



NorthMiamiFL.gov

# Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2017

## *"City on the Move"*



**Transportation**



**Education**



**Employee  
Wellness**



**Active  
Seniors**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF NORTH MIAMI, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2017**



**PREPARED BY THE FINANCE DEPARTMENT**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF NORTH MIAMI, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2017**



## **PREPARED BY THE FINANCE DEPARTMENT**

**Miguel A. Augustin, CPA – Finance Director**

**Margaret Steele Miller – Assistant Finance Director**

**Angela Reyes – Assistant Finance Director, Utility Billing**

**Serge Nicolas – Chief Accountant**

**Abel Jean-Baptiste – Accountant**

## **SPECIAL ACKNOWLEDGEMENT**

**Katherine Parrish - Administrative Assistant**

**Meghan Thumann – Graphics Designer**

# Our Mission

S T A T E M E N T

The mission of the City of North Miami is to enhance the quality of life, environment, and safety for residents, businesses, customers, visitors and employees in an atmosphere of courtesy, integrity and quality, while providing fiscally and environmentally responsible service.



**CITY OF NORTH MIAMI, FLORIDA**

**Fiscal Year Ended September 30, 2017**

Table of Contents

**PAGE**

**I. INTRODUCTORY SECTION**

Letter of Transmittal .....i  
List of City Officials .....viii  
Organizational Chart .....ix  
Certificate of Achievement for Excellence in Financial Reporting.....x

**II. FINANCIAL SECTION**

Independent Auditor’s Report.....1  
Management’s Discussion and Analysis.....4

**Basic Financial Statements:**

Government-Wide Financial Statements:

Statement of Net Position .....25  
Statement of Activities.....26

Fund Financial Statements:

Balance Sheet - Governmental Funds.....27  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....28  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....29  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities.....30  
Statement of Net Position - Proprietary Funds.....31  
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....32  
Statement of Cash Flows - Proprietary Funds .....33  
Statement of Fiduciary Net Position - Pension Trust Funds.....34  
Statement of Changes in Fiduciary Net Position - Pension Trust Funds.....35

**Notes to Basic Financial Statements.....36**

**Required Supplementary Information:**

Budgetary Comparison Schedule - General Fund .....101  
Budgetary Comparison Schedule - CRA Fund.....102  
Budgetary Comparison Schedule - C.D.B.G. Entitlement Fund.....103  
Budgetary Comparison Schedule - Landfill Closure Fund.....104

**CITY OF NORTH MIAMI, FLORIDA**

**Fiscal Year Ended September 30, 2017**

Table of Contents

	<u>PAGE</u>
<b>II. FINANCIAL SECTION (Continued)</b>	
Notes to the Budgetary Comparison Schedules.....	105
Schedule of Changes in Net Pension Liability and Related Ratios... ..	106
Schedule of Contributions - Pension Plans.....	108
Schedule of Funding Progress - Other Postemployment Benefits.....	112
Combining Fund Statements and Schedules:	
<i>Nonmajor Governmental Funds - Special Revenue:</i>	
Combining Balance Sheets.....	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	116
<i>Nonmajor Governmental Funds - Internal Service:</i>	
Combining Statement of Net Position.....	119
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	120
Combining Statement of Cash Flows.....	121
<i>Pension Trust Funds:</i>	
Combining Statement of Fiduciary Net Position.....	122
Combining Statement of Changes in Fiduciary Net Position.....	123
Budgetary Comparison Schedules.....	124
<b>III. STATISTICAL SECTION</b>	
Financial Trends: (unaudited)	
Net Position by Component.....	132
Changes in Net Position .....	133
Fund Balances - Governmental Funds.....	136
Changes in Fund Balances of Governmental Funds.....	137
Tax Revenue by Source - Governmental Fund.....	138
Assessed Value Taxable Property.....	139
Property Tax Rates - All Direct and Overlapping Tax Rates .....	140
Principal Property Taxpayers.....	141
Property Tax Levies and Collections.....	142
Enterprise Fund and Utilities Rates.....	143

**CITY OF NORTH MIAMI, FLORIDA**

**Fiscal Year Ended September 30, 2017**

Table of Contents

**PAGE**

**III. STATISTICAL SECTION (Continued)**

Debt Capacity: (unaudited)

Ratio of Outstanding Debt by Type.....	144
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General.....	145
Schedule of Direct and Overlapping Bonded Debt.....	146
Ratio of Annual Debt Service Expenditures for Bonded Debt.....	147
Schedule of Revenue Bond Coverage Water and Sewer Enterprise Fund.....	148
Fiscal Year Budgeted and Historical Non-Ad Valorem Funds.....	149
Debt Service Requirement and Coverage Outstanding and Proposed .....	150
Debt Service Payable from Portions of the Non-Ad Valorem Funds.....	151

Demographic and Economic Information: (unaudited)

Demographic and Economic Statistics.....	152
Principal Employers.....	153

Operating Information: (unaudited)

Full-Time Equivalent City Government Employees by Function/Program.....	154
Operating Indicators by Function/Program.....	155
Capital Asset Statistics by Function/Program.....	156



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## **I. Introductory Section**

- Letter of Transmittal
- Listing of City Officials
- Organizational Structure



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March 31, 2018

To the Honorable Mayor,  
Members of the City Council  
and the Citizens of the City of North Miami:

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) for the City of North Miami, Florida, (the “City”) for the fiscal year ended September 30, 2017. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report is published to fulfill the requirements of Chapter 11.45 of the Florida Statutes, and Section 16 of the City Charter which require that City accounts be audited annually by independent auditors.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. The City operates under a comprehensive internal control framework designed to prevent the City’s assets from loss, theft, or misuse, and ensures the reliability of financial records. Considering the cost of internal controls should not exceed the benefits, the objective of this report is to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City’s accounts and financial statements have been audited by RSM US LLP. The firm has issued an unmodified opinion on the City’s financial statements for the year ended September 30, 2017. The independent auditor’s report is located at the beginning of the financial report section on page 1.

As a recipient of federal, state and county grants, the City is also subject to an annual Single Audit in conformity with the provisions of the Federal Single Audit Act and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. The standards governing Single Audit engagements require the independent auditor to report, not only on the fair presentation of the financial statements, but also on the City’s internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards and Local Awards, findings and recommendations, and auditor’s reports on the internal controls and compliance with applicable laws and regulations are included in the compliance section.

The management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter and should be read in conjunction with it. The City of North Miami’s MD&A can be found in the section immediately following the report of the independent Certified Public Accountants.

## **PROFILE OF THE CITY**

The City is located in the Northeastern region Miami-Dade County, Florida. The City of North Miami is the sixth largest City in Miami-Dade County, and the forty-first largest in the State. It encompasses 9.5 square miles in area and has a population of approximately 65,000 residents.

The City was incorporated on February 5, 1926 and has been governed by a council-manager form of government. All powers of the City are vested by an elective Council. The council consists of four Councilmembers and a Mayor. City elections are held on the second Tuesday in May of each odd-numbered year on a non-partisan basis. At each election, each member of the Council is elected for four-year terms and limited to serving no more than two consecutive terms. Thus, the terms are alternated so that there is always at least two experienced members of the Council. The Mayor is elected at-large for a two-year term. Furthermore, on the second Tuesday in May, of odd-numbered years on a non-partisan basis, the City Clerk is elected to hold office for a term of four years and is limited to serving no more than two consecutive terms.

The Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of the various advisory boards, the City Manager and the City Attorney. The City Manager is the City's Chief Executive Officer, and as such, is responsible for the daily operations of the City, implementing policies adopted by the City Council and oversight of the employment function. The City Manager is also charged with preparing and submitting the annual budget and capital improvement plan to the City Council.

The City provides a full range of municipal services: general government, public safety, streets and public works, housing, economic and community development, education through its library, recreation and cultural services. In addition, the City also operates water and sewer, and stormwater utilities as enterprise activities.

The financial reporting entity covered in this report includes all the funds of the City and its component units. Component units are legally separate entities for which the City is financially accountable, or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete. The North Miami Community Redevelopment Agency ("CRA") which was created in June 2005, in accordance with Chapter 163.356, Florida Statutes, is a blended component unit. The Museum of Contemporary Art ("MOCA") a not-for-profit organization established by City Ordinance in 1980 to fundraise on behalf of the Museum, met the criteria to be classified as a blended component unit of the City for the current fiscal year. Additional information on component units and related entities can be found in Note 1 in the Notes to the Basic Financial Statements section.

The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. The City Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 30<sup>th</sup> preceding the beginning of the fiscal year on October 1<sup>st</sup>.

Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget-to-actual comparisons for the General Fund, CRA, C.D.B.G. Entitlement, and for the Landfill Closure Fund, which are major special revenue funds, are included as Required Supplementary Information (“RSI”) following the Notes to the Basic Financial Statements.

Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted and all non-major governmental funds with appropriated annual budgets.

The major phases of the budget process are detailed in the Notes to the Required Supplementary Information Section of this report.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. North Miami is strategically located between Fort Lauderdale and Miami. It is served by an excellent transportation system making it less than a 30-minute drive from two Florida major international airports. It is also in close proximity to the Port of Miami and Port Everglades, both important gateways to major national and international markets. North Miami’s major communities like Sunkist Grove, Central North Miami, Keystone Point and San Souci are primarily comprised of younger families of multi-ethnic backgrounds, making the City one of the youngest, most culturally diverse cities in South Florida.

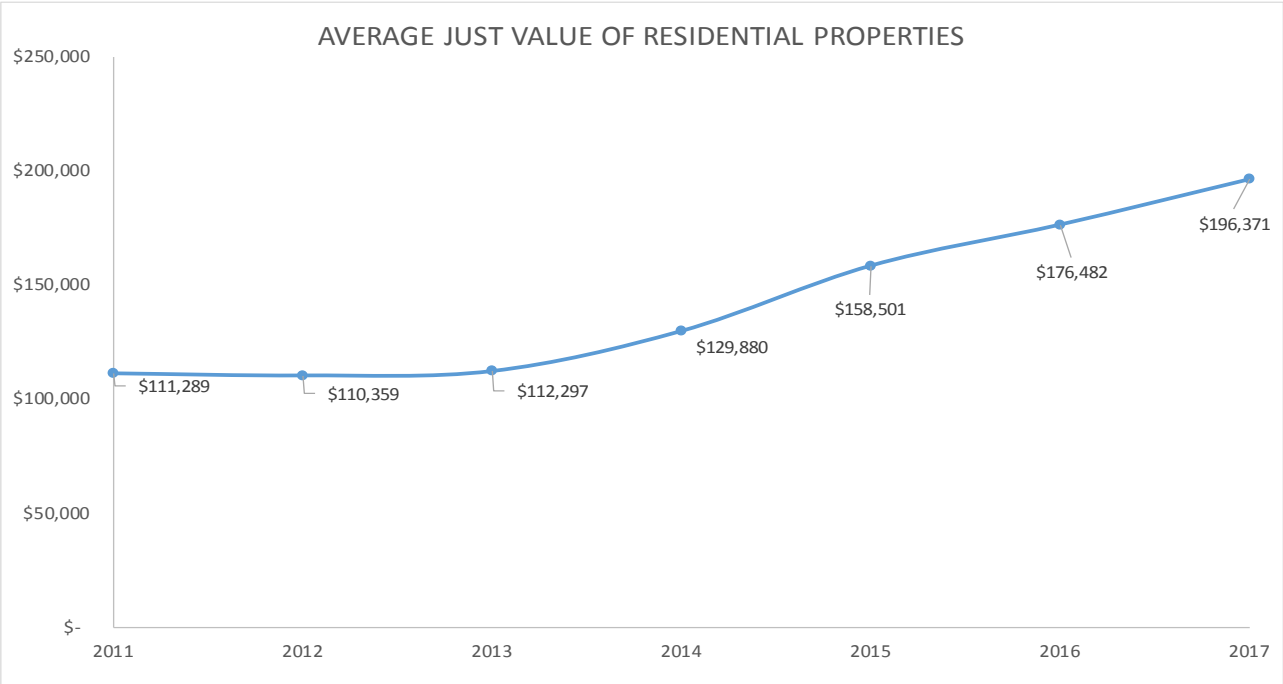
The City is home to an increasingly active, growing, and prosperous business community. It holds a variety of shopping centers and specialty retail stores including gourmet, award-winning restaurants. With more than 250 art and entertainment businesses, the City has a rich and thriving arts and entertainment industry with art galleries and studios in its downtown district, and film and audio recording studios located throughout the City. North Miami features more than 70 acres of warehouse and industrial zoned space as well as multiple Class A office buildings.

The City’s housing stock includes a mix of single-family homes, from apartment buildings and condominiums, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. Two major four-year universities are located in the City: Florida International University Biscayne Bay Campus, which has one of the top-ranked hospitality management programs in the country; and Johnson and Wales University, a well-known culinary management school. The City is served by five elementary schools, two K-8 educational centers, two middle schools, and two senior high schools which are all part of the public school system administered by the Miami-Dade County School Board. The area’s unemployment rate at the end of fiscal year 2017, was down to approximately 6.4% from 6.5% the year before, slightly above the county average of 5.7%. North Miami has managed to attenuate the loss of employment during the recent recession, and accelerate job growth during the recovery, to a degree close to neighboring communities and the County, and in 2017 the City saw its unemployment rate continue to decline to 6.0%. All of the growth came in the private sector which has now recovered nearly all the jobs lost during the recession. The

employment gains have been led by strong growth in the trade sector, leisure and hospitality, and education and health services. Miami-Dade County’s overall labor market is expected to continue to show some improvements as the construction and housing sectors post strong signs of growth. Although sales of existing homes fluctuated, the median sales price of existing single-family home in North Miami was \$196,371 in 2017. Sales of existing condominium units followed similar pattern and averaged \$113,500.

The single-family residential properties group accounts for about 55% of the City’s housing stock, while condominium units represent about 40.5%. The net assessed value of personal and real property has increased slightly compared to previous years. These economic factors continue to influence discretionary spending which in turn impacts other revenue sources as well. The values have increased by 50% since 2014.

**Average Market Value of Residential Properties**



*\*Source Miami-Dade County Property Appraiser 2011-2017 Preliminary Average and Median Residential Values*

Under Florida State law, Ch. 200.065 (5), F.S., the maximum millage rate that the City can levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied and adjusted for the change in per capita income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The City levy for the fiscal year ended September 30, 2017, was 7.5000 mills.

**Long-term financial planning**

Florida’s GDP is at an all-time high; retail and multifamily markets are the greatest beneficiaries of economic recovery and population growth. Similarly, in North Miami, office and industrial space are trending upwards.

Group One Automotive constructed the largest Audi flagship store in the country in North Miami. The development included the construction of an 88,708 square-foot Audi dealership and service center, and generated about 100 jobs for community residents and related associated benefits.

The lease of the property in the area known as Biscayne Landing in 2012, allowed the City to improve its financial position following the housing crisis and recession. Conservative spending and the strong growth foreseen in the trade and tourism sectors are factors expected to have a continued positive impact on the City's financial position.

## **MAJOR INITIATIVES AND OUTLOOK**

### ***Downtown Action/Concept Plan***

On November 25, 2014, the City adopted resolution 2015-R-115 for the Downtown Action/Concept Plan ("the Plan") in an effort to chart a course for future downtown development. The adopted Plan includes a series of capital improvement projects as well as recommendations that outline strategies needed to spur redevelopment, promote economic growth and transform the physical image of the City's downtown area.

The Plan is a two pronged approach to redevelopment with the Action Plan (Vol. 1) outlining the list of strategies, costs and funding needed to revitalize the downtown and the Concept Plan, (Vol. 2) serving as the visual guide with key spaces identified for capital improvement projects.

The overarching goal of the Plan is to foster the revitalization of the City's aging downtown, while refurbishing its image and transforming it as a place to live, play, invest and work. The Plan earned the City an Award of Excellence for Best Plan from the American Planning Association.

### ***SoLe Mia Project***

A welcoming place to live, work and play, SoLe Mia will feature approximately 1,400,000 square feet of shopping, chef-driven restaurants, an indoor food hall & fresh market, entertainment venues and office space. Located in North Miami, Turnberry Associates' (Soffer's) and LeFrak's latest development is destined to become South Florida's next iconic neighborhood. The 184-acre master-planned community will rise at 15045 Biscayne Boulevard, just south of Aventura and east of Biscayne Boulevard. SoLē Mia Mainstreet will have office space above the retail as well as freestanding office buildings. The commercial space will total 1 million square feet. The office space is estimated at 220,000 square feet and nearly 4,200 parking spaces are



planned. Redefining an entire community, SoLē Mia will be a vibrant hub of cultural and commercial activity that creates jobs, spurs investment, and provides significant benefits to the communities that surround it. Other components of the project include 4,390 high-rise residences in at least 10 towers, a man-made lagoon, a 150-room hotel, a 100,000-square-foot Warren Henry Auto Group dealership featuring Land Rover, Infiniti and Jaguar and a 37-acre public park

Place Making

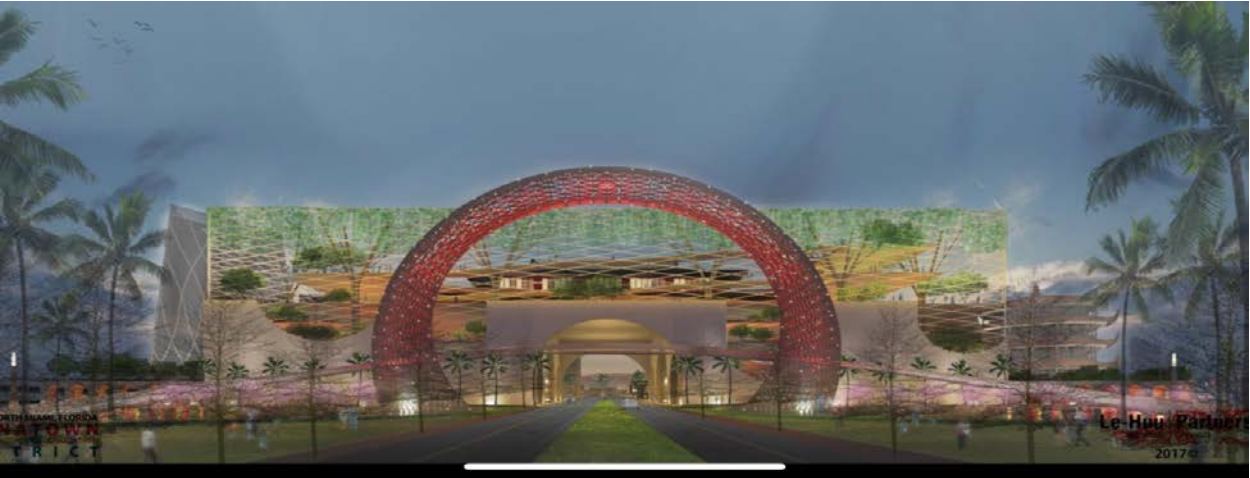
By incorporating gathering places throughout SoLē Mia, its creators understand the importance of public space. Building a sense of community combined with the arts and culture of Miami, will add quality to the lives of SoLē Mia residents and visitors alike. Public spaces, including Central Plaza, Biscayne Square and pocket parks, will serve as functional, engaging, lively spaces where people can gather to enjoy their surroundings. Central Plaza will be home to a variety of retailers, restaurants, a cinema and fitness center and will host festivals and musical events. Biscayne Square will be an architecturally appealing urban enclave with exciting displays and inviting activities.



*Artist's rendering of the SoLe Mia Project*

**Chinatown**

On February 23, 2016, the North Miami City Council unanimously approved a resolution designating 16 blocks along North West 7th Avenue between North West 119th Street to North West 135th Street as a Chinatown Cultural Arts and Innovation District. The Chinatown master plan once completed, will serve as a design guide to ensure the future growth of the community and would make North Miami the first City in the state of Florida to officially develop a Chinatown.





### ***Public Private Partnership***

On June 9, 2015, the City Council adopted a resolution supporting Public Private Partnership and recognizing the importance of supporting economic growth with a viable mixed-use development which includes new housing in the central City area, services, and employment opportunities. The administration is working to translate the resolution into action and create the environment needed to increase the City's tax base for the benefit of the entire community.

### **AWARDS AND ACKNOWLEDGEMENTS**


The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Management and Budget Office.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of achievement for Excellence in financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2016. The City previously received this prestigious award in 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of achievements is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievements Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association (GFOA) of the United States and Canada also presented a Distinguished Budget Presentation Award to the City of North Miami, Florida for its annual budget for the fiscal year 2016.

Respectfully submitted,

  
\_\_\_\_\_  
Larry M. Spring, Jr., CPA  
City Manager

  
\_\_\_\_\_  
Miguel A. Augustin, CPA  
Finance Director

## Elected Officials



Mayor  
Smith Joseph, D.O., Pharm.D.



Councilman  
Scott Galvin  
District 1



Councilwoman  
Carol Keys, Esq.  
District 2



Councilman  
Philippe Bien-Aime  
District 3



Councilman  
Alix Desulme  
District 4



City Clerk  
Michael A. Etienne, Esq.

## Executive Staff



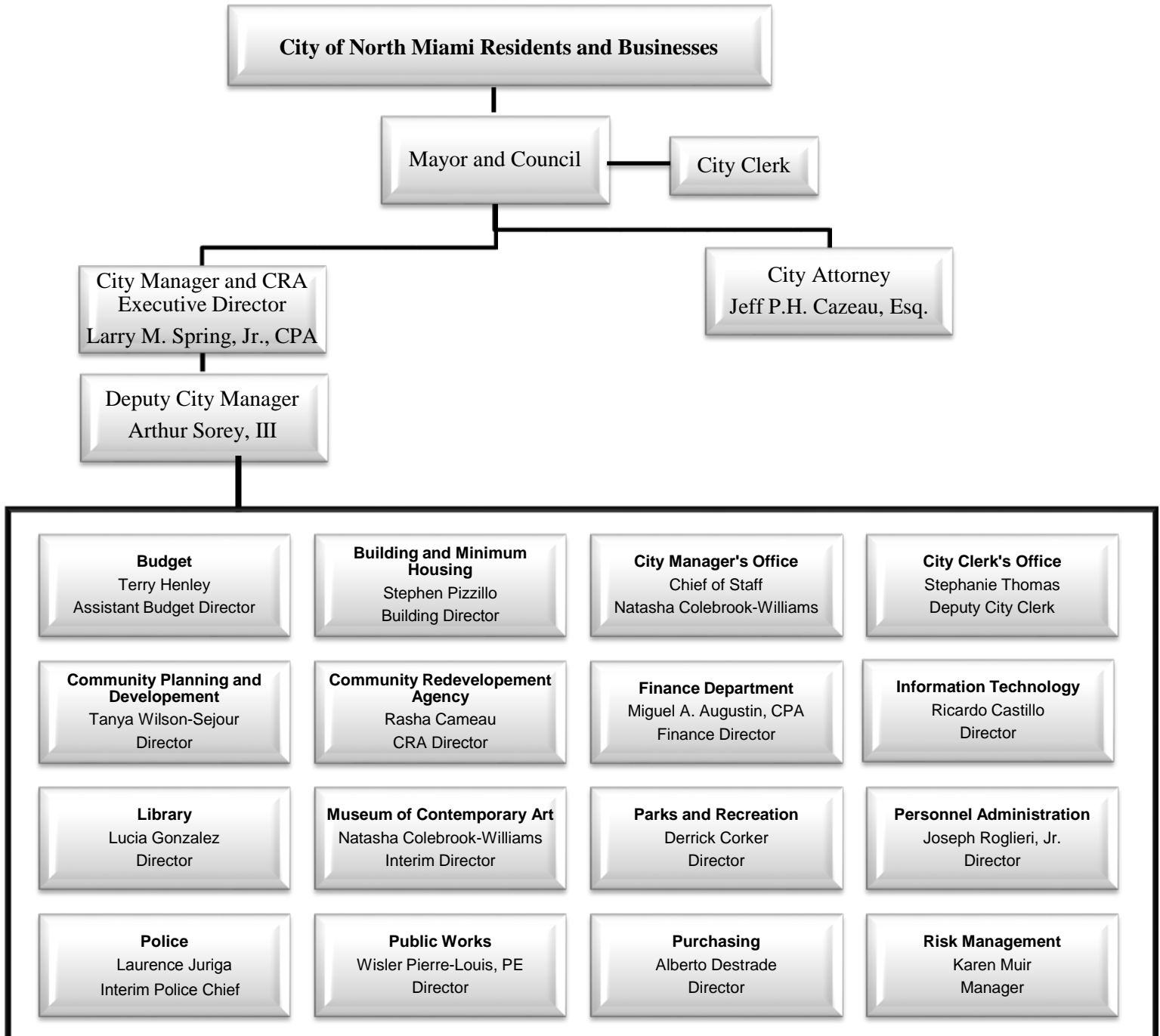
City Manager  
Larry M. Spring, Jr., CPA



City Attorney  
Jeff P. H. Cazeau, Esq.



# Organizational Structure





Government Finance Officers Association

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

Presented to

**City of North Miami  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morrill*

Executive Director/CEO



## **II. Financial Section**

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements:
  - “ Government-wide Financial Statements
  - “ Fund Financial Statements
  - “ Notes to Basic Financial Statements
- Required Supplementary Information
- Combining Fund Statements and Schedules



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## **Independent Auditor's Report**



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RSM US LLP

## Independent Auditor's Report

To the Honorable Mayor and Members of the City Council  
City of North Miami, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City), as of and for the 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

Component Units / Funds	Classification
• Community Redevelopment Agency	major fund
• Museum of Contemporary Art	nonmajor special revenue fund
• North Miami Police Pension Plan	aggregate remaining fund information
• Clair T. Singerman Plan	aggregate remaining fund information

The component units and funds represent the percentage of assets/deferred outflow of resources and revenue/additions, where applicable, of the respective opinion units listed below:

Reporting Classification	Percentage of,	
	Total Assets / Deferred Outflow of Resources	Total Revenues / Additions
• Governmental Activities	5%	7%
• Major Fund	100%	100%
• Aggregate Remaining Fund Information	91%	74%

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the funds and component units referred to above, 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. The Museum of Contemporary Art fund was not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedules, and other post-employment benefits and pension related schedules* as listed in the table of contents 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 and other auditors 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 accompanying supplementary information such as the introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RSM US LLP*

Miami, Florida  
March 31, 2018



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**Management's Discussion and Analysis**  
**(MD&A)**



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# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

The Management's Discussion and Analysis ("MD&A") provides a narrative overview and analysis of the financial activities of the City of North Miami (the "City") for the fiscal year ended September 30, 2017. This MD&A is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found starting in the Introductory Section of this report. For simplification, all amounts in this section have been rounded to the nearest one hundred thousand dollars, and due to rounding, may vary somewhat from certain numbers shown in the body of this report.

### **Financial Highlights**

At September 30, 2017, the government-wide assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows by \$115.0 million compared with \$112.6 million in the previous year.

The City's total net position increased by \$2.4 million from prior year, approximately 2.13% compared to \$19.9 million in the prior year. We note that in the prior fiscal 2016 year, the City recognized a gain on sale of land parcels of Biscayne Landing of approximately \$12.3 million; and also recorded net prior period adjustments of approximately \$17 million related to the Biscayne Landing long term lease agreement. There were no similar adjustments in the fiscal 2017.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13.6 million, a decrease of \$4.8 million in comparison to the prior year's increase of \$0.3 million. The current year's decrease was due primarily to overall increased expenditures in the general fund of \$3.6 million which includes expenditures for special events (Mardi Gras \$0.2 million); forgiveness of CRA debt of \$0.3 million and expenditures for preparation for Hurricane Irma in September 2017.

Included in the combined ending governmental fund balances is \$4.5 million, which is only available for use in the Community Redevelopment Agency Fund ("CRA") a component unit of the City. Also included is approximately \$1.1 million, which is only available for use for the Museum of Contemporary Art, Inc. ("MOCA").

