9	6.1%
2009	42,000	1,764,000	42,000	37.0	10.7%
2010	41,523	1,639,453	39,483	34.5	13.0%
2011	42,504	858,113	20,189	37.0	10.8%
2012	42,971	777,646	18,097	36.4	8.8%
2013	43,250	809,251	18,711	35.6	8.1%
2014	43,664	839,135	19,218	36.3	6.8%
2015	43,971	817,025	18,581	37.8	6.6%
2016	44,512	883,341	19,845	38.1	5.2%
2017	45,437	901,924	19,850	37.7	4.5%

Sources:

- (1) United States Census Bureau (for years 2005 through 2007). Estimated by City of North Miami Beach Economic Development (for years 2008 to 2011). U S Census Bureau 2012 - 2017.
- (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>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Jackson North Medical Center	1,187	1	1,200	2
City of North Miami Beach	581	2	N/A	N/A
Costco	315	3	N/A	N/A
Waste Management of Dade County	300	4	N/A	N/A
Publix	293	5	2,100	1
Bryant Security Corporation	255	6	N/A	N/A
Target	174	7	N/A	N/A
Duffy's	157	8	N/A	N/A
Houston's Restaurant	137	9	N/A	N/A
IPIC Theaters	128	10	N/A	N/A
Aventura Columbia Medical Center	N/A		1,150	3
FMS Management Systems	N/A		1,070	4
Sysco Food Services	N/A		750	5
Southern Wine & Spirits	N/A		600	6
Nabi	N/A		500	7
Turnberry Associates	N/A		470	8
Perko	N/A		450	9
AT & T Cable Services	N/A		430	10
Total	<u>3,527</u>		<u>8,720</u>	

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	5	6	6	6
Clerk's office	5	5	6	6	4	4	4	4	4	4
Mayor and Council's office	2	2	2	2	-	-	1	1	1	1
Executive	58	41	9	8	18	18	25	27	27	31.5
Human Resources	5	7	6	6	6	6	6	6	6	11
Financial Services	39	33	46	44	12	12	12	12	13	11
Police:										
Police Officers	114	112	117	110	85	85	110	106	105	108
Civilians	45	42	39	45	35	34	20	36	36	34
Library	12	9	9	9	7	7	7	7	6	8
Parks and R.E.C.	51	38	37	36	30	28	32	28	28	29
Public Works	92	84	85	76	21	34	34	36	32	34
Stormwater	7	7	10	10	8	9	9	6	4	4
Water	110	105	104	101	115	86	90	91	92	84
Sewer	13	13	14	13	11	11	13	14	14	13
Building Permit	-	-	10	10	10	9	12	13	13	14.25
Solid Waste	-	-	-	-	50	53	48	46	18	14.25
Customer Service	-	-	-	-	-	21	21	23	26	22
Total number of employees	558	503	499	481	417	422	449	462	431	429

Source: City of North Miami Beach annual budgets

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Public safety:</b>										
<b>Police:</b>										
Police calls for service	91,894	99,357	87,254	88,986	92,057	85,839	82,997	97,366	98,684	100,883
Parking citations	1,788	1,273	1,258	1,338	907	986	1,256	1,474	1,316	1,332
Traffic citations	14,853	15,398	12,410	13,293	5,650	4,842	4,399	5,757	5,726	5,949
Arrests	2,339	2,069	2,177	1,880	1,466	1,322	1,562	1,561	1,600	1,453
SRT call outs	TBD	41	46	48	39	24	53	52	13	12
<b>Community development:</b>										
Building permits issued	2,941	2,451	2,524	4,985	4,872	3,165	2,714	2,878	3,712	3,584
<b>Library:</b>										
Number of registered borrowers	24,485	35,254	36,117	38,663	35,465	31,572	36,955	38,410	36,410	38,541
Total annual circulation	136,179	115,659	122,015	85,292	100,651	113,935	120,741	135,487	136,532	150,773
Total reference transactions	120,711	84,654	103,343	67,888	37,378	24,960	105,574	94,210	94,241	93,632
Annual number of users of public internet computers	70,737	50,309	65,000	43,320	56,750	68,365	56,903	68,892	69,630	69,718
<b>Parks and recreation:</b>										
After school program enrollment	301	312	282	280	232	300	287	302	300	256
Summer camp program enrollment	441	463	505	505	382	500	519	588	556	554
Camp No-Mi-Be enrollment (1)	149	125	113	113	78	54	55	n/a	n/a	n/a
Theater camp enrollment (2)	30	35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Sanitation:</b>										
Refuse collected (tons / year)	29,948	33,694	41,557	32,583	33,952	34,639	36,285	34,718	28,788	32,559
<b>Water:</b>										
Number of customers	32,292	32,258	32,279	32,125	32,298	34,397	32,522	32,047	32,424	34,053
Average daily water consumption (millions of gallons)	20.12	21.72	20.16	20.53	20.74	19.94	19.07	20.21	20.22	20.30
Annual water produced (millions of gallons)	7,343	7,927	7,359	7,492	7,571	7,279	6,960	7,375	7,380	7,410
<b>Sewer:</b>										
Number of customers	7,256	7,289	7,434	7,449	7,522	7,627	7,662	7,645	7,754	8,003