At the end of the fiscal year, the City's General Fund reported a total fund balance (deficit) of \$4.8 million of which \$4.9 million was unassigned net deficit. The negative balance was due primarily to the current year decrease in fund balance of \$4.8 million from operations.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report contains other required supplementary information in addition to the basic financial statements themselves.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

### **Government-wide Financial Statements**

*The government-wide financial statements* include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Both statements are prepared using the economic resources focus and the accrual basis of accounting, which means that revenues include all revenues earned during the year and expenses include all expenses incurred during the year regardless of when cash is actually received or paid.

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

*The statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and the net cost of the government's various activities and thus summarizes the cost of providing specific governmental services. This statement reports all current year revenues and expenses.

Both government-wide financial statements distinguish functions of the City that are principally supported by ad-valorem taxes and intergovernmental revenues such as shared taxes, grants, etc. (governmental activities) from other functions that are intended to recover all, or a significant portion of their costs, through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and transportation, culture and recreation, physical environment, and housing and urban/economic development. The business-type activities of the City include a water and sewer utility fund and a storm-water utility fund.

The government-wide financial statements include, not only the City itself, but also the CRA and MOCA, which are separate legal entities for which the City is financially accountable. In addition to the inclusion in the government-wide financial statements, more detail information for the CRA and MOCA may be obtained from their separately issued financial statements. Complete financial statements for the CRA and MOCA can be obtained by writing to:

- City of North Miami CRA Executive Director, 776 NE 125 Street, North Miami, Florida 33161
- City of North Miami MOCA Executive Director, 770 NE 125 Street, North Miami, Florida 33161

The government-wide financial statements are presented at the beginning of the basic financial statements section which immediately follows the MD&A.



# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 government's near-term financing decisions. Both the governmental funds balance sheet and 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 funds balance sheets and in the governmental funds statements of revenues, expenditures and changes in fund balances for the General Fund, C.D.B.G. Entitlement, CRA Component Unit and Landfill Closure Fund, which are all considered major funds. Information for the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages 113 -118 of this report.

The City adopts annual budgets for its major governmental funds: General Fund, CRA, C.D.B.G. Entitlement and the Landfill Closure Fund. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for each of the major funds identified above. The budgetary comparison schedules can be found on pages 101 -104.

#### ***Proprietary Funds***

The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and storm-water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its self-insurance activities. Because both of these services predominately benefit governmental rather than business-type functions, they have been included in the governmental activities in the government-wide financial statements.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

Proprietary funds provide the same type of information as the government-wide financial statements; only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and storm-water operations. Both funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The basic proprietary fund financial statements can be found on pages 31 - 33 of this report. The individual fund data for the internal service funds is provided in the form of combining statements on pages 119 -121.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds comprise the general employee and the police pension funds and can be found on pages 34-35 of this report.

### **Notes to the Basic Financial Statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 36-100 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and retirees. The required supplementary information can be found on page 112 of this report.

### **Government-Wide Financial Analysis**

#### **Net Position**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. At the end of the 2017 fiscal year, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$115.0 million of which approximately 33% was for governmental activities and 67% was for business-type activities.

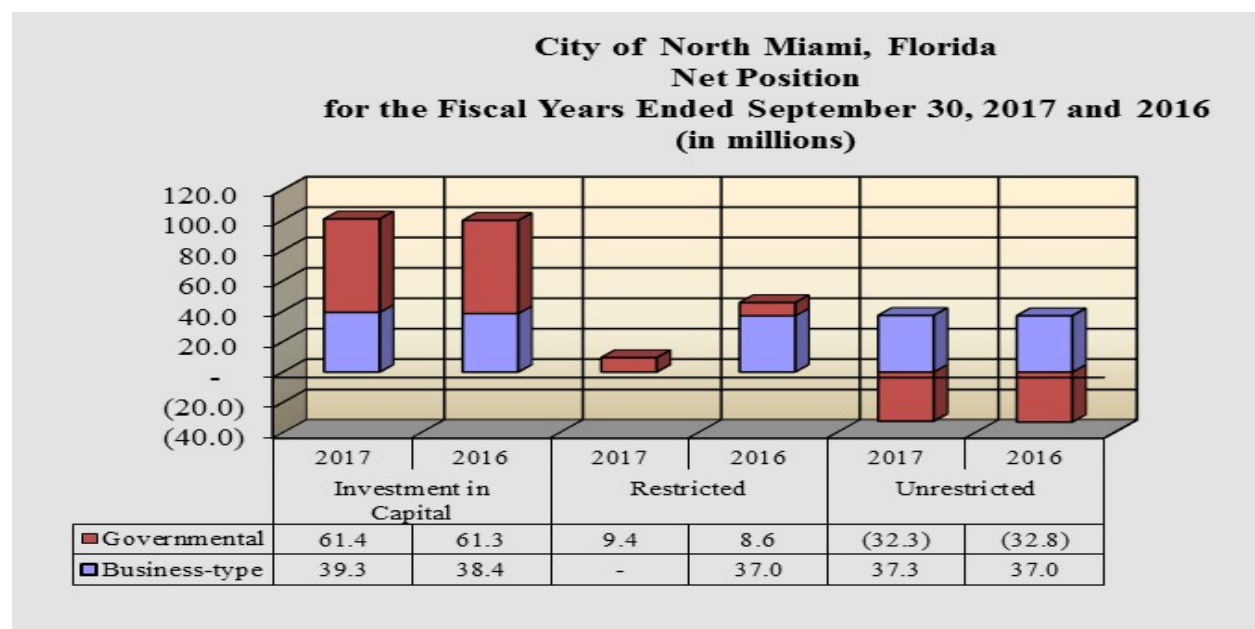
At the end of the current fiscal year, the City reported positive balances in all three categories of net position for its business-type activities. The governmental activities net position is either restricted as to the purpose to which it can be used, or is invested in capital assets. The governmental activities show a deficit of approximately (\$32.3 million) for unrestricted net position compared to prior year deficit of (\$32.8 million). The unrestricted deficit was due primarily to operations whereby expenditures have exceeded revenues on a cumulative basis.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

Although the business-type activities reflect \$37.2 million in unrestricted net position, these resources cannot be used to make up the deficit in governmental activities. The City generally can use only the unrestricted net position to finance the continuing operations of water and sewer and storm-water operations.



### Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 63,084,436	\$ 68,968,610	\$ 51,825,943	\$ 49,117,361	\$ 114,910,379	\$ 118,085,971
Capital assets	62,188,553	62,476,400	44,374,586	43,875,018	106,563,139	106,351,418
Total assets	125,272,989	131,445,010	96,200,529	92,992,379	221,473,518	224,437,389
Deferred outflows of resources	18,028,916	16,531,740	2,483,257	2,277,936	20,512,173	18,809,676
Long-term liabilities	41,239,106	43,507,003	7,272,106	6,862,186	48,511,212	50,369,189
Net pension liability	34,737,150	43,886,573	4,738,316	6,017,103	39,475,466	49,903,676
Other liabilities	20,297,722	18,037,004	8,988,267	6,269,779	29,285,989	24,306,783
Total liabilities	96,273,978	105,430,580	20,998,689	19,149,068	117,272,667	124,579,648
Deferred inflows of resources	8,559,307	5,439,499	1,110,124	674,078	9,669,431	6,113,577
Net position						
Net investment in capital assets	61,365,386	61,274,246	39,310,886	38,449,795	100,676,272	99,724,041
Restricted	9,412,706	8,644,742	-	-	9,412,706	8,644,742
Unrestricted	(32,309,472)	(32,812,317)	37,264,087	36,997,374	4,954,615	4,185,057
Total net position	\$ 38,468,620	\$ 37,106,671	\$ 76,574,973	\$ 75,447,169	\$ 115,043,593	\$ 112,553,840

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

The City's net investment in capital assets, totaling \$101 million represented, by far, the largest portion of the net position. Net investment in capital assets comprises land, buildings, infrastructure and machinery and equipment, less any outstanding related debt used to acquire them. The investment in capital assets increased over the prior year by \$1 million.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets was reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources since the capital assets themselves cannot be used to liquidate those liabilities.

### Change in Net Position

The following is a comparative analysis of the changes in net position for the current and prior fiscal years:

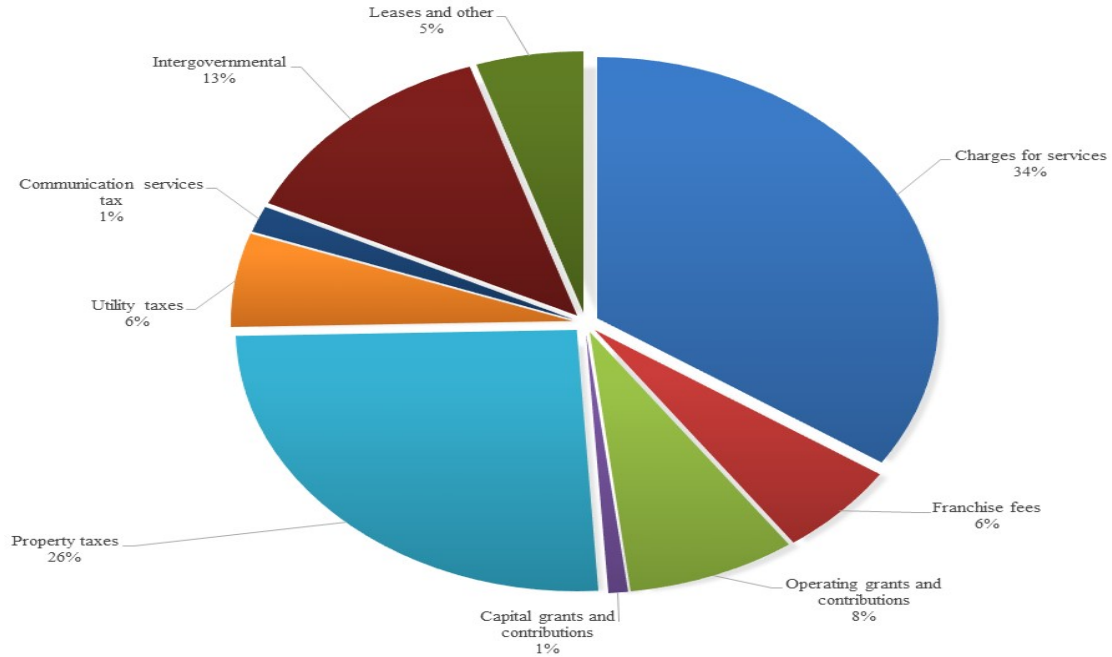
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Program Revenues:</b>						
Charges for services	\$ 25,686,942	\$ 25,053,887	\$ 34,211,546	\$ 34,793,261	\$ 59,898,488	\$ 59,847,148
Operating grants/contributions	5,956,341	5,353,062	-	-	5,956,341	5,353,062
Capital grants/contributions	670,841	544,232	-	-	670,841	544,232
General Revenues:						
Property taxes	19,194,672	18,708,191	-	-	19,194,672	18,708,191
Utility and gas taxes	4,343,095	4,311,844	-	-	4,343,095	4,311,844
Communication services tax	1,212,133	1,308,539	-	-	1,212,133	1,308,539
Franchise fees	4,356,029	3,742,335	-	-	4,356,029	3,742,335
Intergovernmental	9,628,805	9,208,192	-	-	9,628,805	9,208,192
Landfill closure (cost) adjustments	376,995	914,701	-	-	376,995	914,701
Investment earnings	98,716	259,140	-	-	98,716	259,140
Miscellaneous revenues	3,705,137	1,141,460	105,956	299,700	3,811,093	1,441,160
Gain on sale of capital assets	-	12,274,874	-	-	-	12,274,874
Total revenues	<u>75,229,706</u>	<u>82,820,457</u>	<u>34,317,502</u>	<u>35,092,961</u>	<u>109,547,208</u>	<u>117,913,418</u>
<b>Expenses:</b>						
General government	20,424,384	19,969,995	-	-	20,424,384	19,969,995
Public safety	30,837,393	25,166,834	-	-	30,837,393	25,166,834
Physical environment	388,242	1,526,731	-	-	388,242	1,526,731
Transportation and public works	5,954,245	5,771,515	-	-	5,954,245	5,771,515
Housing and urban development	1,823,347	1,119,540	-	-	1,823,347	1,119,540
Culture and recreation	11,722,459	10,623,998	-	-	11,722,459	10,623,998
Community planning and development	1,693,997	2,175,156	-	-	1,693,997	2,175,156
Debt service - interest	1,265,498	1,225,739	-	-	1,265,498	1,225,739
Water and sewer	-	-	30,434,388	28,538,868	30,434,388	28,538,868
Stormwater	-	-	2,513,502	1,848,527	2,513,502	1,848,527
Total expenses	<u>74,109,565</u>	<u>67,579,508</u>	<u>32,947,890</u>	<u>30,387,395</u>	<u>107,057,455</u>	<u>97,966,903</u>
Change in net position before transfers	1,120,141	15,240,949	1,369,612	4,705,566	2,489,753	19,946,515
Transfers	241,808	205,115	(241,808)	(205,115)	-	-
Change in net position	1,361,949	15,446,064	1,127,804	4,500,451	2,489,753	19,946,515
Net position - beginning, as restated	37,106,671	21,660,607	75,447,169	70,946,718	112,553,840	92,607,325
Net position - ending	<u>\$ 38,468,620</u>	<u>\$ 37,106,671</u>	<u>\$ 76,574,973</u>	<u>\$ 75,447,169</u>	<u>\$ 115,043,593</u>	<u>\$ 112,553,840</u>

# City of North Miami, Florida

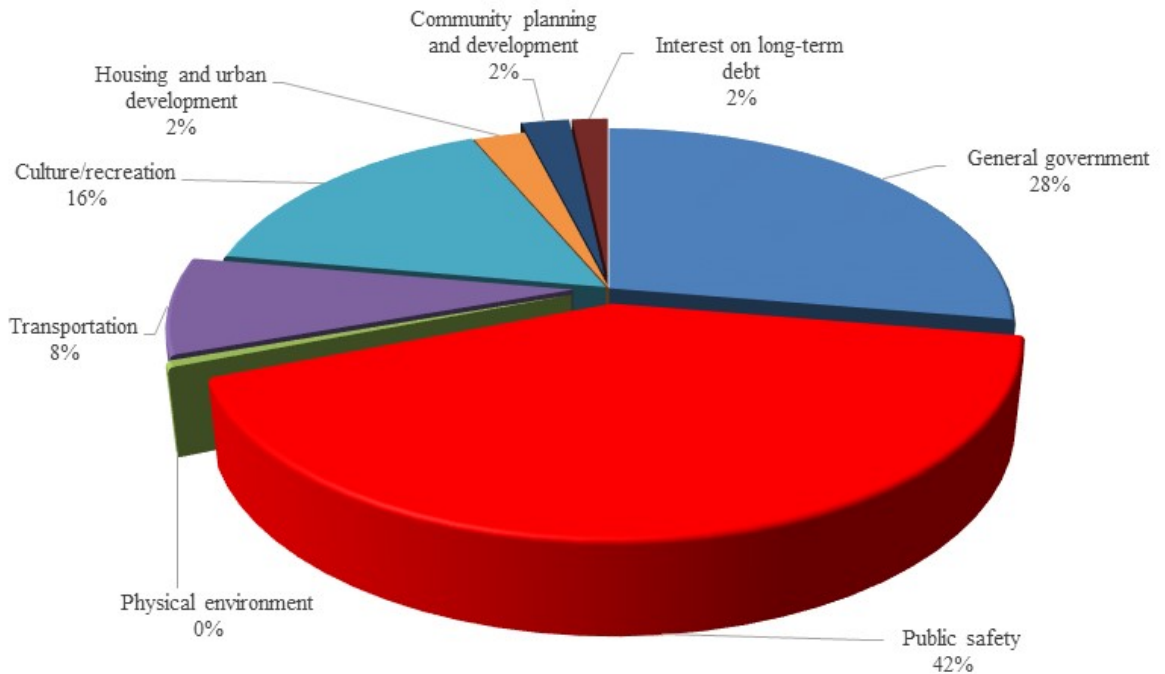
## Management's Discussion and Analysis - Unaudited

September 30, 2017

### Revenues by Source - Governmental Activities



### Expenditures by Program - Governmental Activities



# City of North Miami, Florida

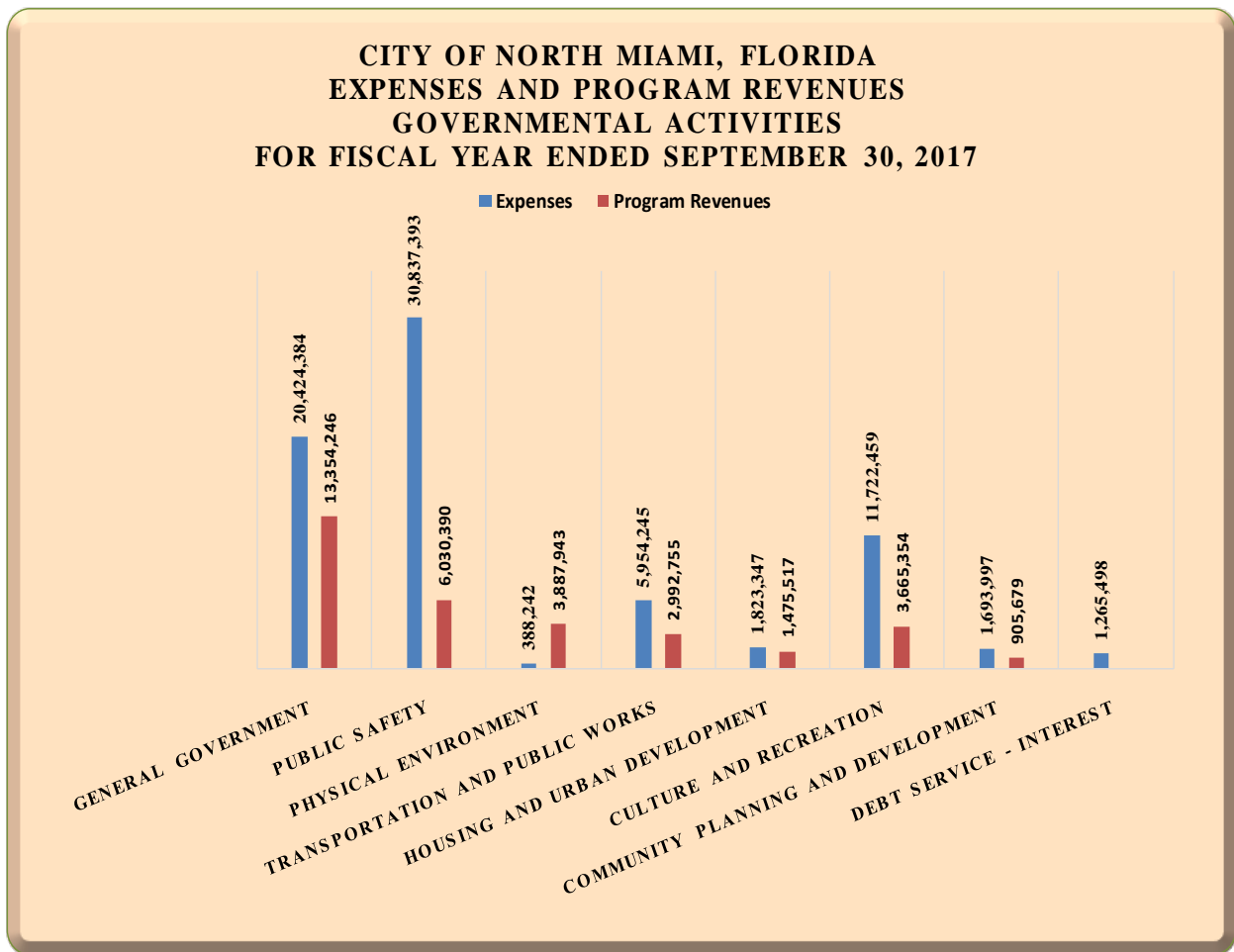
## Management's Discussion and Analysis - Unaudited

September 30, 2017

### Governmental Activities

Governmental activities for fiscal year 2017 increased the City's net position by \$1.4 million. General government, public safety, culture and recreation, and community planning and development services comprised approximately 87% of the City's total governmental expense activities. Total related revenues were approximately 74% of total program revenues.

In 2017, property taxes revenue increased from \$18.7 million in the prior year to \$19.2 million in the current year.



In 2017, program revenues comprised of charges for services, operating and capital grants, and contributions, which represented approximately 43% of the governmental activities total revenues (excluding change in landfill closure cost and transfers). Property taxes, which accounted for approximately 26% of general revenues, (excluding change in landfill closure cost and transfers) are non-program specific and used to fund all activities not covered by program revenues.

# City of North Miami, Florida

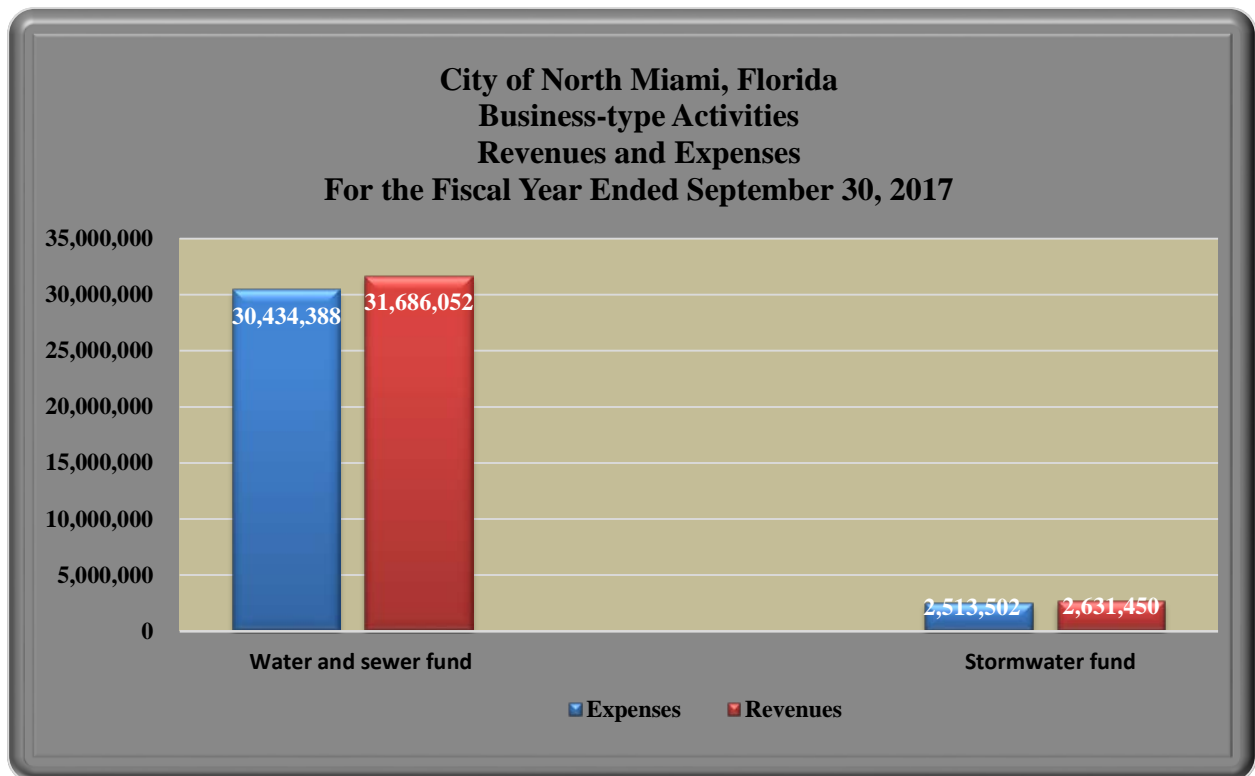
## Management's Discussion and Analysis - Unaudited

September 30, 2017

### Business-type Activities

Net position of the City's business-type activities increased slightly from \$75.4 million in the prior fiscal year to \$76.6 million in the current fiscal year.

The net position for the water and sewer fund increased from \$67.5 million in the prior year to \$68.5 million for the current fiscal year. There was operating income of \$1.3 million in the current fiscal year compared to \$3.7 million in the previous fiscal year. The decrease of \$2.5 million in operating income from the previous year was due primarily to an adjustment of \$1.8 million to reduce revenues in the current year. During the year ended September 30, 2017, management determined that approximately \$1.8 million of water and sewer utility billing credits granted to customers in fiscal years 2014 through 2016 was not properly accounted for in the water and sewer fund financial statements.



The net position for the storm-water utility fund increased from \$7.9 million in the prior year to \$8 million for the current fiscal year.

Operating income for 2017 was \$0.2 million compared to \$0.9 million in the previous year. The decrease of \$0.7 million in operating income from previous year was due primarily to recording pension liability in accordance with GASB 68 in fiscal 2017, which resulted in expenses of approximately \$1 million.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

### **FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS**

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

#### **Governmental Funds**

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

As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$13.6 million, which was a total decrease of \$4.8 million in the current year compared to a \$0.3 million increase in the prior year. \$19.1 million of the ending fund balances constitutes non-spendable and restricted fund balances, which were not available for spending. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances of \$19 million included \$10.4 million for landfill closure cost, \$4.2 million restricted for housing and other capital projects and \$4.4 million for CRA projects. At the end of the 2017 fiscal year, governmental funds also included \$0.4 million assigned for various programs. In addition to balances noted above, reported as assigned, governmental funds also showed negative unassigned fund deficit of \$5.9 million resulting from operations whereby expenditures have exceeded revenues on a cumulative basis.

#### ***General Fund***

The General Fund is the main operating fund of the City. General tax revenues and other receipts not allocated to another fund by law or contractual commitment, are accounted for in this fund. General operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2017, the general fund had negative unassigned amount of \$4.9 million an increase of \$4.6 million from 2016, due primarily to the increased expenditures for capital projects and salaries and public safety related costs.

The General Fund expenditures increased by approximately 7% over prior year. Revenues (including other financing sources) decreased by \$1.3 million or less than 1% over the prior year. The decrease in the current year was due, primarily, to the net effect of increase/(decrease) as shown in the schedule below.

The amount of General Fund revenues, by type, percentage of the total and the amount of change compared to last fiscal year are shown in the following schedule:



# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

<u>General Fund Revenues</u>	2017 <u>Amount</u>	Percent <u>of Total</u>	2016 <u>Amount</u>	Percent <u>of Total</u>	<u>Change</u>	
					<u>Increase (Decrease) From Prior Year</u>	
Taxes:						
Ad valorem taxes	\$ 16,907,030	30%	\$ 16,200,880	28%	\$ 706,150	4.4%
Utility and communication taxes	4,728,287	9%	4,822,495	8%	(94,208)	-2.0%
Franchise fees	<u>4,080,636</u>	<u>7%</u>	<u>3,474,031</u>	<u>6%</u>	606,605	17.5%
Total taxes	25,715,953	46%	24,497,406	43%	1,218,547	5.0%
Charges for services	9,405,144	17%	8,725,129	15%	680,015	7.8%
Fines and forfeitures	1,061,091	2%	1,249,133	2%	(188,042)	-15.1%
Intergovernmental	8,487,686	15%	8,104,090	14%	383,596	4.7%
Licenses and permits	3,790,191	7%	2,015,318	4%	1,774,873	88.1%
Interest and other earnings	5,034,287	9%	3,654,796	6%	1,379,491	37.7%
Rents and royalties	1,767,219	3%	4,268,128	7%	(2,500,909)	-58.6%
Sale of capital assets	-	0%	4,400,914	8%	(4,400,914)	-100.0%
Proceeds from capital lease and installment purchase	303,014	1%	-	0%	303,014	100.0%
Transfers in	26,884	0%	-	0%	26,884	100.0%
Total revenues	<u>\$ 55,591,469</u>	<u>100%</u>	<u>\$ 56,914,914</u>	<u>100%</u>	<u>\$ (1,323,445)</u>	<u>-2.3%</u>

Explanation for the more significant changes are as follows:

- Property tax revenues increased by \$0.7 million or 4.4% due to prevailing economic factors as the City maintained the same operating millage rate of 7.500 mills.
- Franchise fees increased by \$0.6 million due primarily to more timely receipt of funds from for waste collection fees and FP&L franchise fees.
- Charges for services increased by \$0.7 million or 7.8%, due primarily to the following factors:
  - Approximately \$0.4 million increase for off-duty police reimbursements the San Souci guard gate program due primarily to the City meeting the full requirements in 2016 for release of funds from the County;
  - Increase of approximately \$0.4 million for interfund services based on budgeted allocations.
  - Decrease of (\$0.2 million) for administration of lien charges.
- Intergovernmental increased by \$0.4 or 4.7% due primarily to additional payment received for state revenue sharing of \$0.1 and administration fees of \$0.1 from the down town project for off-duty police.
- Licenses and permits increased by \$1.7 million or 88% due primarily to the net effect of increased revenues of \$0.7 million for building permits; forfeited escrow deposits of \$0.4 million; \$0.3 million for plumbing permits; and occupational licenses of \$0.32.
- Interest and other earnings increased by \$1.3 million or 37.7% due primarily to the net effect of the following factors:
  - \$0.6 million for interest on loans receivable from Oleta Partners;
  - \$0.3 million for increased budget allocation for returns on investment in utility;

## City of North Miami, Florida

### Management's Discussion and Analysis - Unaudited

September 30, 2017

- \$1.7 million deferred inflows from prior year, recognized in the current year, relating to prior year sale of Biscayne Landing parcels;
- \$0.1 million decrease in donations - there was a donation of \$0.1 million in the prior year;
- \$0.7 million decrease relating to adjustments that were made in the prior year for in old accounts receivable balances - there were no similar adjustments in the current year;
- \$0.4 million decrease relating to budgeted revenue reserves for future projects;
- Rent and royalties decreased by \$2.5 million or 58% due primarily to factors relating to the Biscayne Landing lease: in the prior year, adjustments of \$3.9 million were made to recognize accumulated lease payments;
- Proceeds from sale of capital assets decreased by \$4.4 million or 100% due primarily to the sale of parcels of land in the prior year relating to Biscayne Landing. There were no similar transactions in the current year.
- Proceeds from capital lease and installment purchase increase by \$0.3 million or 100% due primarily to the following factors:
  - \$0.2 million allocated to the general fund for new capital lease for telephone system which was installed during the fiscal year;
  - \$0.1 million allocated to the general fund relating to the purchase installment arrangement for body-worn cameras for the police department;

Expenditures in the General Fund are shown in the following schedule:

General Fund Expenditures	2017	Percent	2016	Percent	Change	
	Amount	of Total	Amount	of Total	Increase (Decrease)	From Prior Year
General government	\$12,378,728	21%	\$12,467,133	23%	\$ (88,405)	-1%
Public safety	28,442,358	49%	25,828,075	47%	2,614,283	10%
Physical environment	3,434,338	6%	3,209,048	6%	225,290	7%
Transportation	3,029,952	5%	3,012,373	6%	17,579	1%
Culture and recreation	8,302,879	14%	7,787,169	14%	515,710	7%
Community planning and development	1,384,496	2%	1,495,041	3%	(110,545)	-7.4%
Capital outlay	1,152,140	2%	675,766	1%	476,374	70%
Total expenditures	<u>\$58,124,891</u>	<u>100%</u>	<u>\$54,474,605</u>	<u>100%</u>	<u>\$ 3,650,286</u>	<u>7%</u>

In fiscal year 2017, total General Fund expenditures increased by 7% \$3.7 million compared to the prior year.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

The primary factors contributing to the increase in total General Fund expenditures was the overall increase in salaries (ranging from 5% to 7% for merit and COLA) of \$3.2 million.

### **FINANCIAL ANALYSIS OF OTHER GOVERNMENTAL FUNDS**

#### ***Landfill Closure Fund (Major Fund)***

This fund is restricted for funding of remediation and closure costs of an old landfill. The fund was set up from a one-time contribution of \$31 million, which was received from the Miami-Dade County in 2004, and placed in an escrow account. At the end of 2017, the long-term cost was estimated to be \$9.6 million. The remediation cost for the current year was \$0.7 million. This fund had a restricted fund balance of \$10.3 million at September 30, 2017. See **NOTE 12** for additional information on the landfill.

#### ***CRA Component Unit Capital Projects Fund (Major Fund)***

The CRA, a component unit of the City, reported a \$4.5 million committed fund balance at year end. During the year, approximately \$2.3 million in property tax incremental revenues was recognized in the CRA (both the City and Miami-Dade County portions). The City refunded tax increment revenues of approximately \$1.3 million to Miami-Dade County. The City acts as a pass-through for the tax incremental property tax monies that were transferred to the CRA.

The CRA recorded a special item of \$0.3 million for forgiveness of debt related amounts payable to the City from fiscal year 2014 for expenditures incurred by the City on behalf of the CRA. The City decided to absorb the costs and forgive the outstanding amount.

#### ***Community Development Block Grant (C.D.B.G.) Entitlement Fund***

The C.D.B.G. fund accounts for grant-related revenues and expenditures for housing rehabilitation programs. The negative unassigned fund balance at year-end was \$0.2 million was due to expenditures incurred, which exceeded the amounts that were restricted or assigned for CDBG purposes.

#### ***Other Governmental Funds (Nonmajor)***

Significant items pertaining to other Governmental Funds (Nonmajor) are as follows:

- Special Revenues restricted fund balance at year-end was \$3.8 million, comprised primarily of:
  - The Neighborhood Stabilization Program (“NSP”) reported \$0.7 million;
  - Law Enforcement Trust Fund reported \$0.2 million;
  - Federal Forfeiture Fund reported \$0.4 million;
  - Half-Cent Transportation Surtax Fund reported \$1.2 million;
  - Developer Impact Fees Fund reported \$0.4 million; and

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

- MOCA which reported \$0.7 million;

The Home Investment Partnership Program (HIP) and the NSP combined funds awarded a total of \$0.6 million in direct housing grants and aid to home owners and local businesses.

- MOCA is included as a component unit of the City due primarily to the fact that the City provided significant financial support for its daily operations. The City provided support of approximately \$1.4 million to fund approximately \$2.4 million total expenditures shown in MOCA'S financial statements.

### *Internal Service Funds*

In 2017, the General Risk Management Fund reflected net position of \$3.9 million: a slight increase over the prior year.

The Fleet Management Fund reflected net position of \$4.5 million compared to prior year's total of \$2.9 million.

### *Fiduciary Funds*

Net income from investments (interest and dividends) for both plans combined was reported at \$19 million. The Plans' investment policies set the portfolio allocation. Many U.S. market indices posted favorable returns across the board this year. There was a significant appreciation for both plans of approximately \$17.5 million (prior year net appreciation was \$15.1 million). Employer contribution for 2017, for both plans was \$8.7 million. During 2017, retirement benefit payouts approximated \$11.6 million for both plans combined.

## Capital Assets and Debt Administration

### *Capital Assets*

As of September 30, 2017, the City's capital assets for the governmental and business-type activities amounted to \$106.6 million (net of accumulated depreciation), compared with \$106.4 million in the previous fiscal year. These assets include land, construction in progress, buildings, and improvements, infrastructure, machinery and equipment and library books. The total net increase in the City's investment in capital assets from prior fiscal year was \$0.211 million or less than 1%.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

	CAPITAL ASSETS - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Capital assets, not being depreciated:						
Land	\$ 12,467,017	\$ 12,600,765	\$ 653,080	\$ 653,080	\$ 13,120,097	\$ 13,253,845
Construction in progress	994,162	1,043,261	2,519,687	1,471,729	3,513,849	2,514,990
Total capital assets, not being depreciated	13,461,179	13,644,026	3,172,767	2,124,809	16,633,946	15,768,835
Capital assets, being depreciated, net:						
Land Improvements	18,886,574	18,804,994	154,211	154,211	19,040,785	18,959,205
Buildings and improvements	21,087,191	20,825,409	2,469,234	2,460,235	23,556,425	23,285,644
Infrastructure	56,796,571	55,308,745	77,330,608	75,958,037	134,127,179	131,266,782
Machinery and equipment	20,604,416	19,607,573	6,401,339	5,967,333	27,005,755	25,574,906
Library books	2,242,501	2,184,924	-	-	2,242,501	2,184,924
Total capital assets, being depreciated	119,617,253	116,731,645	86,355,392	84,539,816	205,972,645	201,271,461
Accumulated depreciation:						
Land Improvements	(13,476,451)	(13,161,661)	(127,705)	(124,003)	(13,604,156)	(13,285,664)
Buildings and improvements	(9,884,952)	(9,457,093)	(822,996)	(748,514)	(10,707,948)	(10,205,607)
Infrastructure	(27,988,247)	(26,784,504)	(39,551,932)	(37,667,787)	(67,540,179)	(64,452,291)
Machinery and equipment	(17,431,450)	(16,413,082)	(4,650,940)	(4,249,303)	(22,082,390)	(20,662,385)
Library books	(2,108,779)	(2,082,932)	-	-	(2,108,779)	(2,082,932)
Total accumulated depreciation	(70,889,879)	(67,899,272)	(45,153,573)	(42,789,607)	(116,043,452)	(110,688,879)
Total capital assets, being depreciated, net	48,727,374	48,832,373	41,201,819	41,750,209	89,929,193	90,582,582
<b>Total Capital Assets, net</b>	<b>\$ 62,188,553</b>	<b>\$ 62,476,399</b>	<b>\$ 44,374,586</b>	<b>\$ 43,875,018</b>	<b>\$ 106,563,139</b>	<b>\$ 106,351,417</b>

Total net increase in capital assets for governmental activities (excluding depreciation) was \$2.7 million, due primarily to the following:

1. \$0.1 million was due primarily to the purchase of library books and subscriptions.
2. \$0.2 million was for construction in progress, primarily for roadway improvement projects.
3. \$1.3 million was for infrastructure, primarily for paving of sidewalks and drainage improvement throughout the City.
4. \$1 million was for machinery and equipment, which included the cisco phone system for city hall, the police body camera system, and police simulator.
5. \$0.3 million was for building improvements, primarily for North Miami City Hall and Moca.
6. \$0.1 million was for land and land improvements, primarily for creating pocket parks, fencing, and concrete walls throughout the City.
7. \$0.1 million decrease for valuation adjustments of real property.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

Total net increase in capital assets for business-type activities (excluding depreciation) was \$2.9 million, due primarily to the following:

1. \$1.9 million for construction in progress, primarily for the Winson Water Plant and Sanitary Sewer Lining Rehabilitation projects.
2. \$0.5 million for infrastructure, primarily for lift station upgrades, water plant fluoride system, and anthracite media filter.
3. \$0.434 million for purchase of machinery and equipment, primarily for vehicles.

Additional information on the City's capital assets are disclosed in **NOTE 6** starting on page 64 of this report.

### ***Long-term Debt***

At September 30, 2017, the City had total outstanding debt of \$19.4 million (bonds, notes, leases etc.) compared to \$20.4 million at the end of the previous fiscal year. The majority of the City's outstanding debt was secured by specified revenues. The outstanding debts are summarized below:

	<u>Activities</u>		<u>Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Note payable	\$ 14,005,000	\$ 14,725,000	\$ -	\$ -	\$ 14,005,000	\$ 14,725,000
Unamortized bond discount	(664,396)	(761,916)	-	-	(664,396)	(761,916)
Capital lease obligation	801,566	1,098,926	-	-	801,566	1,098,926
Purchase installment liability	409,400	-	-	-	409,400	-
FMLC Series 2016 Refunding (stormwater)	-	-	1,915,000	2,265,000	1,915,000	2,265,000
Unamortized bond premiums and discount	-	-	102,550	123,060	102,550	123,060
State revolving fund loan	-	-	2,864,933	2,996,913	2,864,933	2,996,913
Capital lease obligations	-	-	2,393	-	2,393	-
<b>Total</b>	<u>\$ 14,551,570</u>	<u>\$ 15,062,010</u>	<u>\$ 4,884,876</u>	<u>\$ 5,384,973</u>	<u>\$ 19,436,446</u>	<u>\$ 20,446,983</u>

During the fiscal year 2017, the City had the following debt activity:

*Governmental Activities* – \$14.5 million. The total debt decreased by a net of \$0.5 million over the last year, due primarily to the net effect of scheduled principal payments and amortization of \$1.1 million and new lease of \$0.2 million. In addition, the City entered into an installment purchase agreement for police body-worn cameras.

*Business-type Activities* – \$4.8 million. The total debt decreased by a net of \$0.5 million over last year, due primarily to the effect of scheduled principal payments of \$0.5 and addition of new capital lease.

Additional information on the City's long-term debt and capital leases can be found in **NOTE 7** on page 66.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

### **Overall Budget**

The fiscal year 2017 adopted budget of \$151.1 million represents an increase of 8% compared to the fiscal year 2016 Budget. Major contributors to the increase across all funds included: additional ad valorem revenue resulting from the increase in city-wide taxable values, insourcing of the Building Department, proceeds from SoLēMia development, and inclusion of the CRA Budget in the total. The general fund is the largest component of the total budget, accounting for \$66.6 million or 44% of the total budget. The budgetary highlights are based on the following schedule:

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

### GENERAL FUND BUDGETARY HIGHLIGHTS

**CITY OF NORTH MIAMI, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
UNAUDITED  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 17,363,582	\$ 17,363,582	\$ 16,907,030	\$ (456,552)
Utility and communication taxes	5,292,003	5,292,003	4,728,287	(563,716)
Charges for services	9,829,491	9,829,491	9,405,144	(424,347)
Franchise fees	3,938,066	3,938,066	4,080,636	142,570
Fines and forfeitures	735,870	735,870	1,061,091	325,221
Intergovernmental	7,752,319	7,752,319	8,487,686	735,367
Licenses and permits	3,715,830	3,715,830	3,790,191	74,361
Interest and other earnings	4,510,353	4,510,353	5,034,287	523,934
Rents and royalties	1,417,000	1,507,001	1,767,219	260,218
Total revenues	<u>54,554,514</u>	<u>54,644,515</u>	<u>55,261,571</u>	<u>617,056</u>
<b>EXPENDITURES</b>				
General Government:				
Mayor and City Council	846,730	844,818	1,169,891	(325,073)
City Manager	1,845,826	1,785,396	1,739,063	46,333
City Clerk	759,908	749,825	786,256	(36,431)
Financial Services	2,933,912	2,808,325	2,883,938	(75,613)
Legal	1,273,311	1,274,755	1,219,691	55,064
Human Resources	719,443	695,934	730,715	(34,781)
Information Technology	2,159,794	2,047,385	1,964,622	82,763
Management and Budget	323,540	314,121	320,122	(6,001)
Procurement and Purchasing	392,749	379,689	364,932	14,757
Non-Departmental	11,908,474	12,242,598	1,199,498	11,043,100
Total general government	<u>23,163,687</u>	<u>23,142,846</u>	<u>12,378,728</u>	<u>10,764,118</u>
Public Safety:				
Police	24,849,855	24,911,213	25,703,410	(792,197)
Building and Zoning	1,940,015	1,917,434	1,244,690	672,744
Code Enforcement	1,630,158	1,533,248	1,494,258	38,990
Total public safety	<u>28,420,028</u>	<u>28,361,895</u>	<u>28,442,358</u>	<u>(80,463)</u>
Physical Environment:				
Public Works	2,106,000	2,957,508	3,434,338	(476,830)
Transportation	2,191,960	3,034,995	3,029,952	5,043
Total physical environment	<u>4,297,960</u>	<u>5,992,503</u>	<u>6,464,290</u>	<u>(471,787)</u>
Economic Environment:				
Community Planning and Development	1,156,759	2,131,220	1,384,496	746,724
Total economic environment	<u>1,156,759</u>	<u>2,131,220</u>	<u>1,384,496</u>	<u>746,724</u>
Culture and Recreation:				
Parks and Recreation	7,066,359	5,680,685	6,082,562	(401,877)
Library	1,026,665	915,630	875,401	40,229
MOCA	1,436,148	1,318,532	1,344,916	(26,384)
Total culture and recreation	<u>9,529,172</u>	<u>7,914,847</u>	<u>8,302,879</u>	<u>(388,032)</u>
Debt service	-	21,252	-	21,252
Capital outlay	-	1,570,503	1,152,140	418,363
Total expenditures	<u>66,567,606</u>	<u>69,135,065</u>	<u>58,124,891</u>	<u>11,010,174</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(12,013,092)</u>	<u>(14,490,551)</u>	<u>(2,863,320)</u>	<u>11,627,231</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	303,014	303,014
Reserves	6,563,797	7,700,561	-	(7,700,561)
Transfers in	6,904,138	8,297,478	26,884	(8,270,594)
Transfers out	(1,454,843)	(1,507,488)	(1,643,369)	(135,881)
Total other financing sources (uses)	<u>12,013,092</u>	<u>14,490,551</u>	<u>(1,313,471)</u>	<u>(15,804,022)</u>
<b>SPECIAL ITEM</b>				
Forgiveness of debt	-	-	(317,965)	(317,965)
Net change in fund balances	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ (4,494,756)</u>	<u>\$ (4,494,756)</u>
Fund balances (deficit), beginning			(347,319)	
Fund balances (deficit) - ending			<u>\$ (4,842,075)</u>	



# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

The difference between the original and final amended budget for 2017 was approximately \$2.6 million, which represents an increase in overall appropriations from \$66.6 million to \$69.1 million. The increase was due to re-appropriations for prior year projects that were approved by Mayor and Council in the previous year.

Actual total revenues were more than final budgeted revenues by approximately \$0.6 million due primarily to the following factors:

- a. Ad Valorem revenue was close to \$0.5 million less than expected due to the new interlocal agreement with the North Miami Community Redevelopment Agency (CRA) and Miami-Dade County. The new agreement and its Tax Increment Finance or TIF methodology increased the City TIF contribution to the CRA mid-year.
- b. Utility and Communication Taxes revenue was a little more than \$0.5 million less than the budget and Charges for services revenue was also about \$0.5 million less than the budget due to timing differences between collections and posting at the end of the fiscal year. Close to \$1.6 million in revenue was recorded as unavailable revenues for fiscal 2017 in accordance with GASB 63. The difference will be reflected in revenues for fiscal year 2018.
- c. The remainder of the revenue sources, including Franchise Fees, Fines and Forfeitures, Intergovernmental, Licenses and Permits, Interest and Other Earnings, and Rents and Royalties exceeded budgeted expectation by a little more than \$2 million as conservative estimates were employed.

The net positive variance of \$11 million for expenditures was due primarily to the budgeted reserve of \$10 million in non-departmental which includes an allocation for capital projects, contingency, and fund reserve per resolution.

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

In the development of the planned budget year, a number of economic factors are analyzed to ascertain both the immediate resources that will be available to fund expected public services, as well as future resources that can be anticipated to fund projected needs in the community. Property values, unemployment rates and median income are three indicators of the health and well-being of a local economy. Although median wages have remained relatively dormant in North Miami, a foundation for growth is being laid through renewed emphasis on redevelopment and annexation. Currently the unemployment rate for North Miami is approximately 5.6%, (an eight year low). This rate represents a reduction from a high of 9.4% in 2012.

### **Economic Impact on the Immediate Budget**

For the Fourth consecutive year, the City of North Miami saw an increase in assessed taxable values as reported by the Miami-Dade Property Appraiser. For fiscal year 2017, the City's assessed taxable value is \$2.8 billion, which is a 9% increase from the prior fiscal year. In September 2017, the City Council adopted a millage rate of 7.5000 for the 2017-18 budget. This was the same millage rate as the prior year. Applying the same millage rate to the growing total taxable values is budgeted to generate an additional \$1.6 million in ad valorem revenue.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

### **Future Economy and Budget Years**

While North Miami continues to see improvements in the economy since the recession of 2008, the City is not immune to the growing divide between home prices and the stagnation of wages. The Miami metropolitan statistical area has the second highest disparity in the country between home prices and wages, and North Miami is exposed to this reality as well.

While there are certainly challenges in spurring wage growth in the community, the commercial sector in the community is thriving. With the help of City assistance and subsidies, new and innovative businesses have entered the downtown region and major corridors. New small business grants are coming online this year to aid the 90% of North Miami businesses that have less than 10 employees. With the support of market forces and government assistance, the commercial sector in North Miami is rapidly strengthening and will lead to more local job creation and wage growth. As the City continues to monitor the state and national economies, there will be several initiatives that will have an interdependent impact on the future local economy and upcoming budget years:

1. ***SoLēMia*** – The 183-acre mixed-use development, SoLēMia, broke ground in 2015, and is estimated to create approximately \$4 billion in property value when completed. The development will create an estimated 14,000 long and short-term jobs with a requirement that at least 10% of project related jobs created be set aside for North Miami residents. In a trade area that has over \$8 billion in consumer expenditures each year, SoLēMia's 1.2 million square feet of mixed-use development will transform the North Miami economy.
2. ***Capitalize on the CRA*** – The North Miami Community Redevelopment Agency will be a major funding mechanism the City will use to advance the local economy. On December 6, 2016, the Miami Dade County Board of County Commissioners approved the 2016 North Miami Community Redevelopment Agency (NMCRA) Plan Amendment and a Second Amendment to the Interlocal Cooperation Agreement extending the life of the NMCRA to 2044. The updated plan calls for redevelopment of Downtown and Major corridors, capitalization of the tri rail coastal link, preservation of neighborhood character and investment in workforce and affordable housing.
3. ***Capital Improvement Plan*** – By continuing to invest in capital projects, which improve parks, streets, sidewalks and its housing stock, the City will attract and retain investors and talent to ensure North Miami will realize its future potential.
4. ***Workforce Development Initiatives*** – The Community Planning & Development Department have implemented scholarship programs, professional development courses, and strategic partnerships to raise the skill level of the North Miami workforce and improve wages in the community.
5. ***Strengthen Footprint*** – Several important indicators that assist in determining a City's financial footprint include the growth of property values, revenues, the amount of debt held, and the ability to pay off that debt. The City of North Miami has growing property values, ad valorem revenue, reducing debt and a steady reserve fund.

# City of North Miami, Florida

## Management's Discussion and Analysis - Unaudited

September 30, 2017

6. ***Land Use & Zoning Updates*** – Improved Land Development Regulations (LDRs) and zoning codes were adopted to allow for greater density, increased heights, and more flexibility in uses. The updated LDRs have resulted in more development applications in the last six months than have been previously submitted in the last six years. Property improvements increase tax revenue and service fees to the City resulting in greater wealth and higher quality services.

### **Request for Information**

This financial report is designed to provide a general overview of the City of North Miami's finances to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance Department.

Finance Department  
City of North Miami  
776 NE 125th Street  
North Miami, Florida, 33161

or

Visit our website at [www.northmiamifl.gov/departments/finance/cafr.aspx](http://www.northmiamifl.gov/departments/finance/cafr.aspx).



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## **Basic Financial Statements**



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# **Government-wide Financial Statements**



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**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,340,704	\$ 29,181,234	\$ 53,521,938
Investments	2,361,601	6,775,857	9,137,458
Receivables	2,457,334	15,140,690	17,598,024
Due from other governments	3,618,723	141,085	3,759,808
Inventories and supplies	80,259	575,433	655,692
Prepays, deposits and other	126,535	-	126,535
Unamortized debt issuance - prepaid insurance	-	11,644	11,644
Notes receivable	15,753,600	-	15,753,600
Assets held for resale	2,229,224	-	2,229,224
Restricted cash	10,953,370	-	10,953,370
Capital assets not being depreciated	13,461,179	3,172,767	16,633,946
Capital assets being depreciated, net	48,727,374	41,201,819	89,929,193
<b>Total assets</b>	<u>125,272,989</u>	<u>96,200,529</u>	<u>221,473,518</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Loss on debt refunding	-	19,672	19,672
Pensions	18,028,916	2,463,585	20,492,501
<b>Total deferred outflow of resources</b>	<u>18,028,916</u>	<u>2,483,257</u>	<u>20,512,173</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,430,821	5,267,524	7,698,345
Construction contracts payable	21,601	178,824	200,425
Accrued payroll and benefits	650,552	219,547	870,099
Unearned revenues	13,092,610	-	13,092,610
Deposits	273,631	2,602,580	2,876,211
Interest payable	253,840	-	253,840
Noncurrent liabilities:			
Net pension liability	34,737,151	4,738,317	39,475,468
Due in more than one year	41,239,105	7,292,614	48,531,719
Due within one year	3,574,667	699,283	4,273,950
<b>Total liabilities</b>	<u>96,273,978</u>	<u>20,998,689</u>	<u>117,272,667</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pensions	8,559,307	1,110,124	9,669,431
<b>Total deferred inflows of resources</b>	<u>8,559,307</u>	<u>1,110,124</u>	<u>9,669,431</u>
<b>NET POSITION</b>			
Net investments in capital assets	61,365,386	39,310,886	100,676,272
Restricted for:			
Capital projects	5,250,501	-	5,250,501
Housing and development	804,994	-	804,994
Landfill closure	756,810	-	756,810
Public safety	625,393	-	625,393
Transportation	1,226,723	-	1,226,723
Other purposes	748,285	-	748,285
Unrestricted (deficit)	(32,309,472)	37,264,087	4,954,615
<b>Total net (deficit) position</b>	<u>\$ 38,468,620</u>	<u>\$ 76,574,973</u>	<u>\$ 115,043,593</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
Governmental activities:							
General government	20,424,384	\$ 12,401,125	\$ 955,361	\$ -	\$ (7,067,898)	\$ -	\$ (7,067,898)
Public safety	30,837,393	5,487,160	543,230	-	(24,807,003)	-	(24,807,003)
Physical environment	388,242	3,887,943	-	-	3,499,701	-	3,499,701
Transportation and public works	5,954,245	47,346	2,945,409	-	(2,961,490)	-	(2,961,490)
Housing and urban development	1,823,347	-	1,475,517	-	(347,830)	-	(347,830)
Culture and recreation	11,722,459	3,278,530	36,824	350,000	(8,057,105)	-	(8,057,105)
Community planning and development	1,693,997	584,838	-	320,841	(788,318)	-	(788,318)
Interest and fiscal charges	1,265,498	-	-	-	(1,265,498)	-	(1,265,498)
<b>Total governmental activities</b>	<b>74,109,565</b>	<b>25,686,942</b>	<b>5,956,341</b>	<b>670,841</b>	<b>(41,795,441)</b>	<b>-</b>	<b>(41,795,441)</b>
Business-type activities:							
Water and sewer	30,434,388	31,600,606	-	-	-	1,166,218	1,166,218
Stormwater	2,513,502	2,610,940	-	-	-	97,438	97,438
<b>Total business-type activities</b>	<b>32,947,890</b>	<b>34,211,546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,263,656</b>	<b>1,263,656</b>
<b>Total primary government</b>	<b>\$ 107,057,455</b>	<b>\$ 59,898,488</b>	<b>\$ 5,956,341</b>	<b>\$ 670,841</b>	<b>\$ (41,795,441)</b>	<b>\$ 1,263,656</b>	<b>\$ (40,531,785)</b>
General revenues:							
Taxes							
Property taxes levied for general purposes					19,194,672	-	19,194,672
Utility taxes					3,516,154	-	3,516,154
Local option gas tax					826,941	-	826,941
Communication services tax					1,212,133	-	1,212,133
Franchise fees based on gross receipts					4,356,029	-	4,356,029
Intergovernmental not restricted to specific programs					9,628,805	-	9,628,805
Landfill closure (cost) adjustments					376,995	-	376,995
Gain on sale of capital assets					-	-	-
Unrestricted investment earnings					98,716	-	98,716
Miscellaneous revenues					3,705,137	105,956	3,811,093
Transfers					241,808	(241,808)	-
Total general revenues					43,157,390	(135,852)	43,021,538
Change in net position					1,361,949	1,127,804	2,489,753
Net position, beginning					37,106,671	75,447,169	112,553,840
<b>Net position, ending</b>					<b>\$ 38,468,620</b>	<b>\$ 76,574,973</b>	<b>\$ 115,043,593</b>

See notes to basic financial statements.