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

(2) Theater camp program was discontinued in FY 10

Sources: Various city departments

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations (operated by Miami-Dade County)	2	2	2	2	2	2	3	3	3	3
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	62,161	76,533	78,196	79,664	76,634	66,366	56,567	55,563	55,091	46,227
Number of licensed databases	62	66	64	64	96	51	50	64	66	74
Audio materials volumes	4,473	4,426	4,470	4,481	4,143	3,266	2,415	1,405	1,162	1,290
Video materials volumes	5,322	5,583	6,120	6,737	6,263	5,743	4,156	4,269	4,230	5,748
Parks and R.E.C.:										
Parks	10	10	26	26	26	26	26	26	27	27
Senior centers	1	1	1	1	1	1	1	1	1	1
Municipal swim centers	3	3	3	3	3	3	3	3	3	3
Tennis centers	1	1	1	1	1	1	1	1	1	1
Recreational centers	5	5	5	5	5	5	5	5	5	5
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Parks acreage	51.0	51.0	86.0	86.0	86.0	86.0	86.0	86.0	87.0	87.0
Streets:										
Miles of streets and alleys	130.1	130.0	119.0	119.0	119.0	119.0	119.99	119.99	119.99	120.0
Water:										
Water mains (miles)	545	547	548	549	550	550	550	550	555	603
Fire hydrants	2,610	2660	2717	2770	2,800	2,900	2,930	2,945	2,959	3,052
Valves	9,590	9,700	10,258	10,310	10,350	10,350	10,425	10,705	10,996	11,000
Sewer:										
Lift stations	35	35	35	35	33	35	33	33	33	35
Sewer mains (miles)	109	109	109	109	113	113	114	112	113	132

Sources: Various city departments



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## **IV. COMPLIANCE SECTION**

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CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

**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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **City's Response to Finding**

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

### **Purpose of this Report**

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

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Coral Gables, Florida  
April 30, 2018



CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

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

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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of North Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2017. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards and the Uniform Guidance and Chapter 10.550, Rules of the Auditor General 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 and state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program and State Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

## Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Coral Gables, Florida  
April 30, 2018