## **Fund Financial Statements**



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**CITY OF NORTH MIAMI, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>General</u>	<u>CRA</u>	<u>C.D.B.G. Entitlement</u>	<u>Landfill Closure</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 6,038,101	\$ 4,714,037	\$ -	\$ -	\$ 3,444,017	\$ 14,196,155
Pooled investments	660,912	-	-	-	416,285	1,077,197
Accounts receivables, net of allowance	2,433,494	-	-	-	23,156	2,456,650
Due from other governments and entities	1,648,116	-	426,048	-	1,535,522	3,609,686
Due from other funds	1,163,712	-	-	-	-	1,163,712
Prepays, deposits, and other current assets	79,227	-	-	-	30,524	109,751
Restricted cash	67,386	-	-	10,369,358	516,626	10,953,370
Notes receivable	15,753,600	-	-	-	-	15,753,600
<b>Total Assets</b>	<b><u>27,844,548</u></b>	<b><u>4,714,037</u></b>	<b><u>426,048</u></b>	<b><u>10,369,358</u></b>	<b><u>5,966,130</u></b>	<b><u>49,320,121</u></b>
<b>LIABILITIES</b>						
Vouchers payable	1,617,003	219,460	79,334	-	241,592	2,157,389
Construction contracts payable	10,816	-	-	-	8,762	19,578
Accrued payroll and benefits	613,120	-	4,984	-	10,835	628,939
Due to component unit	-	6,765	-	-	-	6,765
Due to other funds	-	-	301,210	-	862,502	1,163,712
Unearned revenues	12,502,803	-	-	-	589,807	13,092,610
Other liabilities and deposits	273,631	-	-	-	-	273,631
<b>Total Liabilities</b>	<b><u>15,017,373</u></b>	<b><u>226,225</u></b>	<b><u>385,528</u></b>	<b><u>-</u></b>	<b><u>1,713,498</u></b>	<b><u>17,342,624</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - other	1,915,650	-	255,625	-	431,124	2,602,399
Unavailable revenue from notes receivable	15,753,600	-	-	-	-	15,753,600
<b>Total deferred inflows of resources</b>	<b><u>17,669,250</u></b>	<b><u>-</u></b>	<b><u>255,625</u></b>	<b><u>-</u></b>	<b><u>431,124</u></b>	<b><u>18,355,999</u></b>
<b>FUND BALANCES (DEFICIT)</b>						
Non-spendable	79,227	-	-	-	30,524	109,751
Restricted	-	4,481,047	-	10,369,358	4,168,084	19,018,489
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	344,270	344,270
Unassigned	(4,921,302)	6,765	(215,105)	-	(721,370)	(5,851,012)
<b>Total Fund Balances (Deficit)</b>	<b><u>(4,842,075)</u></b>	<b><u>4,487,812</u></b>	<b><u>(215,105)</u></b>	<b><u>10,369,358</u></b>	<b><u>3,821,508</u></b>	<b><u>13,621,498</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b><u>\$ 27,844,548</u></b>	<b><u>\$ 4,714,037</u></b>	<b><u>\$ 426,048</u></b>	<b><u>\$ 10,369,358</u></b>	<b><u>\$ 5,966,130</u></b>	<b><u>\$ 49,320,121</u></b>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

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<b>Fund balances - total governmental funds</b>	<b>\$</b>	<b>13,621,498</b>
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Amounts reported for governmental activities in the statement of net position (page 25) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		60,949,687
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Inventory (land) held for resale are not financial resources and therefore are not reported in the governmental funds.		2,229,224
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Net deferred outflows (inflows) - pensions		9,004,515
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Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.

Other unavailable revenues	2,602,399	
Unavailable revenues relating to loans receivable	<u>15,753,600</u>	
		18,355,999

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Unamortized bond discount	664,396	
Bonds and loans payable	(13,844,899)	
Capital leases payable	(801,566)	
Compensated absences liability	(6,324,381)	
Landfill closure liability	(9,612,548)	
Claims liability	(435,864)	
Net pension liability	(33,426,324)	
Other postemployment benefit obligation (OPEB) liability	<u>(10,184,862)</u>	
		(73,966,048)
Accrued interest payable		(253,840)

Assets and liabilities of internal service funds are included in governmental activities statement of net position.		<u>8,527,585</u>
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<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>38,468,620</u></b>
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See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>General</u>	<u>CRA</u>	<u>C.D.B.G. Entitlement</u>	<u>Landfill Closure</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds</u>
<b>REVENUES</b>						
Ad valorem taxes	\$ 16,907,030	\$ 2,287,641	\$ -	\$ -	\$ -	\$ 19,194,671
Utility and communication taxes	4,728,287	-	-	-	-	4,728,287
Charges for services	9,405,144	-	-	-	277,061	9,682,205
Franchise fees	4,080,636	-	-	-	-	4,080,636
Fines and forfeitures	1,061,091	-	-	-	-	1,061,091
Intergovernmental	8,487,686	-	371,488	-	6,926,500	15,785,674
Licenses and permits	3,790,191	-	-	-	-	3,790,191
Interest and other earnings	5,034,287	11,459	-	33,956	22,822	5,102,524
Rents and royalties	1,767,219	-	-	-	-	1,767,219
Total revenues	<u>55,261,571</u>	<u>2,299,100</u>	<u>371,488</u>	<u>33,956</u>	<u>7,226,383</u>	<u>65,192,498</u>
<b>EXPENDITURES</b>						
Current:						
General government	12,378,728	2,043,980	-	-	11,215	14,433,923
Public safety	28,442,358	-	-	-	534,698	28,977,056
Physical environment	3,434,338	-	-	652,704	-	4,087,042
Transportation and public works	3,029,952	-	-	-	1,853,596	4,883,548
Housing and economic development	-	-	822,026	-	733,227	1,555,253
Culture and recreation	8,302,879	-	-	-	2,546,945	10,849,824
Community planning and development	1,384,496	-	-	-	199,776	1,584,272
Debt service:						
Principal retirement	-	-	-	-	877,292	877,292
Interest and fiscal charges	-	-	-	-	789,728	789,728
Capital outlay	1,152,140	-	24,188	-	1,664,737	2,841,065
Total expenditures	<u>58,124,891</u>	<u>2,043,980</u>	<u>846,214</u>	<u>652,704</u>	<u>9,211,214</u>	<u>70,879,003</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(2,863,320)</u></b>	<b><u>255,120</u></b>	<b><u>(474,726)</u></b>	<b><u>(618,748)</u></b>	<b><u>(1,984,831)</u></b>	<b><u>(5,686,505)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease and installment purchase	303,014	-	-	-	326,469	629,483
Transfers in	26,884	-	-	135,881	1,808,769	1,971,534
Transfers out	(1,643,369)	-	-	-	(28,383)	(1,671,752)
Total other financing sources (uses)	<u>(1,313,471)</u>	<u>-</u>	<u>-</u>	<u>135,881</u>	<u>2,106,855</u>	<u>929,265</u>
<b>SPECIAL ITEM</b>						
Forgiveness of debt	(317,965)	317,965	-	-	-	-
Net change in fund balances	(4,494,756)	573,085	(474,726)	(482,867)	122,024	(4,757,240)
Fund balances (deficit), beginning	(347,319)	3,914,727	259,621	10,852,225	3,699,484	18,378,738
<b>Fund (deficit) balances, ending</b>	<b><u>\$ (4,842,075)</u></b>	<b><u>\$ 4,487,812</u></b>	<b><u>\$ (215,105)</u></b>	<b><u>\$ 10,369,358</u></b>	<b><u>\$ 3,821,508</u></b>	<b><u>\$ 13,621,498</u></b>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**Net change in fund balances (deficit) - total governmental funds** **\$ (4,757,240)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives:

Expenditures for capital assets	2,839,123	
Less current year depreciation	<u>(2,695,987)</u>	143,136

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position:

Net adjustments to capital assets	<u>(131,506)</u>	(131,506)
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Certain revenues are reported as deferred inflows in the fund financial statements due to amounts being unavailable; under full accrual accounting they are reported as revenues:

Grant revenues	700,028	
Other revenues	<u>(1,750,400)</u>	(1,050,372)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal is an expenditure in the governmental funds. The issuance increases long-term liabilities in the Statement of Net Position, while the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums and discounts and similar items when debt is first issued whereas those amounts are deferred and amortized in the Statement of Activities over time:

Amortization of bond discount	(97,520)	
Principal paid on bonds, loans and capital leases	877,292	
Proceeds from capital lease and installment purchase	<u>(629,483)</u>	150,289

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

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:

Compensated absences	(552,180)	
Landfill and closure cost	376,995	
Other post employment benefits	(1,459,746)	
Net pension expense	7,274,568	
Accrued interest on long term debt	<u>(253,840)</u>	5,385,797

Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds. The change in net position of the internal service funds is reported with governmental activities.

<b>Change in net position of governmental activities</b>	<u><u><b>\$ 1,361,949</b></u></u>	
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**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash and cash equivalents	\$ 27,280,525	\$ 1,900,709	\$ 29,181,234	\$ 11,307,635
Pooled investments	6,775,857	-	6,775,857	1,284,404
Accounts receivables, net of allowance	14,127,233	1,013,457	15,140,690	684
Grants receivables from other governments	141,085	-	141,085	9,037
Inventories and supplies	575,433	-	575,433	56,413
Prepays and deposits	-	-	-	40,630
Unamortized debt issuance - prepaid insurance	-	11,644	11,644	-
<b>Total current assets</b>	<u>48,900,133</u>	<u>2,925,810</u>	<u>51,825,943</u>	<u>12,698,803</u>
Non-current assets:				
Capital assets, net	36,228,435	8,146,151	44,374,586	1,238,866
<b>Total non-current assets</b>	<u>36,228,435</u>	<u>8,146,151</u>	<u>44,374,586</u>	<u>1,238,866</u>
<b>Total assets</b>	<u>85,128,568</u>	<u>11,071,961</u>	<u>96,200,529</u>	<u>13,937,669</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred loss on debt refunding	-	19,672	19,672	-
Pensions	2,235,526	228,059	2,463,585	751,665
<b>Total deferred outflow of resources</b>	<u>2,235,526</u>	<u>247,731</u>	<u>2,483,257</u>	<u>751,665</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	5,266,979	545	5,267,524	266,667
Constructions contracts payable	178,824	-	178,824	2,023
Accrued payroll and benefits	191,151	28,396	219,547	21,613
Deposits and performance bonds	2,602,580	-	2,602,580	-
Compensated absences	191,377	61,384	252,761	66,429
Bonds, notes, leases payable	360,000	86,522	446,522	363,344
<b>Total current liabilities</b>	<u>8,790,911</u>	<u>176,847</u>	<u>8,967,758</u>	<u>720,076</u>
Non-current liabilities:				
Bonds, notes and lease payable	2,507,326	1,931,028	4,438,354	206,157
Compensated absences	1,419,151	114,545	1,533,696	314,345
Claims payable	-	-	-	2,977,310
Net pension liability	3,978,047	760,270	4,738,317	1,310,827
Net OPEB liability	1,121,852	198,712	1,320,564	346,463
<b>Total non-current liabilities</b>	<u>9,026,376</u>	<u>3,004,555</u>	<u>12,030,931</u>	<u>5,155,102</u>
<b>Total liabilities</b>	<u>17,817,287</u>	<u>3,181,402</u>	<u>20,998,689</u>	<u>5,875,178</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	1,005,290	104,834	1,110,124	286,571
<b>Total deferred inflows of resources</b>	<u>1,005,290</u>	<u>104,834</u>	<u>1,110,124</u>	<u>286,571</u>
<b>NET POSITION</b>				
Net investment in capital assets	33,182,285	6,128,601	39,310,886	669,365
Unrestricted	35,359,232	1,904,855	37,264,087	7,858,220
<b>Total net position</b>	<u>\$ 68,541,517</u>	<u>\$ 8,033,456</u>	<u>\$ 76,574,973</u>	<u>\$ 8,527,585</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for water	\$ 13,162,846	\$ -	\$ 13,162,846	\$ -
Sanitary sewer fees	17,354,151	-	17,354,151	-
Stormwater charges	-	2,610,940	2,610,940	-
Charges for services provided to other funds	-	-	-	5,798,803
Other revenues	1,083,609	-	1,083,609	294,580
Total operating revenues	<u>31,600,606</u>	<u>2,610,940</u>	<u>34,211,546</u>	<u>6,093,383</u>
<b>OPERATING EXPENSES</b>				
Personnel services	4,452,035	585,536	5,037,571	1,055,164
Wholesale water cost and sewage disposal	15,280,638	-	15,280,638	-
Materials, supplies, services and other operating	8,613,250	1,454,712	10,067,962	2,165,543
Claims cost	-	-	-	868,549
Depreciation	1,973,879	390,087	2,363,966	308,266
Total operating expenses	<u>30,319,802</u>	<u>2,430,335</u>	<u>32,750,137</u>	<u>4,397,522</u>
<b>Operating income</b>	<b><u>1,280,804</u></b>	<b><u>180,605</u></b>	<b><u>1,461,409</u></b>	<b><u>1,695,861</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	85,446	-	85,446	13,771
Other non-operating revenues	-	20,510	20,510	3,193
Interest expense	(114,586)	(83,167)	(197,753)	(33,006)
Total non-operating revenues	<u>(29,140)</u>	<u>(62,657)</u>	<u>(91,797)</u>	<u>(16,042)</u>
Income before contributions and transfers	<u>1,251,664</u>	<u>117,948</u>	<u>1,369,612</u>	<u>1,679,819</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Transfers out	(215,054)	(26,754)	(241,808)	(57,974)
Total contributions and transfers	<u>(215,054)</u>	<u>(26,754)</u>	<u>(241,808)</u>	<u>(57,974)</u>
Change in net position	1,036,610	91,194	1,127,804	1,621,845
Net position, beginning	<u>67,504,907</u>	<u>7,942,262</u>	<u>75,447,169</u>	<u>6,905,740</u>
<b>Net position, ending</b>	<b><u>\$ 68,541,517</u></b>	<b><u>\$ 8,033,456</u></b>	<b><u>\$ 76,574,973</u></b>	<b><u>\$ 8,527,585</u></b>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 30,516,997	\$ 2,610,940	\$ 33,127,937	\$ -
Cash receipts from other funds	-	-	-	5,798,803
Other cash receipts	1,083,609	-	1,083,609	294,580
Payments to employees	(4,452,035)	(585,536)	(5,037,571)	(1,055,164)
Payments for wholesale water & sewer	(15,280,638)	-	(15,280,638)	-
Payments to suppliers	(3,130,752)	(1,642,460)	(4,773,212)	(2,050,469)
Payments for claims	-	-	-	(868,549)
Payments for interfund services	(3,503,164)	(13,489)	(3,516,653)	-
Net cash provided by operating activities	<u>5,234,017</u>	<u>369,455</u>	<u>5,603,472</u>	<u>2,119,201</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants and other revenues	-	20,510	20,510	-
Transfers out	(215,054)	(26,754)	(241,808)	(57,974)
Net cash used for noncapital financing activities	<u>(215,054)</u>	<u>(6,244)</u>	<u>(221,298)</u>	<u>(57,974)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital lease	3,194	-	3,194	3,193
Principal paid on bonds, notes and capital leases	(132,780)	(350,000)	(482,780)	(363,344)
Interest paid on bonds, notes and capital leases	(114,586)	(83,167)	(197,753)	(33,006)
Acquisition and construction of capital assets	(2,816,108)	(47,426)	(2,863,534)	(11,032)
Net cash used for capital and related financing activities	<u>(3,060,280)</u>	<u>(480,593)</u>	<u>(3,540,873)</u>	<u>(404,189)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(54,685)	-	(54,685)	(13,771)
Interest earnings	85,446	-	85,446	13,916
Net cash provided by investing activities	<u>30,761</u>	<u>-</u>	<u>30,761</u>	<u>145</u>
Net increase in pooled cash and cash equivalents	1,989,444	(117,382)	1,872,062	1,657,183
Pooled cash and cash equivalents, beginning	25,291,081	1,895,354	27,186,435	9,650,452
Pooled cash and cash equivalents, ending	<u>\$ 27,280,525</u>	<u>\$ 1,777,972</u>	<u>\$ 29,058,497</u>	<u>\$ 11,307,635</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 1,280,804	\$ 180,605	\$ 1,461,409	\$ 1,695,861
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,973,879	390,087	2,363,966	308,266
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,242,144)	(138,609)	(1,380,753)	(324)
(Increase) decrease in grants receivable from other governments	611,436	-	611,436	-
(Increase) decrease in inventories and supplies	(33,029)	-	(33,029)	3,412
(Increase) decrease in prepaids and deposits	-	-	-	(11,751)
(Increase) decrease in deferred outflows of resources	(169,058)	(36,263)	(205,321)	16,259
Increase (decrease) in vouchers payable	1,238,164	(11,521)	1,226,643	184,987
Increase (decrease) in constructions contracts payable	100,994	-	100,994	-
Increase (decrease) in accrued payroll and benefits	26,382	(18,428)	7,954	5,501
Increase (decrease) in deposits and performance bonds	1,199,973	-	1,199,973	-
Increase (decrease) in compensated absences	843,139	74,930	918,069	51,103
Increase (decrease) in claims payable	-	-	-	24,218
Increase (decrease) in other post-employment benefits obligation	152,977	21,894	174,871	40,527
Increase (decrease) in net pension liability	(1,137,302)	(141,484)	(1,278,786)	(303,400)
Increase (decrease) in deferred inflows of resources	387,802	48,244	436,046	104,542
Net cash provided by operating activities	<u>\$ 5,234,017</u>	<u>\$ 369,455</u>	<u>\$ 5,603,472</u>	<u>\$ 2,119,201</u>
Non-cash investing, capital and financing activities:				
Amortization of deferred amounts	-	(20,510)	(20,510)	-
Total non-cash investing, capital and financing activities:	<u>\$ -</u>	<u>\$ (20,510)</u>	<u>\$ (20,510)</u>	<u>\$ -</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2017**

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and short-term investments	\$ 318,137
Investments:	
Short term investments	2,732,146
U.S. Treasuries	13,127,316
U.S. Agency obligations	14,667,255
Corporate bonds	16,512,703
Common stock and mutual funds	73,063,919
Real estate funds	20,008,853
Bond index fund	16,030,140
Index funds	33,023,926
Total investments	189,166,258
Receivables:	
Plan members' contributions	35,595
CNM Share Plan	116,211
Receivable from broker on investments sold	421,646
Accrued interest	212,291
Accrued dividends	41,050
Total receivables	826,793
Total assets	190,311,188
<b>LIABILITIES</b>	
Accounts payable	67,482
Payable to broker for investments purchased	869,656
Benefits payable	142,268
Total liabilities	1,079,406
<b>NET POSITION</b>	
Net position restricted for pension benefits	\$ 189,231,782

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 8,669,199
Plan members	1,968,090
County	103,860
Other	84,339
Total contributions	10,825,488
Investment income :	
Net appreciation in fair value of investments	17,545,831
Interest	1,078,105
Dividends	1,127,261
Gross investment income	19,751,197
Less investment expenses	(745,877)
Net investment income	19,005,320
Total additions	29,830,808
<b>DEDUCTIONS</b>	
Benefits paid directly to Plan members:	
Normal retirement	10,042,289
Disability retirement	239,967
Death benefit	33,299
Lump sum retirement	1,163,748
Refunds of contributions	130,714
Total benefits paid	11,610,017
Administrative expenses	422,241
Total deductions	12,032,258
Net increase in net position	17,798,550
Net position, beginning	171,433,232
Net position, ending	\$ 189,231,782

See notes to basic financials statements.



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## **Notes to Basic Financial Statements**



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**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of North Miami, (the “City”), located in Miami-Dade County, Florida, was incorporated in 1926. The City operates under a Council-Manager form of government and provides the following services: general government, public safety, public works, solid waste, water and sewer utility, stormwater management, culture and recreation including library services and community planning and development.

The accounting policies of the City, as reflected in the accompanying financial statements for the year ended September 30, 2017, conform to generally accepted accounting principles (“GAAP”), in the United States for local governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City’s most significant accounting policies applied in the preparation of the accompanying financial statements are described below.

**A. Financial Reporting Entity**

The financial reporting entity covered by this report includes the City and its component units. The reporting entity has been defined in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100. The accompanying financial statements include those of the City (the primary government) and those of its component units. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the City's financial statements because of the nature and significance of their relationship with the primary government. GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100 provides guidance for the inclusion of a legally separate entity as a component unit of an entity. The application of this guidance provides for identification of entities for which the City is financially accountable or organizations that the nature and significance of their relationship with the City are such that exclusions would cause the City's basic financial statements to be misleading or incomplete.

Based upon the application of GASB Codification Section 2100, the component units listed below have been included in the City's reporting entity as either blended or discretely presented component units.

Blended component units, although legally separate entities, are in substance part of the City's operations. Accordingly, data from these component units are included with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that they are legally separate from the City. The financial balances and activities for each blended and discretely presented component unit are as of and for the year ended September 30, 2017.

***Blended Component Units***

*North Miami Community Redevelopment Agency (CRA)* – The CRA was created on June 7, 2005, in accordance with Chapter 163.356, Florida Statutes, to establish and carryout redevelopment objectives in economically deprived areas of the City. The CRA, whose board members are the same as the City Council’s, provides services that exclusively benefit the City. The CRA is fiscally

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

dependent on the City because the City Council approves the CRA's budget, levies taxes, and must approve any debt issuances.

Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency, 776 N.E. 125 Street, North Miami, Florida 33161.

*Museum of Contemporary Art ("MOCA")* - MOCA is a non-profit organization established by City Ordinance in 1980 to provide cultural benefits to the City. The museum is operated and managed by a board of trustees. In 2008, the City entered into a management agreement with the organization and its board of trustees under which the City primarily funds operations of MOCA in its annual budget. Complete financial statements for MOCA can be obtained by writing to: Director, Museum of Contemporary Art, 770 N.E. 125 Street, North Miami, Florida 33161.

***Discretely Presented Component Unit***

*City of North Miami Health Facilities Authority (the "Authority")* - The Authority was created pursuant to State Statute to issue special obligation debt for capital improvements on certain health facilities located inside and outside the City limits. The debt is supported solely from revenues generated by said facilities and does not constitute an obligation of the City or the Authority. The Authority's sole activity in which it engages, is the issuance of revenue bonds to finance health care facilities, which is subject to the approval of the City Council. In addition, the City Council is responsible for appointing the members of the Board of the Authority, however, it does not function as an integral part of the primary government and it is presented as a discrete component unit. The Authority receives no revenues and makes no disbursements. Because there are no assets, liabilities or results of operations to report, no disclosure other than this description is made in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

***Related Entity***

The following related entity does not meet the criteria for a component unit and is not included in the City's financial statements. City Officials appointed the initial board and continue to appoint members to the boards of the following organization. The City's accountability for this organization does not extend beyond making appointments:

*North Miami Educational Foundation Inc. ("the Foundation")* - The Foundation is a non-profit organization incorporated in 2012. The original purpose of the Foundation was to provide financial assistance to at-risk students and economically disadvantaged residents in their pursuit of education. The founding board of nine members was selected by the City Council. The City awarded an initial contribution of \$350,000 to establish an endowment fund. An investment firm holds the funds and the earnings are used to fund the mission of the Foundation.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on user fees and charges to recover their costs and for capital renewal.

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 clearly identifiable with a specific function or segment. Program revenues include:

- (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is 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. The remaining non-major governmental funds are aggregated and reported as non-major governmental funds as a separate column.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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, claims and judgments, pension, postemployment benefits other than pensions, and landfill closure cost are recorded only when payment is due.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes, franchise fees and other taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be subject to accrual and are recognized as revenues of the current fiscal period when measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Community Development Block Grant (C.D.B.G.) Entitlement Fund** accounts for grant-related revenues and expenditures for housing rehabilitation programs.

The **Landfill Closure Fund** accounts for the costs of remediation and closure of the former Munisport landfill site and revenues generated from interest earned on the restricted cash balances.

The **CRA Fund** accounts for incremental tax revenues received from the City and Miami-Dade County to finance redevelopment projects intended to stimulate rehabilitation or development in the CRA area.

The City reports the following major proprietary funds:

The **Water and Sewer Utility Fund** accounts for the activity related to providing water treatment and distribution services and sewage treatment to all areas within the City limits and certain districts outside the City limits.

The **Stormwater Utility Fund** accounts for the activity of the City's stormwater systems and pollution resulting from stormwater runoff.

Additionally, the City reports the following fund types:

**Internal Service Funds** account for the cost of insuring the City in the areas of workers' compensation and general liability risks, and providing fleet management services to other departments on a cost reimbursement basis.

The **Pension Trust Funds** (Clair T. Singerman Plan and Police Pension Plan) are used to account for the City's two single-employer defined benefit pension plans. The Clair T. Singerman Plan and the Police Pension Plan were frozen to new participants in June 2016 and December 2016, respectively. New employees hired after such date are required to participate in the State of Florida Retirement System.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Reconciliation of Government-wide and Fund Financial Statements*

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset, liability and deferred inflow/outflow of resource elements which comprise the reconciliation difference stem from governmental funds using the *current financial resources measurement focus and the modified accrual basis of accounting* while the government-wide financial statements use the *economic resources measurement focus and the accrual basis of accounting*.

A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and change in net position for governmental activities as shown on the government-wide statement of activities is presented in accompanying schedule to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenue and expense elements, which comprise the reconciliation differences, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use *the economic resources measurement focus and the accrual basis of accounting*.

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 and other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

In the government wide statement of activities amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes with the exception of local option fuel taxes and the half-cent transportation surtax. Proceeds from these taxes are used to fund transportation related expenditures and, therefore, are reported as *program revenues* under the function "transportation".

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations.

The principal operating revenues of the City's water and sewer fund, stormwater utility fund and internal service fund, are charges for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed. Unrestricted resources

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

include committed, assigned and unassigned amounts, which are available and can be used for the intended purpose. When unrestricted resources are available for use, it is the City's policy to use committed resources first, then assigned and then unassigned as they are needed.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**1. Cash, Cash Equivalents and Investments**

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of collateralized interest on public funds checking accounts and investments with the State Board of Administration Investment Pool. The City pools cash from most of its funds for accounting and investments purposes. This gives the City the ability to maximize earnings potential from large idle cash. The relationship of an individual fund to the pooled cash account is similar to that of a demand deposit account. Individual funds can withdraw cash from the account as needed and, therefore, all equity in the pooled cash is considered highly liquid.

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, 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 based upon equity balances of the respective funds. The average interest rate earned on investments was approximately 0.87% for fiscal year 2017.

The types of investments that can be purchased and held by the City are governed by the City's investment policy and the provisions of Florida Statutes Section 218.415. Under City policy and the statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the State Board of Administration Investment Pool, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

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

*Investments*

Certain investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain investments are recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net assets is attributed. Certain investments are recorded at amortized cost.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The fair value hierarchy established by GASB 72 categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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

Level 2 – Investments’ fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 – Investments’ fair values based upon unobservable inputs.

Net appreciation or depreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date. Dividends are recorded on the ex-dividend date.

Alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies, which include pricing models, discounted cash flow models and similar techniques.

Real estate partnerships provide quarterly valuations to management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership’s valuation policies.

Collective investment trust are valued by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded securities. The funds have daily openings whereby contributions and withdrawals can be made on a daily basis.

**2. Interfund Receivables, Payables and Transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**3. Receivables**

All trade and other receivables are shown net of an allowance for uncollectable amounts. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectable based on management's assessment of individual creditors' ability to pay, a general allowance is calculated based on the City's historical collection experience to ensure all receivables are recorded at their net realizable value.

Water and wastewater charges to customers are based on actual water consumption. The City recognizes revenue and a related receivable for the estimated unbilled consumption as of September 30th of each year.

During the year ended September 30, 2017, management determined that approximately \$1.8 million of water and sewer utility billing credits granted to customers in fiscal years 2014 through 2016 was not properly accounted for in the water and sewer fund financial statements. Management corrected the error during the fiscal year ended September 30, 2017, by reducing revenues in the water and sewer fund statement of revenues, expenses and changes net position and on the government-wide statement of activities. Management believes that this adjustment does not materially misstate either the current or prior period financial statements.

**4. Inventories and Prepays**

Inventories consist principally of materials and supplies held for consumption and are recorded at cost. In the governmental funds, the cost of inventories are recorded as expenditures at the time of purchase since such amounts are not material to the financial statements. In the proprietary funds, the cost of inventories are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to the future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**5. Assets Held for Resale**

The government-wide financial statements presents assets held for resale, which are properties held by the City for resale in connection with the City's grant programs. Such balances are recorded at lower of cost or market. In the fund financial statements such purchases of assets are recorded as expenditures.

**6. Capital Assets**

Capital assets, which include land, buildings, machinery, equipment and infrastructure assets (e.g., utility lines, roads, bridges, sidewalks, and similar items) are reported at cost or estimated historical cost in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their acquisition value at the date of donation. The City's capitalization thresholds are: \$1,000 for equipment and \$5,000 each for land,



**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

buildings, and infrastructure items. The City’s capitalization threshold for intangible assets is \$30,000 for software and \$75,000 for easements. The costs of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or materially extend asset lives beyond one year are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

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

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	10-50
Intangibles	5-25
System infrastructure	5-50
Vehicles, and other outdoor equipment	3-10
Office equipment	5-10
Computer equipment	3-4
Library books	5

**7. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, such estimates may ultimately differ from actual results.

**8. Deferred Outflows/Inflows of Resources**

The Statement of Net Position also includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenses in the future period to which it applies. The City currently reports deferred outflows related to debt refundings and pensions in this category. The deferred outflow relating to debt includes the difference between the carrying value of refunded debt and its reacquisition price. This amount is being deferred and amortized over the life of the refunding debt.

The Statement of Net Position also displays a separate section for deferred inflow of resources. This represents the acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. In this category, the City currently reports deferred inflows of resources related to revenues received in advance for licenses, lease payments for Biscayne Landings (based on agreement with Oleta partners) and deferred inflows related to pensions.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Unearned Revenues**

Unearned revenue represents items for which the City has not met all eligibility requirements imposed by the provider to allow for revenue recognition.

The following schedule summarizes the City's deferred outflows/inflows of resources and unearned revenues as of fiscal year end:

<u><i>Governmental Activities</i></u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Unearned Revenues</u>
Grant funds received	\$ -	\$ -	\$ 589,634
Rent received in advance	-	-	12,059,642
Miscellaneous advance receipts	-	-	443,334
Pensions	<u>18,028,916</u>	<u>8,559,307</u>	<u>-</u>
Total governmental activities	<u><u>18,028,916</u></u>	<u><u>8,559,307</u></u>	<u><u>13,092,610</u></u>
<u><i>Business-type Activities</i></u>			
Loss on debt refunding	19,672	-	-
Pensions	<u>2,463,585</u>	<u>1,110,124</u>	<u>-</u>
Total business-type activities	<u><u>\$ 2,483,257</u></u>	<u><u>\$ 1,110,124</u></u>	<u><u>\$ -</u></u>

**10. Compensated Absences**

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay are 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, due to employee resignation or retirement. The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 25% to 100% depending on years of service. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences of governmental funds.

**11. Long-Term Debt**

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as prepaid bond insurance costs, are deferred and amortized over

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

the life of the bonds using the straight-line amortization method. The result of using this method does not differ significantly from the effective interest method. All other debt issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount. In addition, the difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing use. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**12. Net Position/Fund Balance**

*Net position (deficit)* - This is the result of assets plus deferred outflows of resources, less liabilities and deferred inflows of resources in the government-wide and proprietary funds. Statements of net position are displayed in three categories:

- 1) Net investment in capital assets
- 2) Restricted
- 3) Unrestricted

*Net investment in capital assets* consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Deferred inflow/outflow of resources attributable to the acquisition, construction, or improvement of those assets and related debt are included in this component of net position. *Restricted* net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions. *Unrestricted* net position (deficit) consist of all net position that does not meet the definition of either of the other two components.

*Fund Balance* - Governmental funds financial statements report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is legally bound to honor the specific purposes for which amounts in fund balance may be spent.

Fund balances are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- *Nonspendable Fund Balances* - include amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts), or legally or contractually required to remain intact (e.g. endowment).
- *Restricted Fund Balances* - include amounts that are restricted for specific purposes either by: (a) constraints imposed by external providers (such as grantors, creditors, bondholders, contributors, or laws or regulations of other governments), or (b) imposed by constitutional provisions. The City's restricted fund balances are for the following purposes:

Landfill closure \$10,369,358; housing and other community development \$5,918,199; public safety projects \$1,430,387; developer impact fees \$427,344; cultural and recreational purposes \$748,285; City transportation programs \$1,562,068.

- *Committed Fund Balances* - include amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, which is the City's highest level of decision-making authority, set in place prior to the end of the period. An ordinance is the formal action required to establish, modify or rescind a fund balance commitment since it constitutes the highest binding constraint. The same type of formal action that created the constraint is required to change or remove the specified use. There was no committed fund balance of fiscal year end.
- *Assigned Fund Balances* - include amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made by the City Manager based upon the direction of the City Council. The assigned fund balances relate to the following:

\$321,121 funding for MOCA activities and \$23,149 to fund on-going project for the Arch Creek Bridge project.

- *Unassigned Fund Balances* - include amounts that have not been restricted, committed or assigned.

The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. Accordingly, in addition to the General Fund negative unassigned fund balance of (\$4,921,302) the nonmajor governmental funds reported a total negative unassigned fund balance of (\$721,370).

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Impact of Recently Issued Accounting Pronouncements**

*Issued and Adopted Accounting Pronouncements*

As of September 30, 2017, the City adopted the following statements of financial accounting standards issued by the GASB:

*Accounting Standards Adopted*

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015 with effective date for fiscal years beginning after June 15, 2016. The adoption resulted in no additional financial impact for the City.

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued August 2015. The adoption resulted in no additional disclosures as the City did not enter into any tax abatement agreement fiscal year ended September 30, 2017.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued December 2015. The provisions of this Statement are effective for the City for the fiscal year ended September 30, 2017. The adoption resulted in no additional financial impact for the City.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, was issued January 2016. The adoption resulted in no additional disclosure for the City.

GASB Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued March 2016. The adoption of GASB Statements No. 82 is reflected in the government-wide financial statements and in Note 10, Employee Retirement Plans.

*Pronouncements Issued But Not Yet Adopted*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, was issued June 2015. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2019.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 84, *Fiduciary Activities*, was issued January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It establishes criteria for identifying fiduciary activities of all state and local governments with general focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2020.

GASB Statement No. 85, *Omnibus 2017*, was issued March 2017. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits and other postemployment benefits (OPEB). The provisions of this Statement will be effective for the City beginning with fiscal year ending September 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017 and effective for reporting periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. For the current fiscal year, the City has no transactions applicable to the provisions of this Statement.

GASB Statement No. 87, *Leases*, was issued in June 2017 and is effective for reporting periods beginning after December 15, 2019. This Statement aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

*Deposits – Excluding Pension Trust Funds*

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

*Investments – Excluding Pension Trust Funds*

The SBA administers the Florida PRIME which is governed by Ch. 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. Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in the State Board Administration (SBA) Florida PRIME totaling \$6,387,045 are recorded at amortized cost.

As of September 30, 2017, the City’s deposit and investment balances, including balances for the City’s blended component unit, were as follows:

<u>Investment Type</u>	<u>Balance</u>
<b>Pooled Cash and Investments:</b>	
Cash	\$ 49,900,080
Florida Prime (SBA)	6,387,045
Money market funds	2,334,128
<b>Total pooled cash and investments</b>	<u>58,621,253</u>
<b>Non-Pooled Cash and Investments:</b>	
North Miami CRA - Cash	4,714,037
MOCA - cash	654,919
MOCA - investment	416,285
Landfill - cash	10,369,358
<b>Total non-pooled cash and investments</b>	<u>16,154,599</u>
<b>Total Cash and Investments</b>	<u>\$ 74,775,852</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The City's investments are categorized as follows according to the GASB 72 fair level hierarchy:

	<u>City of North Miami</u>	
	<u>Fair Value Measurements Using</u>	
	<u>Balance</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<b>Investments by fair value level</b>		
Money market funds:		
Iberia Bank	\$ 1,500,000	\$ 1,500,000
SunTrust bank	834,128	834,128
<b>Total Investments by Fair Value</b>	<u>\$ 2,334,128</u>	<u>\$ 2,334,128</u>

Interest Rate Risk

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2017, meet our investment policy restrictions.

Credit Risk

The City has an investment policy that limits investments to the highest ratings by two nationally recognized statistical rating organizations (NRSRO) Standard and Poor's and Moody's Investment Services. Excess funds are invested with the SBA Florida PRIME which is rated AAAM by Standard and Poor's. The City's investments in money market funds of \$2,334,128 are not rated.

Concentration Credit Risk

The City's investment policy limits its investments to no more than 15% in any one issuer. This includes certificates of deposit, U.S. Federal Agencies, and federal instrumentalities. The maximum limit for total investments varies from 35% to 60% by type. The City does not have an issuers limit for the SBA Trust Funds. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The City does not have more than 5% of their investment in any one issuer.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All securities purchased by the City are designated as an asset in the City's name and are held in safekeeping by the City's custodian bank or a third party custodian institution.

Risks and Uncertainties

The City and Pension Plan investments are in a combination of stocks, bonds, government securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is



**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the financial statements.

***Investments – Pension Trust Funds***

The City’s Pension Trust Funds are Clair T. Singerman (“CTS”) Retirement System and the North Miami Police Pension Plan (“NMPP”). As of September 30, 2017, the City’s Pension Trust Funds had the following combined investments:

	<b>Combined Investments - CTS Retirement System and NMPP Plan</b>				
	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 13,127,316	\$ -	\$ 1,600,243	\$ 9,095,634	\$ 2,431,439
U.S. Agency Obligations	14,667,255	4,542,144	6,580,625	2,012,789	1,531,697
Corporate bonds	16,512,703	1,811,622	9,455,518	4,742,483	503,080
Bond index funds	<u>16,030,140</u>	<u>12,361,249</u>	<u>-</u>	<u>3,668,891</u>	<u>-</u>
Total	<u>\$ 60,337,414</u>	<u>\$ 18,715,015</u>	<u>\$ 17,636,386</u>	<u>\$ 19,519,797</u>	<u>\$ 4,466,216</u>

**Clair T. Singerman (CTS) Retirement System**

All investments made or held by the CTS Retirement System shall be limited to the following as per the CTS Retirement System’s investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Investment Maturity*

Neither State law, nor the CTS Retirement System investment policy limit maturity term on fixed income holdings. As of September 30, 2017, the following table shows the distribution of the CTS Retirement System's investments by maturity:

	<b>Investments - CTS Retirement System</b>				
	<u>Investment Maturities (In Years)</u>				
	<u>Fair</u> <u>Value</u>	<u>Less than</u> <u>1 Year</u>	<u>1 to 5</u> <u>Years</u>	<u>6 to 10</u> <u>Years</u>	<u>10 or More</u> <u>Years</u>
U.S. Treasuries	\$ 9,746,085	\$ -	\$ 1,600,243	\$ 5,714,403	\$ 2,431,439
U.S. Agency Obligations	8,445,051	2,736,150	3,620,103	1,228,943	859,855
Corporate bonds	14,362,453	1,811,622	8,178,025	3,869,726	503,080
Bond index funds	<u>12,361,249</u>	<u>12,361,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 44,914,838</u>	<u>\$ 16,909,021</u>	<u>\$ 13,398,371</u>	<u>\$ 10,813,072</u>	<u>\$ 3,794,374</u>

*Interest Rate Risk*

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The CTS Retirement System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

*Credit Risk*

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. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The CTS Retirement System's investment policy utilizes portfolio diversification in order to control this risk.

State law limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The following table discloses credit ratings, by investment type, at September 30, 2017:

<b>CREDIT RATINGS BY INVESTMENT TYPE - CTS RETIREMENT SYSTEM</b>					
<u>Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Agencies</u>	<u>U.S. Treasuries</u>	<u>Grand Total</u>	<u>% of Portfolio</u>
N/A	-	\$ 2,854,281	-	\$ 2,854,281	9%
A1	6,868,379	-	-	6,868,379	21%
A2	1,724,265	-	-	1,724,265	5%
A3	1,509,630	-	-	1,509,630	5%
Aa1	623,538	-	-	623,538	2%
Aa2	2,517,101	-	-	2,517,101	8%
N/A	-	-	9,746,085	9,746,085	30%
Aaa	1,119,540	5,590,770	-	6,710,310	21%
<b>Total</b>	<u>\$ 14,362,453</u>	<u>\$ 8,445,051</u>	<u>\$ 9,746,085</u>	<u>\$ 32,553,589</u>	<u>100%</u>

*Concentration of Credit Risk*

The CTS Retirement System's investment policy stipulates that not more than 5% of its assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2017, the value of each position held by the CTS Retirement System's portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The CTS Retirement System does not have more than 5% of their investment in anyone issuer.

*Custodial Credit Risk*

This is the risk that in the event of the failure of the counterparty, the CTS Retirement System will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The CTS Retirement System has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the CTS Retirement System are designated as assets of the CTS Retirement System in the Retirement System's name and are held in safekeeping by the CTS Retirement System's custodial bank or a third party custodial institution.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Fair Value*

The following is a description of the fair value measurements used for the CTS Retirement System investments. Level 1 and 2 prices are obtained from various pricing sources by the CTS Retirement System's custodian bank:

- Short-term investments, which consist of money market funds, are reported at amortized cost.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock and mutual funds.
- Debt securities classified as Level 1 on the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S. Treasury bonds and notes. Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.
- The CTS Retirement System has alternative investments consisting of real estate funds and a collective investment trust fund which hold a variety of investment vehicles that are reported at net asset value.

CTS Retirement System investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2017:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

	<b>CTS Retirement System</b>		
	Balance	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level</b>			
Debt securities:			
U.S. Treasury	\$ 9,746,085	\$ 9,746,085	\$ -
U.S. Agencies	8,445,051	-	8,445,051
Corporate bonds	14,362,453	-	14,362,453
<b>Total Debt Securities</b>	<u>32,553,589</u>	<u>9,746,085</u>	<u>22,807,504</u>
Equity securities:			
Common stock	40,946,215	40,946,215	-
Mutual fund	12,361,249	12,361,249	-
<b>Total Equity Securities</b>	<u>53,307,464</u>	<u>53,307,464</u>	<u>-</u>
<b>Total Investments by Fair Value</b>	<u>\$ 85,861,053</u>	<u>\$ 63,053,549</u>	<u>\$ 22,807,504</u>
<b>Investments Measured at Net Asset Value (NAV)</b>			
Real estate funds	\$ 12,295,573		
Collective investment trust fund	18,523,940		
Total investments measured at NAV	<u>30,819,513</u>		
Money market funds (exempt)	2,237,101		
<b>Total Investments</b>	<u>\$ 118,917,667</u>		

The following table summarizes investments for which fair value is measured using the net asset value (NAV) per share practical expedient method.

<b>CTS Retirement System</b>	
<b>Investments Measured at NAV</b>	<b>Balance</b>
Real estate funds <sup>1</sup>	\$ 12,295,573
Collective investment trust fund <sup>2</sup>	18,523,940
Total investments measured at NAV	<u>\$ 30,819,513</u>

<sup>1</sup> Real estate funds – Consists of two real estate partnerships. One of the funds is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive to other asset classes with stable income and the potential for market appreciation. The fund invests primarily in core institutional quality industrial, multi family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. Requests for redemption in this fund may be made at any time with 10 days' notice. The other fund invests directly and indirectly in real estate using vehicles such as joint ventures, partnerships and other participation interests with real estate owners, developers and others. The fund seeks a diversified portfolio consisting of yield-driven real estate value added investments consisting of multi-family, industrial, retail, residential and mixed-use properties. The fund provides for redemptions with 90 days' notice.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

<sup>2</sup> Collective investment trust fund – Consists of index funds considered commingled in nature which is designed to match the return of its respective benchmark index. The fund is valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. The fund is open for withdrawal daily and provides for redemptions with 1-day notice.

**North Miami Police Pension Plan**

All investments made or held by the North Miami Police Pension (“NMPP”) Plan shall be limited to the following as per the NMPP Plan’s investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

**Investment Maturity**

Neither state law nor the NMPP Plan investment policy limits maturity term on fixed income holdings. As of September 30, 2017, the following table shows the distribution of the NMPP Plan’s investments, by maturity:

	<b>Investments - NMPP Plan</b>				
	<u>Investment Maturities (In Years)</u>				
	<u>Fair</u> <u>Value</u>	<u>Less than</u> <u>1 Year</u>	<u>1 to 5</u> <u>Years</u>	<u>6 to 10</u> <u>Years</u>	<u>10 or More</u> <u>Years</u>
U.S. Treasuries	\$ 3,381,231	\$ -	\$ -	\$ 3,381,231	\$ -
U.S. Agency Obligations	6,222,204	1,805,994	2,960,522	783,846	671,842
Corporate bonds	2,150,250	-	1,277,493	872,757	-
Bond index funds	3,668,891	-	-	3,668,891	-
<b>Total</b>	<b><u>\$ 15,422,576</u></b>	<b><u>\$ 1,805,994</u></b>	<b><u>\$ 4,238,015</u></b>	<b><u>\$ 8,706,725</u></b>	<b><u>\$ 671,842</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The NMPP Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

State law and the NMPP Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service.

The following table discloses credit ratings by investment type for the NMPP Plan at September 30, 2017:

<b>CREDIT RATINGS BY INVESTMENT TYPE - NMPP PLAN</b>					
Rating	Corporate Bonds	U.S. Agencies	U.S. Treasuries	Grand Total	% of Portfolio
N/A	\$ -	\$ 1,900,968	\$ -	\$ 1,900,968	16%
A1	477,622	-	-	477,622	4%
A2	568,371	-	-	568,371	5%
A3	858,801	-	-	858,801	7%
Aa1	245,456	-	-	245,456	2%
N/A	-	-	3,381,231	3,381,231	29%
Aaa	-	4,321,236	-	4,321,236	37%
Grand Total	<u>\$ 2,150,250</u>	<u>\$ 6,222,204</u>	<u>\$ 3,381,231</u>	<u>\$ 11,753,685</u>	<u>100%</u>

Concentration of Credit Risk

The NMPP Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2017, the value of each position held by the NMPP Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The plan does not have more than 5% of their investment in anyone issuer.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Custodial Credit Risk*

This is the risk that in the event of the failure of the counterparty, the NMPP Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the NMPP Plan are designated as assets of the NMPP Plan in the Plan's name and are held in safekeeping by the NMPP Plan's custodial bank or a third party custodial institution.

*Fair Value*

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

- Short-term investments, which consist of money market funds, are reported at amortized cost.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock and mutual funds.
- Debt securities classified as Level 1 on the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S. Treasury bonds and notes. Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.
- The NMPP Plan's alternative investments consisting of real estate funds and collective investment trust funds which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers.
- Real estate partnerships provide quarterly valuations to the pension trust fund management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership's valuation policies. Real estate partnerships investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers.
- The value of collective investment trusts are determined by the fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. Such investments are valued at net asset value held at the end of the period.



**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Plan investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2017:

	<u>Balance</u>	<u>NMPP Plan</u>	
		<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<b>Investments by Fair Value Level</b>			
Debt securities			
U.S. Treasury	\$ 3,381,231	\$ 3,381,231	\$ -
U.S. Agencies	6,222,204	-	6,222,204
Corporate bonds	<u>2,150,250</u>	<u>-</u>	<u>2,150,250</u>
<b>Total Debt Securities</b>	<u>11,753,685</u>	<u>3,381,231</u>	<u>8,372,454</u>
Equity securities			
Common stock	28,340,285	28,340,285	-
Mutual fund	<u>3,777,419</u>	<u>3,777,419</u>	<u>-</u>
<b>Total Equity Securities</b>	<u>32,117,704</u>	<u>32,117,704</u>	<u>-</u>
<b>Total Investments by Fair Value</b>	<u>\$ 43,871,389</u>	<u>\$ 35,498,935</u>	<u>\$ 8,372,454</u>
<b>Investments Measured at Net Asset Value (NAV)</b>			
Real estate funds	\$ 7,713,280		
Collective investment trust fund:			
Bond index fund	3,668,891		
Index funds	<u>14,499,986</u>		
Total investments measured at NAV	<u>25,882,157</u>		
Money market funds (exempt)	<u>495,045</u>		
<b>Total Investments</b>	<u>\$ 70,248,591</u>		

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient method:

<b>North Miami Police Pension</b>	
<b>Investments Measured at NAV</b>	
	Balance
Real estate funds <sup>1</sup>	\$ 7,713,280
Collective investment trust fund	
Bond fund <sup>2</sup>	3,668,891
Equity securities <sup>2</sup>	14,499,986
Total investments measured at NAV	\$ 25,882,157

<sup>1</sup> *Real estate fund* – Consists of two real estate partnerships. One of the funds is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive to other asset classes with stable income and the potential for market appreciation. The fund invests primarily in core institutional quality industrial, multi family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. Requests for redemption in this fund may be made at any time with 10 days’ notice. The other real estate fund held by the plan invests directly and indirectly in real estate using vehicles such as joint ventures, partnerships and other participation interests with real estate owners, developers and others. The fund seeks a diversified portfolio consisting of yield-driven real estate value added investments consisting of multi-family, industrial, retail, residential and mixed-use properties. The fund provides for redemptions with 90 days’ notice.

<sup>2</sup> *Collective investment trust funds* – Consists of two index funds considered commingled in nature which are designed to match the returns of their respective benchmark index. Each are valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. These funds are open for withdrawal daily and provide for redemptions with 1 days’ notice.

**NOTE 3. RECEIVABLES**

Receivables as of September 30, 2017, for the City’s individual major funds and nonmajor funds, in the aggregate, net of the allowances for uncollectable accounts, are as follows:

	General	CDBG Entitlement	Nonmajor Governmental	Water and Sewer	Stormwater	Internal Service Funds	Total
Receivables:							
Customer accounts	\$ 1,584,494	\$ -	\$ 13,646	\$ 15,169,162	\$ 1,139,572	-	\$ 17,906,874
Property taxes	86,506	-	-	-	-	-	86,506
Intergovernmental	1,561,610	426,048	1,545,032	141,085	-	9,037	3,682,812
Due from component	138,900	-	-	-	-	-	138,900
Other - liens interest	3,690,666	-	-	-	-	-	3,690,666
Miscellaneous - receivable	793,079	-	-	35,019	116	684	828,898
Gross receivables	7,855,255	426,048	1,558,678	15,345,266	1,139,688	9,721	26,334,656
Less allowance for uncollectables	(3,773,645)	-	-	(1,076,948)	(126,231)	-	(4,976,824)
Total receivables, net	\$ 4,081,610	\$ 426,048	\$ 1,558,678	\$ 14,268,318	\$ 1,013,457	\$ 9,721	\$ 21,357,832

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 3. RECEIVABLES (Continued)**

***Notes Receivable - Oleta Partners***

The City had a notes receivable originally in the amount of \$17,504,000 in connection with the sale of parcels of the Biscayne Landing land to Oleta Partners that occurred in November 2015. The notes are payable over ten years at an interest rate of 3.5% on the outstanding balances. The notes are recorded at the net present value.

The future minimum receipts are as follows:

Fiscal year ending September 30:	Note 1		Note 2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	934,713	294,435	815,686	256,941	1,750,399	551,376
2019	934,713	261,720	815,686	228,392	1,750,399	490,112
2020	934,713	229,005	815,686	199,843	1,750,399	428,848
2021	934,713	196,290	815,686	171,294	1,750,399	367,584
2022	934,713	163,575	815,686	142,745	1,750,399	306,320
2023-2026	3,738,857	327,150	3,262,748	285,490	7,001,605	612,640
	<u>\$ 8,412,422</u>	<u>\$ 1,472,175</u>	<u>\$ 7,341,178</u>	<u>\$ 1,284,705</u>	<u>\$15,753,600</u>	<u>\$ 2,756,880</u>

***Mortgage Loans Receivable - Housing Urban Development (HUD)***

The City provides subsidy assistance to certain qualified residents of the City through the Home Purchase Subsidy Assistance Program in accordance with HUD guidelines. The Program was designed to assist in the acquisition and/or rehabilitation of qualified primary residences, in an amount not to exceed \$50,000 per participant. Each subsidy is secured by a mortgage on the property, which is required to be paid back in the event of a default. The amount outstanding at September 30, 2017, totaled \$9,356,200. The loans are forgivable ratably over a ten-year period and have therefore been allowed for as of fiscal year end.

**NOTE 4. PROPERTY TAXES**

Property taxes are levied on November 1<sup>st</sup> of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 1<sup>st</sup>. Tax bills are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available in the month of March of the following year. Taxpayers also have the option of paying their taxes in advance in equal quarterly payments based on the prior year's tax assessment with quarterly discounts varying between 2% and 6%. All unpaid taxes on real and personal property become delinquent on April 1<sup>st</sup> and bear annual interest at 18% until a tax sale certificate is sold at auction. Miami-Dade County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The total taxable value of property, as established by the Miami-Dade County Property Appraiser, at July 1, 2016, upon which the 2017 budget was based, was approximately \$2.6 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 4. PROPERTY TAXES (Continued)**

up to \$10 per \$1,000 of assessed value for general governmental services other than the payment of principal and interest on general obligation long-term debt. For the year ended September 30, 2017, the tax rate to finance General Fund operations was 7.5000 per 1,000 of assessed value. Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$86,506 for the General Fund.

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from other funds consisted of the following balances at September 30, 2017:

	Interfund	
	Receivable	Payable
General Fund	\$ 1,170,477	\$ -
CRA	-	6,765
C.D.B.G. Entitlement Fund	-	301,210
Other nonmajor funds	-	862,502
Total	\$ 1,170,477	\$ 1,170,477

These outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

***Interfund Transfers***

Interfund transfers for the year ended September 30, 2017, consisted of the following:

	Transfer In			
	General	Landfill Closure	Nonmajor governmental funds	Total
<b><u>Transfers out:</u></b>				
General	\$ -	\$ 135,881	\$ 1,507,488	\$ 1,643,369
Nonmajor governmental funds	26,884	-	1,499	28,383
Water and sewer	-	-	215,054	215,054
Stormwater utility	-	-	26,754	26,754
Internal service	-	-	57,974	57,974
Total	\$ 26,884	\$ 135,881	\$ 1,808,769	\$ 1,971,534

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

Bond covenants and City financial policies require use of interfund transfers to move financial resources from funds designated to receive them to the funds required to expend them. The transfers between the General Fund and Landfill Closure Fund and other Nonmajor Funds related to restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers to Nonmajor Funds which includes the Debt Service Fund are made to fund the principal and interest payment on the pension obligation bond.