**CITY OF NORTH MIAMI BEACH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Forfeiture Fund - Federal Equitable Sharing (Non-treasury)	16.922	N/A	\$ 1,019,941
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0677	19,748
Bulletproof Vest Partnership Grant	16.607	2015-BUB	<u>3,025</u>
<i>Subtotal - Direct Awards</i>			<u>1,042,714</u>
<b>Pass Through Florida Department of State</b>			
Victim Assistance and Prevention Project	16.738	2017-JAGC-DADE-11-F9-180	4,620
<b>Pass Through State of Florida Office of the Attorney General</b>			
Victims of Crime Act (VOCA) 2013-2014	16.575	00308	<u>61,008</u>
<i>Total U.S. Department of Justice</i>			<u>\$ 1,108,342</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Passed through the Florida Department of Environmental Protection</b>			
Highland Village Sewer Connection Project (ARRA)	66.458	WW130100	\$ 850,995
Highland Village Sewer Connection Project	66.458	WW130101	262,748
Major Sewer Rehabilitation Project	66.458	WW745080	309,255
Norwood WTP VOC Removal Project - Construction Loan Agreement (ARRA)	66.468	DW130102	317,968
Norwood WTP VOC Removal Project - Construction Loan Agreement	66.468	DW130103	6,131,728
Automated Meter Reading Program	66.468	DW130130	<u>8,446,814</u>
<i>Total U.S. Environmental Protection Agency</i>			<u>\$ 16,319,508</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Pass through Florida Department of Transportation (FDOT)</b>			
Greynolds Park Bike Lane/Path	20.205	AR872	\$ 32,926
<b>Pass through FDOT/The University of South Florida Board of Trustees</b>			
Highway Planning and Construction - High Visibility Enforcement	20.205	G0E08	<u>9,487</u>
<i>Total U.S. Department of Transportation</i>			<u>\$ 42,413</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 17,470,263</u></b>
<b>State Agency/Program Title</b>			
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Major Sewer Rehabilitation Project - Inflow and Infiltration Reduction	37.077	WW130110	\$ 2,047,209
Pump Station Upgrade	37.077	WW745081	<u>2,251,918</u>
<b>TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			4,299,127
<b>FLORIDA DEPARTMENT OF STATE</b>			
<b>DIVISION OF LIBRARY AND INFORMATION</b>			
State Aid to Libraries Grant Program	45.030	11-ST-34	158
State Aid to Libraries Grant Program	45.030	12-ST-34	2,681
State Aid to Libraries Grant Program	45.030	13-ST-33	4,588
State Aid to Libraries Grant Program	45.030	14-ST-35	17,288
State Aid to Libraries Grant Program	45.030	15-ST-35	<u>3,236</u>
<b>TOTAL FLORIDA DEPARTMENT OF STATE</b>			<u>27,951</u>
<b>Total State Expenditures</b>			<b><u>\$ 4,327,078</u></b>

**CITY OF NORTH MIAMI BEACH, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal and state grant activity of the City of North Miami Beach for the fiscal year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City of North Miami Beach, it's not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City of North Miami Beach.

**NOTE 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 Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, 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 to minimize 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, 2017**

**I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS**

The following addresses the status of the findings reported in the fiscal year ended September 30, 2016 Schedule of Findings and Questioned Costs.

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

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

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 bank reconciliations.

**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, 2017**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: *Unmodified Opinion*  
 Internal control over financial reporting:  
 Material weakness(es) identified?  yes  no

Significant deficiencies identified not considered to be material weakness?  yes  no *None reported*

Non-compliance material to financial statements noted?  yes  no

**Federal Awards Programs and State Financial Assistance**

Internal control over major federal awards programs and state financial assistance:  
 Material weakness(es) identified?  yes  no

Significant deficiencies identified not considered to be material weakness?  yes  no *None reported*

Type of auditors' report issued on compliance for major federal awards programs and state financial assistance: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?  yes  no

Identification of major programs:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
-------------------------------	-------------------------

Equitable Sharing Program	16.922
---------------------------	--------

<u>State Financial Assistance</u>	<u>State CFSA No.</u>
-----------------------------------	-----------------------

Wastewater Treatment Facility Construction	37.077
--	--------

Dollar threshold used to distinguish between Type A and Type B programs:	Federal \$750,000 State \$300,000
--	--------------------------------------

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

**CITY OF NORTH MIAMI BEACH, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**SECTION II – CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**Significant Deficiency**

**2015-1 New Enterprise Resource Program System Implementation Observations**

**Criteria**

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

**Condition**

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

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

**Questioned Costs**

None

**Cause**

Unforeseen vendor programing issues.

**Effect**

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

**Recommendation**

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

**CITY OF NORTH MIAMI BEACH, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**SECTION II – CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES**  
**(Continued)**

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

**Management's Response**

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

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

**Current Year Status**

We noted in the current year that the bank reconciliations were being completed in a timely manner, therefore this finding is not repeated this year. However, we note that the City lacked the development of accurate capital asset reports necessary to verify that the assets were being properly maintained prior to the audit period and therefore the finding is repeated this year.

**Current Year Management Response**

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

**SECTION III – CURRENT YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**SECTION IV – CURRENT YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None.



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**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, 2017, and have issued our report thereon dated April 30, 2018.

**Auditors' Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Financial Assistance, and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; 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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports, which are dated April 30, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

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

### **Financial Condition**

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.c. 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

### **Additional Matters**

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

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

### **Purpose of this Letter**

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

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Coral Gables, Florida  
April 30, 2018



CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
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**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, 2016 to September 30, 2017. 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, 2016 to September 30, 2017.

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

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Coral Gables, Florida  
April 30, 2018