**NOTE 6. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,600,765	\$ -	\$ (133,748)	\$ -	\$ 12,467,017
Construction in progress	1,043,261	169,921	-	(219,020)	994,162
Total capital assets not being depreciated	13,644,026	169,921	(133,748)	(219,020)	13,461,179
Capital assets, being depreciated:					
Land improvements	18,804,994	81,580	-	-	18,886,574
Building and improvements	20,825,409	261,782	-	-	21,087,191
Infrastructure	55,308,745	1,268,806	-	219,020	56,796,571
Machinery and equipment	19,607,573	1,010,491	(13,648)	-	20,604,416
Library Books	2,184,924	57,577	-	-	2,242,501
Total capital assets being depreciated	116,731,645	2,680,236	(13,648)	219,020	119,617,253
Less accumulated depreciation for:					
Land improvements	(13,161,661)	(314,790)	-	-	(13,476,451)
Building and improvements	(9,457,095)	(427,857)	-	-	(9,884,952)
Infrastructure	(26,784,504)	(1,203,743)	-	-	(27,988,247)
Machinery and equipment	(16,413,082)	(1,032,016)	13,648	-	(17,431,450)
Library Books	(2,082,932)	(25,847)	-	-	(2,108,779)
Total accumulated depreciation	(67,899,274)	(3,004,253)	13,648	-	(70,889,879)
Total capital assets being depreciated, net	48,832,371	(324,017)	-	219,020	48,727,374
Governmental activities capital assets, net	\$ 62,476,397	\$ (154,096)	\$ (133,748)	\$ -	\$ 62,188,553

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 6. CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 653,080	\$ -	\$ -	\$ 653,080
Construction in progress	1,471,729	1,873,621	(825,663)	2,519,687
Total capital assets not being depreciated	<u>2,124,809</u>	<u>1,873,621</u>	<u>(825,663)</u>	<u>3,172,767</u>
Capital assets, being depreciated:				
Land improvements	154,211	-	-	154,211
Building and improvements	2,460,235	8,999	-	2,469,234
Infrastructure	75,958,037	546,908	825,663	77,330,608
Machinery and equipment	5,967,333	434,006	-	6,401,339
Total capital assets being depreciated	<u>84,539,816</u>	<u>989,913</u>	<u>825,663</u>	<u>86,355,392</u>
Less accumulated depreciation for:				
Land improvements	(124,003)	(3,702)	-	(127,705)
Building and improvements	(748,514)	(74,482)	-	(822,996)
Infrastructure	(37,667,787)	(1,884,145)	-	(39,551,932)
Machinery and equipment	(4,249,303)	(401,637)	-	(4,650,940)
Total accumulated depreciation	<u>(42,789,607)</u>	<u>(2,363,966)</u>	<u>-</u>	<u>(45,153,573)</u>
Total capital assets being depreciated, net	<u>41,750,209</u>	<u>(1,374,053)</u>	<u>825,663</u>	<u>41,201,819</u>
Business-type activities capital assets, net	<u>\$ 43,875,018</u>	<u>\$ 499,568</u>	<u>\$ -</u>	<u>\$ 44,374,586</u>

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

<b>Governmental activities:</b>	
General government	\$ 569,632
Public safety	536,603
Transportation and public works	831,793
Culture and recreation	687,445
Physical environment	28,027
Housing and urban development	42,487
Subtotal	<u>2,695,987</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>308,266</u>
Total depreciation expense – governmental activities	<u><u>\$3,004,253</u></u>
<b>Business-type activities:</b>	
Water and sewer	\$1,973,879
Stormwater	390,087
Total depreciation expense – business-type activities	<u><u>\$2,363,966</u></u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7. LONG-TERM LIABILITIES**

***Governmental Activities***

The following is a summary of changes in long-term liabilities for governmental activities for the year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Debt payable:					
Pension obligation note-Series 2010	\$ 14,725,000	\$ -	\$ (720,000)	\$ 14,005,000	\$ 770,000
Unamortized bond discount	(761,916)	-	97,520	(664,396)	-
Capital lease obligation	1,098,926	223,276	(520,636)	801,566	476,448
Total debt payable	<u>15,062,010</u>	<u>223,276</u>	<u>(1,143,116)</u>	<u>14,142,170</u>	<u>1,246,448</u>
Other liabilities:					
Compensated absences	6,035,443	2,142,982	(1,473,270)	6,705,155	2,199,619
OPEB	9,031,052	1,953,243	(452,970)	10,531,325	-
Landfill closure	9,989,543	-	(376,995)	9,612,548	-
Net pension liability	43,654,287	-	(13,288,946)	30,365,341	-
Net pension liability - FRS	232,286	4,139,524	-	4,371,810	-
Purchase installment liability	-	409,400	-	409,400	128,600
Claims payable (risk)	2,953,092	892,767	(868,549)	2,977,310	-
Claims payable (other)	435,864	-	-	435,864	-
Total other liabilities	<u>72,331,567</u>	<u>9,537,916</u>	<u>(16,460,730)</u>	<u>65,408,753</u>	<u>2,328,219</u>
Governmental activities - long-term liabilities	<u>\$ 87,393,577</u>	<u>\$ 9,761,192</u>	<u>\$ (17,603,846)</u>	<u>\$ 79,550,923</u>	<u>\$ 3,574,667</u>

For governmental activities, compensated absences, net pension liabilities and other post-employment benefit obligation are generally liquidated by the General Fund. Internal Service Funds predominately serve the governmental funds. Accordingly, their long-term liabilities for compensated absences, net pension liabilities and the other post-employment benefit obligation are included as part of the above totals for governmental activities.

**Note Payable**

On February 1, 2010, the City issued City of North Miami Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of refunding the City's outstanding Taxable Special Obligation Refunding Bonds (Pension), Series 2002, and to pay a termination fee due with respect to a related interest rate swap. The interest rate on the Note is 7.25% per annum. The difference between the reacquisition price (new debt) and the carrying value of the refunded debt is being deferred and amortized over the life of the new debt. Debt service on this note is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

Principal and interest is payable through July 1, 2029. Debt service requirements to maturity on the Note follows:

Fiscal years ending September 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	770,000	1,015,363	1,785,363
2019	830,000	959,538	1,789,538
2020	885,000	899,363	1,784,363
2021	950,000	835,200	1,785,200
2022	1,020,000	766,325	1,786,325
2023-2028	7,885,000	3,035,938	10,920,938
2029	<u>1,665,000</u>	<u>692,738</u>	<u>2,357,738</u>
Total	<u>\$ 14,005,000</u>	<u>\$ 8,204,465</u>	<u>\$ 22,209,465</u>

***Business-type Activities***

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Debt payable:					
FMLC Series 2016 Refunding (stormwater)	\$ 2,265,000	\$ -	\$ (350,000)	\$ 1,915,000	\$ 360,000
Unamortized bond premiums	123,060	-	(20,510)	102,550	-
State Revolving Fund Loan	2,996,913	-	(131,980)	2,864,933	85,722
Capital lease obligations	-	3,193	(800)	2,393	800
Total debt payable	<u>5,384,973</u>	<u>3,193</u>	<u>(503,290)</u>	<u>4,884,876</u>	<u>446,522</u>
Other liabilities:					
Compensated absences	868,388	1,095,856	(177,788)	1,786,456	252,761
OPEB	1,145,693	227,670	(52,798)	1,320,565	-
Net Pension Liability	5,936,195	-	(1,857,355)	4,078,840	-
Net pension liability - FRS	<u>80,908</u>	<u>578,569</u>	<u>-</u>	<u>659,477</u>	<u>-</u>
Total other liabilities	<u>8,031,184</u>	<u>1,902,095</u>	<u>(2,087,941)</u>	<u>7,845,338</u>	<u>252,761</u>
Business-type activities long-term liabilities	<u>\$ 13,416,157</u>	<u>\$ 1,905,288</u>	<u>\$ (2,591,231)</u>	<u>\$ 12,730,214</u>	<u>\$ 699,283</u>

**Loans Payable**

Stormwater Utility Loan

On September 29, 2016, the City issued \$2,265,000 FMLC Series 2016 Bond for the purpose of refunding, on a current basis, the then outstanding FMLC-Series 2001A Bond with an aggregate principal amount of \$2,600,000 and certain costs of issuing the note. Interest rates for the refunded bond ranges from 2% to 4%. The refunding resulted in gross savings of \$62,311 and an economic gain of \$100,572.



**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

Debt Service Requirements to Maturity

Principal and interest are payable through November 1, 2022. The debt service requirements to maturity on the FMLC Loan-Series 2016 follows:

<u>FMLC Loan - 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2018	\$ 360,000	\$ 65,200	\$ 425,200
2019	370,000	54,400	424,400
2020	385,000	39,600	424,600
2021	395,000	28,050	423,050
2022	<u>405,000</u>	<u>16,200</u>	<u>421,200</u>
Total	<u>\$ 1,915,000</u>	<u>\$ 203,450</u>	<u>\$ 2,118,450</u>

Clean Water State Revolving Fund Loan

In February 2012, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for a State Revolving Fund (“SRF”) loan in the amount of \$491,653 with an interest rate of 1.59%. The loan agreement was amended as follows subsequent to 2012:

- First amendment - August 4, 2014, to increase the loan amount to \$3,485,499.
- Second amendment - November 10, 2014, to reduce the loan amount to \$3,127,093

The purpose of the loan was to provide financial assistance for the planning and designing of the City’s sewer rehabilitation project. As of September 30, 2017, the total amount disbursed and outstanding was \$2,864,933.

Debt Service Requirements to Maturity

Principal and interest are payable through 2036:

<u>SRF Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2018	\$ 141,374	\$ 25,581	\$ 166,955
2019	142,621	24,333	166,954
2020	143,881	23,074	166,955
2021	145,154	21,801	166,955
2022	146,439	20,516	166,955
2023 - 2027	751,920	82,854	834,774
2028 - 2032	947,472	54,257	1,001,729
2033 - 2036	<u>446,072</u>	<u>93,458</u>	<u>539,530</u>
Total	<u>\$ 2,864,933</u>	<u>\$ 345,874</u>	<u>\$ 3,210,807</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

**Pledged Revenues**

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on outstanding debt as of September 30, 2017 follows:

Source of Revenue Pledged	Non Ad-Valorem Revenues
<b>Governmental Activities:</b>	
Description of debt	Note payable
Purpose of debt	Refunded the Taxable Special Obligation Bonds -Series 2002
Current revenue pledged	\$ 38,540,328
Total future revenues pledged	\$ 22,209,465
Term of commitment	2010-2029
Current year debt service	\$ 1,508,528
Percentage of debt service to pledged revenues (current year)	3.91%

Source of Revenue Pledged	Non Ad-Valorem Revenues
<b>Business Type Activities:</b>	
Description of debt	FMLC Loan - Series 2016 (stormwater)
Purpose of debt	Capital improvements
Current revenue pledged	\$ 38,540,328
Total future revenues pledged	\$ 2,118,450
Term of commitment	2002-2022
Current year debt service	\$ 422,601
Percentage of debt service to pledged revenues (current year)	1.10%

**Purchase Installment Agreement**

On March 7, 2017, the City entered into an agreement with Point Blank Enterprises, Inc. to purchase body-worn cameras and the related monitoring software for the police department. The agreement is for an initial period of five (5) years for a total cost of \$533,000. The first payment of \$123,600 was made in April 2017. At September 30, 2017, the balance due was \$409,400 which will be paid annually as follows:

	Amount
Fiscal year ending September 30:	
2018	\$ 102,350
2019	102,350
2020	102,350
2021	102,350
Total	\$ 409,400

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

**Capital Leases**

The City finances the acquisition of certain vehicles and equipment through capital leases. The leases are collateralized by the leased vehicles and equipment. Future minimum total lease payments and the present value of minimum lease payments as of September 30, 2017, follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ending September 30:		
2018	476,284	808
2019	270,839	808
2020	<u>76,066</u>	<u>797</u>
Total minimum lease payments	823,189	2,413
Less amount representing interest	(21,623)	(20)
Present value of minimum lease payments	<u>\$ 801,566</u>	<u>\$ 2,393</u>

The net book value of assets acquired through capital leases as of September 30, 2017 follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fleet	\$ 1,087,633	\$ -
Equipment	<u>537,933</u>	<u>3,193</u>
Total cost	1,625,566	3,193
Less accumulated depreciation	(824,000)	(800)
Total net book value	<u>\$ 801,566</u>	<u>\$ 2,393</u>

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS**

***Plan Description***

The City provides an optional single-employer defined benefit post-employment healthcare, dental, and group term life insurance plan to eligible individuals. The Plan allows employees and their beneficiaries, at their own cost to continue to obtain health, dental, and life insurance benefits upon retirement.

Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the City and eligible dependents may continue to participate in the City's health, dental, and group term life insurance plan. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group premium rates for both active and retired employees. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan than those of active employees.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The City also provides an explicit health insurance subsidy with respect to certain retirees or their beneficiaries. The children of police officers who are killed in the line of duty receive a 100% subsidy for their health insurance until age 18 (or age 25) if a full-time student.

In 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Additionally, since October 1997, the City provides paid group health insurance premiums until age 65 for elected officials of the City who have served a minimum of two complete terms of office, and their tenure as an elected official commenced after May 1, 1991.

Also, since October 2000, the City provides paid group health insurance premiums for any former member of the administrative staff who has completed ten years or more of satisfactory service to the City as a member of the administrative staff, or has completed twenty years or more of satisfactory service with the City.

In accordance with the October 1, 2005, Police Bargaining Agreement, effective for police officers retiring after January 1, 2007, the City contributes \$200 toward the monthly premium for single coverage through the City's group health insurance plan. Retired officers, who do not elect to remain with the City's group insurance plan, receive a monthly payment of \$200. The \$200 contribution by the City is payable until the retired member becomes eligible for Medicare.

***Funding Policy***

The City does not directly contribute to the Plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates that are charged for active employees. The premiums vary depending on the benefits selected and whether the retiree elects single or family coverage. The premium also varies depending on whether the retiree elects coverage under the HMO or POS plan.

However, the City's actuary, in the actuarial valuation, calculates an offset to the cost of these benefits as an employer contribution, based on the implicit rate subsidy. This offset equals the total age-adjusted premiums paid by the City or its active employees for coverage of the retirees and their dependents for the year, net of the retiree's own annual payments.

***Annual OPEB Cost and Net OPEB Obligation***

As of September 30, 2017, there were 161 retirees and eligible dependents receiving post-employment healthcare benefits. The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a funding level that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 10 years.

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The annual OPEB cost for the current year and related information follows:

	2017
Normal cost	\$ 996,076
Amortization	2,037,815
Annual required contribution (ARC)	3,033,891
Interest on net OPEB obligation	305,302
Adjustment to ARC	(1,158,276)
Total annual OPEB cost (expense)	2,180,917
Employer contributions made	(505,768)
Increase in net OPEB obligation	1,675,149
Net OPEB obligation, beginning of year	10,176,741
Net OPEB obligation, end of year	\$ 11,851,890

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years ending September 30, 2015 - 2017, follows

<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Amount Contributed</b>	<b>Percentage of OPEB Contributed</b>	<b>Net OPEB Obligation</b>
2015	\$ 1,556,548	\$ 480,239	30.85%	\$ 9,160,393
2016	\$ 1,569,444	\$ 553,096	35.24%	\$10,176,741
2017	\$ 2,180,917	\$ 505,768	23.19%	\$11,851,890

***Funded Status and Funding Progress***

The funded status of the Plan as of October 1, 2016 (date of the most recent actuarial valuation) follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a, b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a), c)</b>
October 1, 2016	-	\$ 17,641,754	\$ 17,641,754	0.0%	\$ 22,863,448	77.2%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the City has not set aside assets to fund the Plan at this time.

*Actuarial Methods and Assumptions*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets. The significant methods and assumptions used were as follows:

Actuarial valuation date	October 1, 2016
Amortization period and method	10-year open period, level dollar open
Remaining amortization period	10 years
Actuarial assumptions:	
Investment rate of return	3.00% per annum
Includes inflation at	2.50% per annum
Healthcare cost trend rates:	
Select rates	7.5% beginning January 1, 2014, graded down to 6.05% in 2022
Ultimate rate	4.86%

**NOTE 9. SELF-INSURANCE**

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2017 is based on recommended funding requirements for fiscal year 2017, as determined by a self-insurance actuarial review as of September 30, 2017, performed by outside consultants.

The City is exposed to various risks of loss for workers' compensation and general liability covered by its self-insurance program. The other exposures include theft, and errors and omissions, for which the City carries commercial insurance.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9. SELF-INSURANCE (Continued)**

As of September 30, 2017, the City's risk retention for certain types of risk is as follows:

<u>Line of Coverage</u>	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-insured:		
Workers' compensation	Self-insured retention of \$500,000	Excess worker's compensation Part I - Statutory Part II - \$1,000,000 (employers liability)
General liability (includes automobile)	Fully self-insured	F.S. 768.28 (\$200,000/individual, \$300,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000 general & 5% named storm	\$66,307,552
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$1,250 to \$2,000 Contents: \$1,000 to \$2,000 varies according to facility	Buildings: \$25,000 to \$333,000 Contents: \$0 to \$200,000 varies according to facility
Other:		
Police professional liability	\$25,000/claim & \$75,000/aggregate	\$2,000,000/loss and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$2,000,000/loss and aggregate

The General Risk Management Internal Service Fund accounts for the following coverages/claims:

**Workers' Compensation**

All workers' compensation costs are paid from the self-insurance fund, up to \$500,000 self-insured retention, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

**General Liability**

Departments of the City are assessed for general and automobile liability coverage based upon the requirements of the self-insurance fund and their relative share of the total risk. The City has continued to purchase certain casualty insurance for which the premium is low in relation to the coverage provided. As the casualty claims are reported, they are investigated by the claims personnel and an estimate of liability on a case-by-case basis is established.

**Estimated Claims Liability**

The estimated claims liability of \$2,977,310 in the General Risk Management internal service fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses. The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9. SELF-INSURANCE** (Continued)

Changes in the estimated claims liability are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>2017</u> <u>Total</u>	<u>2016</u> <u>Total</u>
Estimated claims liability - beginning of year	\$ 1,981,345	\$ 971,747	\$ 2,953,092	\$ 2,787,065
Current year claims and changes in estimates	656,448	236,322	892,770	519,644
Claim payments	<u>(706,181)</u>	<u>(162,371)</u>	<u>(868,552)</u>	<u>(353,617)</u>
Estimated claims liability - end of year	<u>\$ 1,931,612</u>	<u>\$ 1,045,698</u>	<u>\$ 2,977,310</u>	<u>\$ 2,953,092</u>

The City carries Excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2017, there was no reduction in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage. The City continues to seek annual recovery on cases exceeding the self-insured retention. The City recovered reimbursements from the excess carrier on two cases where the self-insured retentions of \$250,000 and \$350,000 were exceeded.

**NOTE 10. EMPLOYEE RETIREMENT PLANS**

**Pension Systems Administered by the City of North Miami**

The City of North Miami (the City or the Employer) is the sponsor of two single employer defined benefit pension plans (collectively the "Plans") established to provide pension benefits for its employees: Clair T. Singerman Retirement System ("CTS") and the North Miami Police Pension Plan (the "NMPP" Plan). Each plan is administered by a seven member Board of Trustees who are either appointed by Ordinance or elected from among Plan participants.

On April 3, 1994, the City transferred all general employees who were in the NMPP Plan to the CTS Retirement System, thereby limiting the NMPP Plan participation to sworn police personnel hired after January 1, 1977. The CTS Retirement System covers police officers hired before January 1, 1977, and all general employees and former North Miami firefighters.

On February 15, 2016, the City closed the CTS Retirement System to new participants. After the closure, new members joined the Florida Retirement System ("FRS"). Active members were afforded a one-time irrevocable option to transfer to the FRS.

Each of the Plans issues a publicly available stand-alone report that includes financial statements and required supplementary information for each Plan. These reports may be obtained by writing to: North Miami Employees' Retirement Systems, 776 N.E. 125th Street, North Miami, Florida 33161.



**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Summary of Significant Accounting Policies**

***Basis of Accounting***

The financial statements of the Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Interest and dividends are recorded as earned.

For the purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the Pension Plan.

***Method Used to Value Investments***

Investments are reported at fair value. Within certain limitations as specified in the Plans, the investment policy is determined by the Board of Trustees and is implemented by the Plans' investment managers. A financial consultant monitors the investment managers.

For more detail regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in **NOTE 2**.

**North Miami Police Pension Plan**

**Plan Description**

The City of North Miami (the employer) is the sponsor of a single-employer defined benefit plan (hereafter the "Plan") established to provide pension benefits for its employees. The Plan is administered by a seven member Board of Trustees comprised of three members occupying positions specifically designated by Ordinance and four elected police members.

Since the Plan is a single-employer public employees' retirement system plan sponsored by the City, the Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The latest available actuarial valuation is as of October 1, 2016 (beginning of year valuation date); however, employer contribution requirements for the year ended September 30, 2017, were based on the October 1, 2015, valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

Membership in the Plan is as follows:

Inactive plan members and beneficiaries currently receiving benefits	39
Active plan members	<u>121</u>
Total	<u>160</u>

Effective January 1, 2017, the Plan was closed to new members. New police officers hired by the City will join the Florida Retirement System (FRS). Existing members to the Plan had the option to remain in the Plan or to choose to participate in the FRS. These members had the option of keeping their accrued benefits in the Plan or receive refunds of member contributions.

**Pension Benefits**

Plan members become partially vested (25%) after 5 years credited service, increasing 15% annually, with full vesting after 10 years of credited service.

Normal retirement is the earlier of age 55 and 10 years of service or age 50 and 20 years of service. A member may elect to receive in a lump sum at retirement, an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan.

Early retirement is available at age 50 and 10 years of service. For certain members hired on or before December 31, 2006, early retirement is also available after 20 years of service regardless of age.

Normal retirement benefits are based on 1% of average final compensation (AFC) multiplied by the years of service up to July 1, 1979, plus 3% of AFC for the years of service from June 30, 1979 to June 30, 1997; and 3.5% of AFC for the years of service on or after July 1, 1997. Additionally, accumulated Plan member contributions up to September 30, 1982, are payable to the member in a lump sum upon termination or retirement.

Terminated members with less than five years creditable service receive their contribution plus accrued interest accumulated since initial employment. Partially vested members receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982, plus their vested benefits.

**Contributions and Funding Policies**

Employees contribute 9.51% or 11.51% of their base salaries or wages based on the Plan's investment performance. Interest is credited annually on members' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 0.25% for 2017. Employer and state contributions for the fiscal year ended September 30, 2017 was 43.28% of covered payroll.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements of the Plan is the Entry Age Normal.

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS** (Continued)

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for sworn police personnel. The excess of insurance premium tax monies allocated to pay for additional benefits in this plan amounted to \$339,778 for the fiscal year ended September 30, 2017, and is reported as other contributions; the receivable balance as of September 30, 2017 was \$82,682. All other insurance premium tax monies, to the extent they do not exceed the threshold, remain with the City of North Miami's Police Share Plan.

**Net Pension Liability**

Components of the net pension liability of the City as of September 30, 2017:

	<b><u>NMPP Plan</u></b>
Total pension liability	\$ 87,227,493
Plan fiduciary net position	<u>(63,141,517)</u>
Net pension liability	<b><u>\$ 24,085,976</u></b>
Plan fiduciary net position as a percentage of total pension liability	72.39%

*Actuarial Assumptions*

The total pension liability was measured as of September 30, 2016, and determined by an actuarial valuation as of October 1, 2015, using the following actuarial assumptions and applied to all prior periods included in the measurement:

**Assumptions Used to Determine Net Pension Liability:**

Inflation	3.0%
Salary Increases	3.50% to 9.40% depending on service
Assumed discount rate on investment	8.10%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000
Note	Effective as of October 1, 2015, the investment return assumption has been reduced by 0.1% from 8.20% to 8.10%.

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Long-Term Expected Rate Of Return** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<b>NMPP Plan</b>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	60.00%	7.50%
International Equity	5.00%	8.50%
Domestic bonds	25.00%	2.50%
International bonds	0.00%	3.50%
Real Estate	10.00%	4.50%

**Discount Rate** - A single discount rate of 8.10% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.10%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (8.10%) was applied to all periods of projected benefit payments to determine the total pension liability.

**Rate of Return** - For the year ended September 30, 2017, the annual money-weighted rate of return on Plan investments, net of Plan investment expense was 8.10%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation

**Changes in Net Pension Liability**

The following table shows the Plan's changes in net pension liability based on the actuarial information provided to the City at September 30, 2017:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

	<b>NMPP Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at September 30, 2016</b>	\$ 80,525,495	55,388,280	\$ 25,137,215
<b>Changes for the year</b>			
Service cost	2,688,621	-	2,688,621
Interest	6,699,774	-	6,699,774
Difference between actual & expected experience	(722,729)	-	(722,729)
Assumption changes	1,055,450	-	1,055,450
Benefit payments	(2,859,026)	-	(2,859,026)
Refunds	(160,092)	-	(160,092)
Contributions - employer	-	3,558,223	(3,558,223)
Contributions - employer (from State/Share Plan)	-	576,823	(576,823)
Contributions - member	-	1,014,411	(1,014,411)
Net investment income	-	5,759,158	(5,759,158)
Benefit payments	-	(2,859,026)	2,859,026
Refunds	-	(160,092)	160,092
Administrative expense	-	(136,260)	136,260
<b>Net changes</b>	<u>6,701,998</u>	<u>7,753,237</u>	<u>(1,051,239)</u>
<b>Balance at September 30, 2017</b>	<u>\$ 87,227,493</u>	<u>\$ 63,141,517</u>	<u>\$ 24,085,976</u>

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

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability, if it were calculated using a single discount rate of 8.10%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<b>NMPP Plan</b>		
	Single		
	1% Decrease 7.10%	Discount Rate Assumption 8.10%	1% Increase 9.10%
	<b>Net pension liability</b>	<u>\$ 35,881,993</u>	<u>\$ 24,085,976</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

For the year ended September 30, 2017, the City recognized pension expense of \$3,711,087. At September 30, 2017, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	<b>NMPP Plan</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,307,434
Assumptions changes	1,534,095	-
Net difference between projected and actual earnings on pension plan investments	1,642,335	1,131,241
Employer contributions made subsequent to the measurement date	3,827,089	-
	\$ 7,003,519	\$ 3,438,675

The deferred outflows of resources related to the Plan, totaling \$3,827,089, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2018	\$	(29,674)
2019		(29,675)
2020		140,076
2021		(407,368)
2022		53,665
Thereafter		10,731
Total	\$	(262,245)

**Clair T. Singerman Retirement System**

**Plan Description**

The City of North Miami (the City or the employer) is the administrator of a single-employer defined benefit pension plan established to provide pension benefits for its employees. The Clair T. Singerman (CTS) Retirement System is administered by a seven member Board of Trustees comprised of one firefighter elected from firefighter members, one police officer elected from police members, two ex-officio members occupying positions specifically designated by Ordinance, and three elected general employee members.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS** (Continued)

The CTS Retirement System was established by the City's Ordinance 691 effective January 1, 1968. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All full-time employees are eligible except for sworn police personnel hired after 1976. The latest actuarial valuation is as of October 1, 2016; however, the required employer contribution for the fiscal year ended September 30, 2017 is based on the October 1, 2015 actuarial valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the Board of Trustees, subject to approval of the City Council.

Membership in the CTS Retirement System is as follows:

Inactive plan members and beneficiaries currently receiving benefits	224
Inactive plan members entitled but not yet receiving benefits	3
Active plan members	<u>241</u>
Total	<u>468</u>

Effective February 15, 2016, new employees hired by the City will join the Florida Retirement System (FRS). Existing members to the Plan had the option to remain in the Plan or to choose to participate in the FRS. These members had the option of keeping their accrued benefits in the Plan or receiving refunds of member contributions.

**Pension Benefits**

General employee plan members and police personnel not included in the police bargaining unit become partially vested (25%) after 5 years of credited service, increasing 15% annually, with full vesting after 10 years of credited service. All other police personnel become fully vested after 14 years.

Normal retirement is for:

- Plan members who retire at the earlier of age 55 and 10 years of service or age 50 and 20 years for general members.
- Plan members who retire at age 50 and 20 years of service for police and firefighters.

Early retirement is available after completion of 14 years of service for all Plan members. General members may also be eligible at age 50 after 10 years of service.

A member may elect to receive in a lump sum at retirement an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan.

Normal retirement benefits are based on 1% of average final compensation multiplied by the years of services through July 1, 1979 plus 3% of average final compensation for years of service after June 30, 1979. However, for any year prior to October 1, 1968, during which a member contributed less than 7% of compensation, the benefit percentage for each year varies per the Ordinance. A terminating member with less than five years' creditable service shall receive his/her contribution

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

plus accrued interest accumulated since initial employment. Partially vested members shall receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982, and his/her vested benefits.

**Contributions and Funding Policies**

Plan members contribute either 6%, 7% or 8% of their annual compensation depending on their credited years of service as of November 10, 2015. Interest is credited annually on members' accumulated contributions through the prior year-end. The interest rate determined by the Board of Trustees was 0.25% in 2017. Employer contributions for the fiscal year ended September 30, 2017 was 39.19% of covered payroll. The total employer contribution on the statement of changes in fiduciary net position is \$4,924,792 for 2017.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements for the Plan is the Entry Age Normal.

Contributions required on an actuarial basis to provide benefits for former City firemen who had elected to remain in the Plan upon their transfer to the Miami-Dade County Fire Department on October 1, 1969, are made by Miami-Dade County and the State of Florida - Bureau of Municipal Police and Firefighters' Retirement Fund pursuant to Chapter 175, Florida Statutes.

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for the one remaining sworn police personnel that was included in this Plan prior to 1976. The excess of insurance premium tax monies amounted to \$1,657 for the fiscal year ended September 30, 2017, and is reported as other contributions; the balance to be received as of September 30, 2017 was \$33,529. The funds were received by the City of North Miami's Police Share Plan, and are held there until this Plan determines what benefit enhancements will be made. All other insurance premium tax monies, to the extent they do not exceed the threshold remain with the City of North Miami's Police Share Plan.

**Net Pension Liability**

Components of the net pension liability of the City at September 30, 2017 follows:

	<b><u>CTS</u></b>
Total pension liability	\$118,702,482
Plan fiduciary net position	<u>( 108,344,279)</u>
Net pension liability	<u>\$ 10,358,203</u>
Plan fiduciary net position as a percentage of total pension liability	91.27 %



**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

Actuarial Assumptions

The total pension liability was measured as of September 30, 2016, and determined by an actuarial valuation as of October 1, 2015, using the following actuarial assumptions and applied to all prior periods included in the measurement:

**Assumptions Used to Determine Net Pension Liability**

Inflation	3.0%
Salary Increases	5.0% to 7.50% depending on service
Assumed discount rate on investment	7.50%
Retirement Age	Experience-based table of rates
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA

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

<b>CTS Retirement System</b>		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50.00%	7.50%
International Equity	10.00%	8.50%
Domestic bonds	30.00%	2.50%
Real Estate	10.00%	4.50%

**Discount Rate** - A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Rate of Return** - For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 10.61%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

**Changes in Net Pension Liability**

The following table shows the Plans changes in net pension liability based on the actuarial information provided to the City at September 30, 2017:

	<b>CTS Retirement System</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at September 30, 2016</b>	\$ 122,273,439	\$ 97,820,173	\$ 24,453,266
<b>Changes for the year</b>			
Service cost	2,659,600	-	2,659,600
Interest	9,099,037	-	9,099,037
Benefit changes	(6,839,780)	-	(6,839,780)
Difference between actual & expected experience	(1,266,151)	-	(1,266,151)
Benefit payments	(7,034,144)	-	(7,034,144)
Refunds	(190,942)	-	(190,942)
Other	1,423	-	1,423
Contributions - employer	-	5,900,606	(5,900,606)
Contributions - employer (from State/Share Plan)	-	1,423	(1,423)
Contributions - non-employer contributing entity	-	92,782	(92,782)
Contributions - member	-	920,667	(920,667)
Net investment income	-	11,084,389	(11,084,389)
Benefit payments	-	(7,034,144)	7,034,144
Refunds	-	(190,942)	190,942
Administrative expense	-	(250,675)	250,675
<b>Net changes</b>	<b>(3,570,957)</b>	<b>10,524,106</b>	<b>(14,095,063)</b>
<b>Balance at September 30, 2017</b>	<b>\$ 118,702,482</b>	<b>\$ 108,344,279</b>	<b>\$ 10,358,203</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability (asset), if it were calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<b>CTS Retirement System</b>		
	1%	Single	1%
	Decrease	Discount Rate	Increase
	6.50%	Assumption	8.50%
	7.50%	7.50%	7.50%
<b>Net pension liability (asset)</b>	\$ 24,377,523	\$ 10,358,203	\$ (1,667,621)

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

For the year ended September 30, 2017, the City recognized a credit to pension expense of \$4,214,412. At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>CTS Retirement System</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,005,203
Net difference between projected and actual earnings on pension plan investments	4,068,550	3,935,563
Employer contributions made subsequent to the measurement date	5,030,309	-
	\$ 9,098,859	\$ 5,940,766

The deferred outflows of resources related to the CTS Retirement System, totaling \$5,030,309, resulting from City contributions to the CTS Retirement System subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2018. Other amounts reported as net deferred inflow of resources related to pensions will be recognized in pension expense as follows:

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS** (Continued)

Year ending September 30:

2018	\$ (831,664)
2019	(712,525)
2020	380,800
2021	<u>(708,827)</u>
Total	<u>\$ (1,872,216)</u>

**Pension Plans Administered by the State of Florida**

The City provides retirement benefits to the Mayor, four (4) City Council Members and new employees hired after February 15, 2016 through the Florida Retirement System (FRS) and the Retiree Health Insurance Subsidy (HIS) Plan.

**FLORIDA RETIREMENT SYSTEM**

The City participates in the Florida Retirement System (the “FRS”), which was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Health Insurance Subsidy Program, a cost-sharing multiple-employer defined benefit pension plan, for retired members of any state-administered retirement system in paying the costs of health insurance.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The City's pension expense for FRS totaled \$328,008 for the fiscal year ended September 30, 2017.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**Plan Description**

The FRS is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* - Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions.
- *Special Risk Class* - Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the FRS prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the FRS on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the FRS may include up to four years of credit for military service toward creditable service.

The FRS also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**FRS Retirement Benefits and Contributions**

Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b>Regular Class Members Initially Enrolled Before July 1, 2011:</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
<b>Regular Class Members Initially Enrolled on or After July 1, 2011:</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected County Officers	3
Senior Management Service Class	2
<b>Special Risk Regular:</b>	
Service from December 1, 1970 through September 30, 1974	2
Service on and after October 1, 1974	3

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement, and multiplying that result by 3%. FRS members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions during the 2017 fiscal year were as follows:

<u>Class <sup>(2)</sup></u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer <sup>(1)</sup></u>
FRS, Regular	3.00%	7.52%
FRS, Elected Council Officers	3.00%	42.47%
FRS, Senior Management Service	3.00%	21.77%
	(2)	(2)

(1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The City's contributions to the FRS amounted to \$328,008 and employees' contributions amounted to \$93,836 for the fiscal year ended September 30, 2017.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

On September 30, 2017, the City reported a liability of \$4,037,944 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2017 fiscal year contributions relative to the participating members. At June 30, 2017, the City's proportionate share was 0.01365%.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$970,038 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	<b>FRS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 370,586	\$ 22,368
Changes of Assumptions	1,357,034	-
Net difference between projected and actual earnings on FRS pension plan investments	-	100,070
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	1,659,643	55,955
City FRS contributions subsequent to the measurement date	78,978	-
Total	\$ 3,466,241	\$ 178,393

The deferred outflows of resources related to pensions, totaling \$78,978, resulting from the City's contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2018	\$ 641,774
2019	641,774
2020	641,774
2021	641,483
2022	642,065
	\$ 3,208,870

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Actuarial Assumptions**

The FRS actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2016, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

***Long-Term Expected Rate of Return*** - The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>FRS</b>				
Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.80%
Fixed income	18.00%	4.50%	4.40%	4.20%
Global equity	53.00%	7.80%	6.60%	17.00%
Real estate (property)	10.00%	6.60%	5.90%	12.80%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investment	12.00%	6.10%	5.60%	9.70%
	100.00%			
Assumed inflation-mean		2.6%		2.00%

\*Note: (1) As outlined in the Plan's investment policy



**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Discount Rate** - The discount rate used to measure the net pension liability of the Plan was 7.10%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate is reviewed annually and set by mutual agreement between the Board of Trustees and its Actuarial firm.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the City's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10) than the current rate:

	<b>FRS</b>		
	1% Decrease 6.10%	Single Discount Rate Assumption 7.10%	1% Increase 8.10%
City's proportionate share of the net pension liability	\$ 7,308,435	\$ 4,037,944	\$ 1,322,687

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

**Plan Description**

The Retiree Health Insurance Subsidy Program (the "HIS") is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

**Benefits Provided**

For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions**

The HIS is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

FRS members. For the fiscal year ended September 30, 2017, the HIS contribution rate was 1.66%. The City contributed 100% of its statutorily required contributions for the current fiscal year. The HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS totaled \$14,795 for the fiscal year ended September 30, 2017.

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

At September 30, 2017, the City reported a net pension liability of \$993,347 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2017 fiscal year contributions relative to the 2017 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was 0.0092%.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$193,126 related to the HIS. In addition, the City reported, deferred outflows of resources and deferred inflows of resources related to the HIS from the following sources:

	<b>HIS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,068
Changes of Assumptions	139,630	85,896
Net difference between projected and actual earnings on HIS pension plan investments	551	-
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	768,906	23,633
City HIS contributions subsequent to the measurement date	14,795	-
Total	\$ 923,882	\$ 111,597

The deferred outflows of resources related to pensions, totaling \$14,795, resulting from the City's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

**Year ending September 30:**

2018	\$ 159,498
2019	159,498
2020	159,498
2021	159,498
2022	159,498
Total	<u>\$ 797,490</u>

**Actuarial Assumptions**

The HIS plan's actuarial valuation was determined using the following actuarial assumptions as of July 1, 2017, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates - Investment Rate of Return	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**Discount Rate** - The discount rate used to measure the total pension liability for the HIS Plan was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following presents the City's proportionate share of the net pension liability calculated using a discount rate of 3.58%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

	<b>HIS</b>		
	Single		
	Discount Rate	1%	
	Assumption	Increase	
	1.85%	2.85%	
	2.85%	3.85%	
<b>City's proportionate share of the net pension liability</b>	<b>\$ 1,133,539</b>	<b>\$ 993,347</b>	<b>\$ 876,572</b>

**Net Pension Liability, Deferred Inflow of Resources, and Deferred Outflow of Resources**

The following table summarizes the net pension liability, deferred inflow of resources and deferred outflow of resources for each plan as previously disclosed in Note 10:

<b>Plan</b>	<b>Net Pension Liability</b>	<b>Deferred Inflow of Resources</b>	<b>Deferred Outflow of Resources</b>
North Miami Police Pension Plan	\$ 24,085,976	\$ 3,438,675	\$ 7,003,519
Clair T. Singerman Employee Retirement System	10,358,203	5,940,766	9,098,859
Florida Retirement System (FRS and HIS)	5,031,289	289,990	4,390,123
Total	\$ 39,475,468	\$ 9,669,431	\$ 20,492,501

**NOTE 11. DEFINED CONTRIBUTION PLANS**

**The City of North Miami Police Officers' Retirement Pension Fund Share Plan**

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized \$339,778 as on behalf payments for contributions of these premiums into the Plan.

The Plan issues a publicly available report that includes financial statements and required supplementary information. This report may be obtained by writing to: City of North Miami Police Department, 700 N.E. 124th Street, North Miami, Florida 33161. This Plan is administered by the City.

**Managers' Pension Plan**

The Managers' Pension Plan is an IRS Section 401(a) defined contribution pension plan for those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2017, the

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 11. DEFINED CONTRIBUTION PLANS** (Continued)

City contributed approximately \$54,000 into this Plan, which is administered through a third party administrator.

**Excess Benefit Plan**

In May 1968, the City established the Excess Benefit Plan, a qualified governmental excess benefit arrangement as defined in Section 415 (M) (3) of the Internal Revenue Code. The City contributed approximately \$45,998 into this Plan. This Plan is administered by the City.

**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site)**

**Historical Background**

In 1970, the City acquired 350 acres of land (a/k/a Biscayne Landing), for approximately \$11,800,000, using the proceeds of \$12,000,000 General Obligation Bonds, issued to provide financial assistance to the Inter-American Center Authority (Interama), an agency established by the State of Florida to develop an international cultural and trade center for the Americas. The project never materialized and Interama never repaid the City for purchasing the land.

The City subsequently entered into a 30-year lease agreement with a company formed to develop a recreation project on the Interama land. The company subsequently operated a portion of the property as a dumpsite, and the property became the subject of controversy arising principally from site related environmental issues involving the City, the company, various governmental agencies and others. The controversy restricted the use and development of the property. Accordingly, the recreation project was never completed and the company abandoned the premises.

In 1981, the Florida Department of Environmental Regulation (a/k/a FDEP) filed a suit against the City to close the portion of the land, which was operated as a dumpsite (landfill). The landfill has not operated since 1980 and the City, State and DERM have worked together to produce a closure plan, pursuant to a Consent Agreement. On February 10, 1998, the City voluntarily executed a Consent Agreement with the Miami-Dade County Department of Environmental Resources Management (“DERM”) to carry out groundwater remedial measures required by Florida law and County ordinance. In 2004, Miami-Dade County provided the City with a one-time contribution of \$31 million for remediation and closure of the landfill.

In May 2012, the City entered into a 99 year lease and development agreement for the site with Oleta Partners (see Note 14). In connection with the agreement, the developer assumed responsibility for the remediation and closure of the site beyond the costs funded by the Miami-Dade County contribution mentioned above. As of September 30, 2017, the liability assumed by the developer for remediation and closure is approximately \$18.5 million. In accordance with the guidance provided by GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs*, the City met the requirements to transfer its responsibility for closure and post-closure, to the developer. Therefore, the \$18.5 million is not reported in the City’s financial

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)**

statements for post-closure cost. The City has reported a landfill closure liability of \$9.6 million at year end, related to the site.

**Recent Studies and Developments**

A Remediation and Landfill Closure Cost Projection was completed in 2015, which estimated the cost of remediation and closure at approximately \$13.1 million. This cost estimate is a decrease from a previous cost projection of \$13.6 million and is based on the proposed groundwater remediation system, the reevaluated stormwater management system, and the closure-related activities. While this latest method has tentatively been approved by DERM and the FDEP, the newly proposed groundwater remediation system is at the conceptual level as of September 30, 2017, and uncertainties remain as to the ultimate cost of the remediation and closure of the landfill site.

During 2017, the City incurred approximately \$652,704 in site closure costs, which is reflected in the Landfill Closure fund. In addition to the remediation and closure of the site, as discussed above, it is estimated that long-term closure care costs will be approximately \$623,035 per year over 30 years, for a projected total cost of approximately \$18.6 million.

**Landfill Closure Escrow Account**

On December 22, 2004, the City received \$31,027,000 in funding from Miami-Dade County to be used towards financing the remediation and closure costs of the “Munisport” landfill site. The funds were deposited into the Munisport landfill closure escrow account.

The Landfill Closure special revenue fund accounts for the restricted assets activity used to fund landfill closure costs. Within this fund, deposits are made to the fund’s restricted assets account for the purpose of complying with the Florida Department of Environmental Protection’s escrow requirements of Rule 62-701.630(5)(c), Florida Administrative Code. The rule requires that once the landfill ceases to receive waste, the closure escrow account should be able to fully fund the facility’s closing costs.

The following is a schedule of restricted assets and the activity of the closure escrow account in the Landfill Closure special revenue fund, presented on a cash basis, as of the year ended September 30, 2017:

Restricted assets:	
Cash in bank (money market fund at City National Bank)	<u>\$ 10,369,358</u>
Beginning balance, October 1, 2016	\$ 10,683,173
Interest	33,957
Disbursements	<u>(347,772)</u>
Ending balance, September 30, 2017	<u>\$ 10,369,358</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 12. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)**

The schedule of restricted assets and activity is only intended to present the activity of restricted assets segregated for the purpose of complying with Rule 62-701.630(5)(c), Florida Administrative Code. The schedule of restricted assets was prepared on the basis of cash receipts and disbursements (cash basis), which is a comprehensive basis of accounting other than generally accepted accounting principles. All funds on deposit are restricted for landfill closure.

**Long-term Care Escrow Account**

The City opened a second escrow account for the purpose of funding the landfill's long term care costs. This account will remain dormant until the time of facility closing where it will be funded in accordance with Rule 62-701.630(5)(c), Florida Administrative Code. Therefore, as of September 30, 2017, the balance in this escrow account is \$0.

**Compliance with Rule 62-701.630(5)(c), Florida Administrative Code**

As provided by Rule 62-701.630(5)(c), Florida Administrative Code, the City is required to annually submit to the Florida Department of Environmental Protection an audit of the landfill closure account with a list of all deposits and disbursements made. For the year ended September 30, 2017, disbursements of \$347,772 were made from the account, and no additional deposits, other than interest received of \$33,957 were made.

**Overall Outlook**

The agreement provided for development of the site with the City receiving income from sales of units and from an annual ground lease (see Note 14 Biscayne Landing Lease). It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site will be offset by revenues generated from the future use of the land.

**NOTE 13. CONDUIT DEBT**

The following conduit debt does not constitute a debt or liability of the City within the meaning of any constitutional or statutory limitation and, accordingly, are not reflected in the accompanying financial statements.

***Health Care Facilities Revenue Bonds***

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds, Series 2006 (Series 2006A, Subordinate Series 2006B-1, and Subordinate Series 2006B-2) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation operating an independent elderly living facility (Imperial Club) located within the geographic boundaries of Miami-Dade County, Florida. The Series 2006B-2 bonds included in the issuance are accretion bonds. The Series 2006 bonds were issued to refund the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B bonds and to provide financing for the cost of certain additional capital improvements to the health care facility.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 13. CONDUIT DEBT** (Continued)

The combined outstanding debt as of September 30, 2017, for the Series 2006A and Subordinate Series 2006B-1 and Series 2006B-2 was \$23,727,602.

*Subsequent Event*

In January of 2018, the City was notified by the Trustee that Affordable Community Housing Trust-Alpha, Inc., (the “Company”), was in default of the indenture agreement for failure to make the required semi-annual interest payments on the Subordinate Series 2006B-1 Bonds and Subordinate SeriesB-2 Bonds. Further, the Company failed to make the full required interest payments or the required principal sinking fund payments due on the Series 2006A Bonds.

Because the City is not liable for any of the conduit debt, no amounts owed or due on debt are reflected in the accompanying financial statements as stated in GASB Interpretation No.2, *Disclosure of Conduit Debt Obligations*. The Company continues to make partial payments on the past due amounts to the sole bondholder. The project continues to fully function so the bondholder has not filed for any default remedies outlined in the bond indenture.

**NOTE 14. BISCAYNE LANDING LEASE**

In 2012, an agreement was signed for the site known as Munisport (Biscayne Landing). The agreement contemplated development of the site with the City receiving income from the sale of residential units and from an annual ground lease. The agreement called for a 99-year lease of the site to the developer (Oleta Partners), with a 100-year renewal. The initial development program for Biscayne Landing has been modified in accordance with subsequent changes to the initial agreement. The City will also receive rent on the commercial space based on 50% of the net profits. Detailed information on the changes to the initial agreement are available on the City’s website at [northmiamifl.gov](http://northmiamifl.gov).

In Fiscal Year 2017, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$1,572,178.

**NOTE 15. CONTINGENCIES**

*Lawsuits*

- The Florida Supreme Court ruled in favor of drivers who brought a class action lawsuit claiming that municipal enacted red-light camera traffic violations were unlawful. The ruling relates to fines based on cameras installed before the State Legislature authorized them in July 2010. The City of North Miami is named as a defendant in similar lawsuits, along with American Traffic Solutions, the supplier of the camera equipment and related maintenance. The ruling did not order an ultimate refund of fines collected by the City and the dispute over the mechanism is expected to continue. We estimate that the potential loss ranges between \$200,000 to \$1.2 million. Accordingly, the City has recorded a potential liability at the government-wide level financial statements of approximately \$295,000 related to this matter.



**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 15. CONTINGENCIES (Continued)**

- The City is a defendant in several other lawsuits as of September 30, 2017, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition or operations of the City.

***Grantor Agencies***

Federal and state programs in which the City participates were audited in accordance with the provisions of the U.S. Office of Management and Budget Uniform Guidance and the State of Florida Single Audit Act. 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. In the opinion of management, future disallowances, if any, of grant program expenditures would not have a material adverse effect on the financial condition or operations of the City.

**NOTE 16. SPECIAL ITEM**

The North Miami Community Redevelopment Agency (a component unit of the City) had a long outstanding liability payable to the City dating back to fiscal year 2014, relating to expenditures incurred by the City on its behalf. The City forgave the total liability of \$317,965 in fiscal year 2017. The transaction meets the accounting criteria for classification as “special item” and is reported as such in the fund financial statements.



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**Required Supplementary Information  
(Unaudited)**



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## **Budgetary Comparison Schedule**



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**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 17,363,582	\$ 17,363,582	\$ 16,907,030	\$ (456,552)
Utility and communication taxes	5,292,003	5,292,003	4,728,287	(563,716)
Charges for services	9,829,491	9,829,491	9,405,144	(424,347)
Franchise fees	3,938,066	3,938,066	4,080,636	142,570
Fines and forfeitures	735,870	735,870	1,061,091	325,221
Intergovernmental	7,752,319	7,752,319	8,487,686	735,367
Licenses and permits	3,715,830	3,715,830	3,790,191	74,361
Interest and other earnings	4,510,353	4,510,353	5,034,287	523,934
Rents and royalties	1,417,000	1,507,001	1,767,219	260,218
<b>Total revenues</b>	<b>54,554,514</b>	<b>54,644,515</b>	<b>55,261,571</b>	<b>617,056</b>
<b>EXPENDITURES</b>				
General Government:				
Mayor and City Council	846,730	844,818	1,169,891	(325,073)
City Manager	1,845,826	1,785,396	1,739,063	46,333
City Clerk	759,908	749,825	786,256	(36,431)
Financial Services	2,933,912	2,808,325	2,883,938	(75,613)
Legal	1,273,311	1,274,755	1,219,691	55,064
Human Resources	719,443	695,934	730,715	(34,781)
Information Technology	2,159,794	2,047,385	1,964,622	82,763
Management and Budget	323,540	314,121	320,122	(6,001)
Procurement and Purchasing	392,749	379,689	364,932	14,757
Non-Departmental	11,908,474	12,242,598	1,199,498	11,043,100
<b>Total general government</b>	<b>23,163,687</b>	<b>23,142,846</b>	<b>12,378,728</b>	<b>10,764,118</b>
Public Safety:				
Police	24,849,855	24,911,213	25,703,410	(792,197)
Building and Zoning	1,940,015	1,917,434	1,244,690	672,744
Code Enforcement	1,630,158	1,533,248	1,494,258	38,990
<b>Total public safety</b>	<b>28,420,028</b>	<b>28,361,895</b>	<b>28,442,358</b>	<b>(80,463)</b>
Physical Environment:				
Public Works	2,106,000	2,957,508	3,434,338	(476,830)
Transportation	2,191,960	3,034,995	3,029,952	5,043
<b>Total physical environment</b>	<b>4,297,960</b>	<b>5,992,503</b>	<b>6,464,290</b>	<b>(471,787)</b>
Economic Environment:				
Community Planning and Development	1,156,759	2,131,220	1,384,496	746,724
<b>Total economic environment</b>	<b>1,156,759</b>	<b>2,131,220</b>	<b>1,384,496</b>	<b>746,724</b>
Culture and Recreation:				
Parks and Recreation	7,066,359	5,680,685	6,082,562	(401,877)
Library	1,026,665	915,630	875,401	40,229
MOCA	1,436,148	1,318,532	1,344,916	(26,384)
<b>Total culture and recreation</b>	<b>9,529,172</b>	<b>7,914,847</b>	<b>8,302,879</b>	<b>(388,032)</b>
Debt service	-	21,252	-	21,252
Capital outlay	-	1,570,503	1,152,140	418,363
<b>Total expenditures</b>	<b>66,567,606</b>	<b>69,135,065</b>	<b>58,124,891</b>	<b>11,010,174</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(12,013,092)</b>	<b>(14,490,551)</b>	<b>(2,863,320)</b>	<b>11,627,231</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	303,014	303,014
Reserves	6,563,797	7,700,561	-	(7,700,561)
Transfers in	6,904,138	8,297,478	26,884	(8,270,594)
Transfers out	(1,454,843)	(1,507,488)	(1,643,369)	(135,881)
<b>Total other financing sources (uses)</b>	<b>12,013,092</b>	<b>14,490,551</b>	<b>(1,313,471)</b>	<b>(15,804,022)</b>
<b>SPECIAL ITEM</b>				
Forgiveness of debt	-	-	(317,965)	(317,965)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ (4,494,756)</b>	<b>\$ (4,494,756)</b>
Fund balances (deficit), beginning			(347,319)	
Fund balances (deficit) - ending			<b>\$ (4,842,075)</b>	

See notes to the required supplementary information.

**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CRA**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,469,943	\$ 3,593,421	\$ 2,287,641	\$ (1,305,780)
Interest and other earnings	3,000	7,328	11,459	4,131
Carry over surplus	4,027,616	4,362,541	-	(4,362,541)
Total revenues	<u>6,500,559</u>	<u>7,963,290</u>	<u>2,299,100</u>	<u>(5,664,190)</u>
<b>EXPENDITURES</b>				
General government	2,115,685	2,668,754	2,043,980	624,774
Community planning and development	4,384,874	5,294,536	-	5,294,536
Total expenditures	<u>6,500,559</u>	<u>7,963,290</u>	<u>2,043,980</u>	<u>5,919,310</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>255,120</u>	<u>255,120</u>
<b>SPECIAL ITEM</b>				
Forgiveness of debt	-	-	317,965	317,965
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	573,085	<u>\$ 573,085</u>
Fund balances - beginning			<u>3,914,727</u>	
Fund balances (deficit) - ending			<u>\$ 4,487,812</u>	

See notes to the required supplementary information.



**CITY OF NORTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**C.D.B.G.**  
**UNAUDITED**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 819,023	\$ 773,339	\$ 371,488	\$ (401,851)
Interest and other earnings	-	230,625	-	(230,625)
Total revenues	<u>819,023</u>	<u>1,003,964</u>	<u>371,488</u>	<u>(632,476)</u>
<b>EXPENDITURES</b>				
Housing and economic development	903,557	1,029,672	822,026	207,646
Capital outlay	25,000	55,000	24,188	30,812
Total expenditures	<u>928,557</u>	<u>1,084,672</u>	<u>846,214</u>	<u>238,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,534)</u>	<u>(80,708)</u>	<u>(474,726)</u>	<u>(394,018)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>181,648</u>	<u>80,708</u>	-	<u>(80,708)</u>
Total other financing source	<u>181,648</u>	<u>80,708</u>	-	<u>(80,708)</u>
Net change in fund balances	<u>\$ 72,114.00</u>	<u>\$ -</u>	(474,726)	<u>\$ (474,726)</u>
Fund balances - beginning			<u>259,621</u>	
Fund balances (deficit) - ending			<u>\$ (215,105)</u>	

See notes to the required supplementary information.

**CITY OF NORTH MIAMI, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
LANDFILL CLOSURE  
UNAUDITED  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest and other earnings	\$ 12,812,237	\$ 12,812,237	\$ 33,956	\$ (12,778,281)
Total revenues	<u>12,812,237</u>	<u>12,812,237</u>	<u>33,956</u>	<u>(12,778,281)</u>
<b>EXPENDITURES</b>				
Physical environment	7,812,237	7,812,237	652,704	7,159,533
Total expenditures	<u>7,812,237</u>	<u>7,812,237</u>	<u>652,704</u>	<u>7,159,533</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>(618,748)</u>	<u>(5,618,748)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	7,812,237	(5,000,000)	-	5,000,000
Transfers in	-	-	135,881	135,881
Total other financing source (uses)	<u>7,812,237</u>	<u>(5,000,000)</u>	<u>135,881</u>	<u>5,135,881</u>
Net change in fund balances	<u>\$ 12,812,237</u>	<u>\$ -</u>	<u>(482,867)</u>	<u>\$ (482,867)</u>
Fund balances - beginning			<u>10,852,225</u>	
Fund balances - ending			<u>\$ 10,369,358</u>	

See notes to the required supplementary information.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2017

#### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are legally adopted for all governmental funds other than the Capital Projects Fund, whose budgets are adopted on a project basis. All governmental fund budgets are maintained on the modified accrual basis of accounting, consistent with generally accepted accounting principles in the United States (GAAP), except for encumbrances, which are purchase orders and contracts issued for goods or services not received at year-end. Additionally, interfund loans between funds are budgeted as operating transfers.

- 1) Thirty-Five (35) days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget is restricted to proposed expenditures and the means of financing them through appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General Fund is legally maintained at the departmental level.
- 2) Two public hearings are conducted to obtain taxpayers' comments as required by Truth in Millage (TRIM) legislation. Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- 3) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- 4) Budget amendments, according to the Budget Resolution, allows administrative approval. During fiscal year 2017, budget amendments to city-wide revenues and expenditures totaled \$2,567,459.
- 5) Unencumbered appropriations lapse at year-end. All encumbrances outstanding at the end of the current fiscal year will be appropriated as part of the subsequent year's budget.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>			
Service cost	\$ 2,659,600	\$ 2,438,790	\$ 2,250,457
Interest	9,099,037	8,937,243	8,638,765
Benefit changes	(6,839,780)	-	-
Difference between actual & expected experience	(1,266,151)	(2,263,638)	-
Benefit payments	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	(190,942)	(265,792)	(185,090)
Other	1,423	1,253	1,253
Net change in total pension liability	(3,570,957)	1,984,336	3,765,690
Total pension liability - beginning	122,273,439	120,289,103	116,523,413
<b>Total pension liability - ending (a)</b>	<b><u>\$ 118,702,482</u></b>	<b><u>\$ 122,273,439</u></b>	<b><u>\$ 120,289,103</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	5,900,606	5,452,219	4,024,959
Contributions - employer (from State/Share Plan)	1,423	1,253	1,253
Contributions - non-employer contributing entity	92,782	145,792	171,222
Contributions - member	920,667	853,456	789,599
Net investment income	11,084,389	548,641	9,493,224
Benefit payments	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	(190,942)	(265,792)	(185,090)
Administrative expense	(250,675)	(235,209)	(284,291)
Net change in plan fiduciary net position	10,524,106	(363,160)	7,071,181
Plan fiduciary net position - beginning	97,820,173	98,183,333	91,112,152
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 108,344,279</u></b>	<b><u>\$ 97,820,173</u></b>	<b><u>\$ 98,183,333</u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b><u>\$ 10,358,203</u></b>	<b><u>\$ 24,453,266</u></b>	<b><u>\$ 22,105,770</u></b>

Plan fiduciary net position as a percentage of total pension liability	91.27%	80.00%	81.62%
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Covered employee payroll	\$ 11,618,974	\$ 12,192,229	\$ 11,279,986
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Net pension liability as a percentage of covered employee payroll	89.15%	200.56%	195.97%
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Measurement Date	10/1/2016	10/1/2015	10/1/2014
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Note to Schedule:

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NORTH MIAMI POLICE PENSION PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>			
Service cost	\$ 2,688,621	\$ 2,364,576	\$ 2,474,226
Interest	6,699,774	6,407,038	5,987,806
Difference between actual & expected experience	(722,729)	(2,551,912)	-
Assumption changes	1,055,450	973,319	-
Benefit payments	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(160,092)	-	(72,946)
Net change in total pension liability	6,701,998	4,200,665	4,851,587
Total pension liability - beginning	80,525,495	76,324,830	71,473,243
<b>Total pension liability - ending (a)</b>	<b><u>\$ 87,227,493</u></b>	<b><u>\$ 80,525,495</u></b>	<b><u>\$ 76,324,830</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	3,558,223	3,358,659	3,194,000
Contributions - non-employer contributing entity	576,823	82,682	82,682
Contributions - member	1,014,411	846,576	791,906
Net investment income	5,759,158	1,672,653	4,798,319
Benefit payments	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(160,092)	-	(72,946)
Administrative expense	(136,260)	(126,435)	(132,094)
Net change in plan fiduciary net position	7,753,237	2,841,779	5,124,368
Plan fiduciary net position - beginning	55,388,280	52,546,501	47,422,133
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 63,141,517</u></b>	<b><u>\$ 55,388,280</u></b>	<b><u>\$ 52,546,501</u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b><u>\$ 24,085,976</u></b>	<b><u>\$ 25,137,215</u></b>	<b><u>\$ 23,778,329</u></b>
Plan fiduciary net position as a percentage of total pension liability	72.39%	68.78%	68.85%
Covered payroll	\$ 9,185,954	\$ 8,901,956	\$ 8,327,087
Net pension liability as a percentage of covered employee payroll	262.20%	282.38%	285.55%
Measurement Date	10/1/2016	10/1/2015	10/1/2014
Note to Schedule:			

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**  
**CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

	2017	2016	2015
Actuarially determined contribution	\$ 5,993,388	\$ 5,598,011	\$ 4,196,181
Contribution made in relation to the actuarially determined contribution	5,993,388	5,598,011	4,196,181
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,618,974	\$ 12,192,229	11,279,986
Contributions as a percentage of covered employee payroll	51.58%	45.91%	37.20%

The following actuarial methods and assumptions were used to determine contribution rates for fiscal year 2017, as reported in the schedule of contributions above:

**Valuation Date :** October 1, 2015  
**Notes** Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	General: Level Percentage of Payroll, Closed Police and Fire: Level Dollar, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	3.00%
Salary Increases	5.0% to 7.50% depending on service
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality

**Note to Schedule:**

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

See notes to the required supplementary information.

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**  
**NORTH MIAMI POLICE PENSION PLAN**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,640,905	\$ 3,441,341	\$ 3,239,178
Contribution made in relation to the actuarially determined contribution	4,135,046	3,441,341	3,276,682
Contribution deficiency (excess)	<u>\$ (494,141)</u>	<u>\$ -</u>	<u>\$ (37,504)</u>
Covered employee payroll	\$ 9,185,954	\$ 8,901,956	\$ 8,327,087
Contributions as a percentage of covered employee payroll	45.01%	38.66%	39.35%

**Valuation Date :** October 1, 2015

Notes Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	3.0%
Salary Increases	3.50% to 9.40% depending on service
Investment Rate of Return	8.10%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000

Note to Schedule:

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

See notes to the required supplementary information.

**FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AND**  
**SCHEDULE OF CONTRIBUTIONS**  
**(UNAUDITED)**  
**LAST TWO FISCAL YEARS**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2017</u>	<u>2016</u>
City's proportionate share of the FRS net pension liability	0.0136%	0.0011%
City's proportionate share of the FRS net pension liability	\$ 4,037,944	\$ 287,371
City's covered employee payroll	\$ 1,694,062	\$ 1,548,779
employee payroll	238.36%	18.55%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 355,375	\$ 27,754
FRS contribution in relation to the contractually required contribution	355,375	27,754
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered employees payroll	\$ 1,694,062	\$ 1,548,779
FRS contribution as a percentage of covered employees payroll	20.98%	1.79%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for the fiscal years presented are available. The City entered the Plan as of October 1, 2015.



**HEALTH INSURANCE SUBSIDY PROGRAM (HIS)**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AND**  
**SCHEDULE OF CONTRIBUTIONS**  
**(UNAUDITED)**  
**LAST TWO FISCAL YEARS**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2017</u>	<u>2016</u>
City's proportionate share of the HIS net pension liability	0.0092%	0.0002%
City's proportionate share of the HIS net pension liability	\$ 993,347	\$ 25,823
City's covered employee payroll	\$ 1,694,062	\$ 1,548,779
City's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	59%	2%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

	<u>2017</u>	<u>2016</u>
Contractually required HIS contribution	\$ 49,166	\$ 1,136
HIS contribution in relation to the contractually required contribution	49,166	1,136
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
City's covered employees payroll	\$ 1,694,062	\$ 1,548,779
HIS contribution as a percentage of covered employees payroll	0.29%	0.07%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for the years presented are available. The City entered the Plan as of October 1, 2015.

**CITY OF NORTH MIAMI, FLORIDA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
UNAUDITED  
LAST THREE YEARS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a,b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a),c)</b>
October 1, 2012	-	\$ 14,742,994	\$ 14,742,994	0.0%	\$ 21,090,456	69.90%
October 1, 2014	-	\$ 13,855,537	\$ 13,855,537	0.0%	\$ 19,396,334	71.4%
October 1, 2016	-	\$ 17,641,754	\$ 17,641,754	0.0%	\$ 22,863,448	77.2%

See notes to the required supplementary information.



**Combining Fund  
Statements and Schedules**



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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**SPECIAL REVENUE FUNDS** – are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

- **Home Investment Partnership (HIP)** – This fund was created to account for expenditures of federal funds used to expand safe, decent, and affordable housing opportunities to low and very-low income households.
- **2005 Disaster Recovery** – This fund is used to account for expenditures for federally funded disaster recovery funds for repairs to homes affected by the 2005 hurricane season. This is a pass through grant from HUD to the State of Florida Department of Community Affairs, to Miami-Dade County. The City is the recipient of the funding from the County.
- **Neighborhood Stabilization** – This fund is used to account for the City’s allocation of federal monies received from the U.S. Department of Housing and Urban Development (HUD) to assist in addressing the effects of abandoned and foreclosed properties within the community.
- **Local Housing Assistance (SHIP)** – This fund is used to account for state funds provided for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing and to increase housing-related employment.
- **Police Training** – This fund is used to account for expenditures of state police training funds on behalf of the City of North Miami police officer training.
- **Law Enforcement** – This fund is used to account for confiscated monies awarded to the City under State Statutes to be used for law enforcement related expenditures.
- **Federal Forfeiture** – This fund is used to account for confiscated monies that involve the City's Police department and federal agencies.
- **Justice Assistance Grant (JAG)** – This fund is used to account for the City’s allocation under the Edward Byrne Memorial Justice Assistance Grant.
- **Half-Cent Transportation Surtax** – This fund is used to account for the City’s prorated share of the Charter County Transit System Surtax proceeds. The monies received can be used toward projects and programs such as public transportation operations, street lighting, and transit system enhancements.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS – (Continued)**

- **Developer Impact Fees** – This fund is used to account for impact fees to fund capital improvements, capital facility, and capital equipment attributable to new developments.
- **Miscellaneous and Other Grants** – The miscellaneous special revenue funds column reflects the activities of the following funds: State Aid to Libraries Grant, FDOT-Occupant Protection Grant, Impaired Driving Enforcement Grant, Community Oriented Police Services Hiring Recovery Grant, Department of Justice Victims of Crime Act Intervention Grant, and the Bulletproof Vest Partnership Grant.
- **MOCA** – The Museum of Contemporary Art (MOCA) fund reflects the museum activities relating to cultural programs benefitting the City.

### **DEBT SERVICE FUNDS**

**DEBT SERVICE FUNDS** – are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

- **FMLC – Loan General Obligation Bond** – This fund is used to account for payment of principal, interest and other costs related to the Series 2016 Bond which was issued to refund the FMLC-Series 2001A Bond.
- **Pension Obligation Bonds** – This fund is used to account for monies for payment of principal, interest and other costs related to the Series 2010 Taxable Promissory Note debt issuance. The Note was issued for the purpose of refunding outstanding Taxable Special Obligation Bonds Series 2002 (pension funding project) and to pay a termination fee with respect to a related interest rate swap. Debt service is financed by non-ad valorem funds budgeted and appropriated by the City on an annual basis.

### **CAPITAL PROJECTS FUNDS**

**CAPITAL PROJECTS FUNDS** – are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

- **E. May Avil Library** – This fund was established to account for expenditures for library renovation and expansion.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS** (Continued)

- **Transportation Gas Tax** – This fund is used to account for expenditures for implementing transportation related capital improvements. The local option gas tax is a county imposed tax, collected by the State of Florida, and distributed back to counties and municipalities based on the interlocal agreement in effect for that year.
- **Arch Creek Bridge** – This fund is used to account for revenues and expenditures related to the construction of a youth center. Construction is to be funded through grant funds and other sources.
- **Other Capital Projects Funds** – To account for all other resources (primarily from current revenues and Federal and State grants) used to finance long-lived construction projects other than those financed by enterprise funds.

### **INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE FUNDS** – are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis.

- **Risk Management** – This fund is used to account for the cost of insuring the City in the areas of property and casualty liability, public officials' and law enforcement officers' liability and workers' compensation. Departments of the City are assessed a charge based upon the funding needs of the fund.
- **Fleet Management** – This fund is used to account for the costs and funding of providing motor vehicles and heavy equipment to other departments.

### **PENSION TRUST FUNDS**

**THE CLAIR T. SINGERMAN AND NORTH MIAMI POLICE PENSION PLANS** – These funds are used to account for the accumulation of resources to be used for retirement benefits to City employees. Resources are contributed by employees (at rates fixed by law) and by the City (at amounts determined by actuarial valuations).

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<b>Special Revenue</b>							
	<b>HOME Investment Partnership</b>	<b>2005 Recovery</b>	<b>Neighborhood Stabilization</b>	<b>Local Housing (SHIP)</b>	<b>Police Training</b>	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>Justice Assistance Grants</b>
<b>ASSETS</b>								
Pooled cash and cash equivalents	\$ -	\$ -	\$ 954,458	\$ 220,971	\$ -	\$ 227,264	\$ 222,631	\$ -
Pooled investments	-	-	-	-	-	-	-	-
Accounts receivables, net of allowance	-	-	-	-	-	9,510	-	-
Due from other governments and entities	151,731	192,645	-	-	-	-	7,939	110,343
Prepays, deposits, and other current assets	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>151,731</b>	<b>192,645</b>	<b>954,458</b>	<b>220,971</b>	<b>-</b>	<b>236,774</b>	<b>230,570</b>	<b>110,343</b>
<b>LIABILITIES</b>								
Vouchers payable	669	-	3,512	3,389	-	2,812	2,566	-
Construction contracts payable	-	-	-	-	-	-	-	-
Accrued payroll and benefits	2,236	-	-	-	-	-	-	-
Due to other funds	94,353	137,119	-	-	9,854	-	-	100,084
Unearned revenues	-	-	342,405	207,607	-	-	-	-
<b>Total liabilities</b>	<b>97,258</b>	<b>137,119</b>	<b>345,917</b>	<b>210,996</b>	<b>9,854</b>	<b>2,812</b>	<b>2,566</b>	<b>100,084</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues - other	25,000	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Non-spendable	-	-	-	-	-	-	-	-
Restricted	29,473	55,526	710,020	9,975	-	241,542	373,592	10,259
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(101,479)	-	(9,854)	(7,580)	(145,588)	-
<b>Total fund balances (deficit)</b>	<b>29,473</b>	<b>55,526</b>	<b>608,541</b>	<b>9,975</b>	<b>(9,854)</b>	<b>233,962</b>	<b>228,004</b>	<b>10,259</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 151,731</b>	<b>\$ 192,645</b>	<b>\$ 954,458</b>	<b>\$ 220,971</b>	<b>\$ -</b>	<b>\$ 236,774</b>	<b>\$ 230,570</b>	<b>\$ 110,343</b>

(Continued)



**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>Special Revenue</u>				<u>Total Nonmajor Special Revenue Funds</u>	<u>Debt Service</u>		
	<u>Half-Cent Transportation Surtax</u>	<u>Developer Impact Fees</u>	<u>Miscellaneous &amp; Other Grants</u>	<u>MOCA</u>		<u>FMLC- Loan General Obligation</u>	<u>Pension Obligation Bonds</u>	<u>Total Debt Service Funds</u>
<b>ASSETS</b>								
Pooled cash and cash equivalents	\$ 938,166	\$ 427,344	\$ -	\$ 138,293	\$ 3,129,127	\$ -	\$ -	\$ -
Pooled investments	-	-	-	416,285	416,285	-	-	-
Accounts receivables, net of allowance	-	-	-	13,646	23,156	-	-	-
Due from other governments and entities	837,919	-	177,951	4,700	1,483,228	-	-	-
Prepays, deposits, and other current assets	-	-	-	30,524	30,524	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	516,626	516,626	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b><u>1,776,085</u></b>	<b><u>427,344</u></b>	<b><u>177,951</u></b>	<b><u>1,120,074</u></b>	<b><u>5,598,946</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>LIABILITIES</b>								
Vouchers payable	143,435	-	62,068	20,144	238,595	-	-	-
Construction contracts payable	72	-	-	-	72	-	-	-
Accrued payroll and benefits	8,242	-	357	-	10,835	-	-	-
Due to other funds	-	-	243,980	-	585,390	-	149,544	149,544
Unearned revenues	-	-	39,795	-	589,807	-	-	-
<b>Total liabilities</b>	<b><u>151,749</u></b>	<b><u>-</u></b>	<b><u>346,200</u></b>	<b><u>20,144</u></b>	<b><u>1,424,699</u></b>	<b><u>-</u></b>	<b><u>149,544</u></b>	<b><u>149,544</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues - other	397,613	-	8,511	-	431,124	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>397,613</u></b>	<b><u>-</u></b>	<b><u>8,511</u></b>	<b><u>-</u></b>	<b><u>431,124</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Fund balances:								
Non-spendable	-	-	-	30,524	30,524	-	-	-
Restricted	1,226,723	427,344	-	748,285	3,832,739	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	321,121	321,121	-	-	-
Unassigned	-	-	(176,760)	-	(441,261)	-	(149,544)	(149,544)
<b>Total fund balances (deficit)</b>	<b><u>1,226,723</u></b>	<b><u>427,344</u></b>	<b><u>(176,760)</u></b>	<b><u>1,099,930</u></b>	<b><u>3,743,123</u></b>	<b><u>-</u></b>	<b><u>(149,544)</u></b>	<b><u>(149,544)</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b><u>\$ 1,776,085</u></b>	<b><u>\$ 427,344</u></b>	<b><u>\$ 177,951</u></b>	<b><u>\$ 1,120,074</u></b>	<b><u>\$ 5,598,946</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>Capital Projects</u>					
	<u>E May Avil Library</u>	<u>Transportation Gas Tax</u>	<u>Arch Creek Bridge</u>	<u>Other Capital Project Funds</u>	<u>Total Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 291,741	\$ 23,149	\$ -	\$ 314,890	\$ 3,444,017
Pooled investments	-	-	-	-	-	416,285
Accounts receivables, net of allowance	-	-	-	-	-	23,156
Due from other governments and entities	-	52,294	-	-	52,294	1,535,522
Prepays, deposits, and other current assets	-	-	-	-	-	30,524
Assets held for resale	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	516,626
Notes receivable	-	-	-	-	-	-
<b>Total assets</b>	<u>-</u>	<u>344,035</u>	<u>23,149</u>	<u>-</u>	<u>367,184</u>	<u>5,966,130</u>
<b>LIABILITIES</b>						
Vouchers payable	-	-	-	2,997	2,997	241,592
Construction contracts payable	-	8,690	-	-	8,690	8,762
Accrued payroll and benefits	-	-	-	-	-	10,835
Due to other funds	47,514	-	-	80,054	127,568	862,502
Unearned revenues	-	-	-	-	-	589,807
<b>Total liabilities</b>	<u>47,514</u>	<u>8,690</u>	<u>-</u>	<u>83,051</u>	<u>139,255</u>	<u>1,713,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - other	-	-	-	-	-	431,124
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,124</u>
<b>Fund balances:</b>						
Non-spendable	-	-	-	-	-	30,524
Restricted	-	335,345	-	-	335,345	4,168,084
Committed	-	-	-	-	-	-
Assigned	-	-	23,149	-	23,149	344,270
Unassigned	(47,514)	-	-	(83,051)	(130,565)	(721,370)
<b>Total fund balances (deficit)</b>	<u>(47,514)</u>	<u>335,345</u>	<u>23,149</u>	<u>(83,051)</u>	<u>227,929</u>	<u>3,821,508</u>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<u>\$ -</u>	<u>\$ 344,035</u>	<u>\$ 23,149</u>	<u>\$ -</u>	<u>\$ 367,184</u>	<u>\$ 5,966,130</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Special Revenue</b>							
	<b>HOME Investment Partnership</b>	<b>2005 Recovery</b>	<b>Neighborhood Stabilization</b>	<b>Local Housing (SHIP)</b>	<b>Police Training</b>	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>Justice Assistance Grants</b>
<b>REVENUES</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Intergovernmental	300,371	193,639	-	140,671	6,818	73,059	61,501	133,352
Licenses and permits	-	-	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-
Total revenues	<u>300,371</u>	<u>193,639</u>	<u>-</u>	<u>140,671</u>	<u>6,818</u>	<u>73,059</u>	<u>61,501</u>	<u>133,352</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	9,013	50,711	175,711	45,569
Physical environment	-	-	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	-	-	-
Housing and economic development	300,371	192,646	99,539	140,671	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	1,940	-	-	112,861	134,583	210,626
Total expenditures	<u>300,371</u>	<u>192,646</u>	<u>101,479</u>	<u>140,671</u>	<u>9,013</u>	<u>163,572</u>	<u>310,294</u>	<u>256,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>993</u>	<u>(101,479)</u>	<u>-</u>	<u>(2,195)</u>	<u>(90,513)</u>	<u>(248,793)</u>	<u>(122,843)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from capital lease and installment purchase	-	-	-	-	-	82,933	103,205	140,331
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,933</u>	<u>103,205</u>	<u>140,331</u>
Net change in fund balances	<u>-</u>	<u>993</u>	<u>(101,479)</u>	<u>-</u>	<u>(2,195)</u>	<u>(7,580)</u>	<u>(145,588)</u>	<u>17,488</u>
Fund balances (deficit), beginning	29,473	54,533	710,020	9,975	(7,659)	241,542	373,592	(7,229)
<b>Fund balances (deficit), ending</b>	<u>\$ 29,473</u>	<u>\$ 55,526</u>	<u>\$ 608,541</u>	<u>\$ 9,975</u>	<u>\$ (9,854)</u>	<u>\$ 233,962</u>	<u>\$ 228,004</u>	<u>\$ 10,259</u>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Special Revenue				Debt Service			
	Half-Cent Transportation Surtax	Developer Impact Fees	Miscellaneous & Other Grants	MOCA	Total Nonmajor Special Revenue Funds	FMLC-Loan General Obligation	Pension Obligation Bonds	Total Debt Service Funds
<b>REVENUES</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-
Charges for services	47,346	179,910	-	49,805	277,061	-	-	-
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Intergovernmental	2,547,796	-	867,400	2,231,052	6,555,659	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest and other earnings	-	5,681	-	17,141	22,822	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-
Total revenues	2,595,142	185,591	867,400	2,297,998	6,855,542	-	-	-
<b>EXPENDITURES</b>								
Current:								
General government	-	-	11,215	-	11,215	-	-	-
Public safety	-	-	253,694	-	534,698	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Transportation and public works	1,853,596	-	-	-	1,853,596	-	-	-
Housing and economic development	-	-	-	-	733,227	-	-	-
Culture and recreation	-	-	58,429	2,488,516	2,546,945	-	-	-
Community planning and development	-	-	199,776	-	199,776	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	877,292	877,292
Interest and fiscal charges	-	-	-	-	-	-	789,728	789,728
Capital outlay	926,254	-	-	-	1,386,264	-	-	-
Total expenditures	2,779,850	-	523,114	2,488,516	7,265,721	-	1,667,020	1,667,020
Excess (deficiency) of revenues over (under) expenditures	(184,708)	185,591	344,286	(190,518)	(410,179)	-	(1,667,020)	(1,667,020)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from capital lease and installment purchase	-	-	-	-	326,469	-	-	-
Transfers in	-	-	-	-	-	-	1,808,769	1,808,769
Transfers out	-	-	-	-	-	(9,237)	-	(9,237)
Total other financing sources (uses)	-	-	-	-	326,469	(9,237)	1,808,769	1,799,532
Net change in fund balances	(184,708)	185,591	344,286	(190,518)	(83,710)	(9,237)	141,749	132,512
Fund balances (deficit), beginning	1,411,431	241,753	(521,046)	1,290,448	3,826,833	9,237	(291,293)	(282,056)
<b>Fund balances (deficit), ending</b>	<b>\$ 1,226,723</b>	<b>\$ 427,344</b>	<b>\$ (176,760)</b>	<b>\$ 1,099,930</b>	<b>\$ 3,743,123</b>	<b>\$ -</b>	<b>\$ (149,544)</b>	<b>\$ (149,544)</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Capital Projects</b>					
	<b>E May Avil Library</b>	<b>Transportation Gas Tax</b>	<b>Arch Creek Bridge</b>	<b>Other Capital Project Funds</b>	<b>Total Capital Projects Funds</b>	<b>Nonmajor Governmental Funds</b>
<b>REVENUES</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	277,061
Franchise fees	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	50,000	320,841	-	-	370,841	6,926,500
Licenses and permits	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	22,822
Rents and royalties	-	-	-	-	-	-
Total revenues	<u>50,000</u>	<u>320,841</u>	<u>-</u>	<u>-</u>	<u>370,841</u>	<u>7,226,383</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	11,215
Public safety	-	-	-	-	-	534,698
Physical environment	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	1,853,596
Housing and economic development	-	-	-	-	-	733,227
Culture and recreation	-	-	-	-	-	2,546,945
Community planning and development	-	-	-	-	-	199,776
Debt service:						
Principal retirement	-	-	-	-	-	877,292
Interest and fiscal charges	-	-	-	-	-	789,728
Capital outlay	-	240,606	-	37,867	278,473	1,664,737
Total expenditures	<u>-</u>	<u>240,606</u>	<u>-</u>	<u>37,867</u>	<u>278,473</u>	<u>9,211,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,000</u>	<u>80,235</u>	<u>-</u>	<u>(37,867)</u>	<u>92,368</u>	<u>(1,984,831)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease and installment purchase	-	-	-	-	-	326,469
Transfers in	-	-	-	-	-	1,808,769
Transfers out	-	-	-	(19,146)	(19,146)	(28,383)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,146)</u>	<u>(19,146)</u>	<u>2,106,855</u>
Net change in fund balances	50,000	80,235	-	(57,013)	73,222	122,024
Fund balances (deficit), beginning	(97,514)	255,110	23,149	(26,038)	154,707	3,699,484
<b>Fund balances (deficit), ending</b>	<b><u>\$ (47,514)</u></b>	<b><u>\$ 335,345</u></b>	<b><u>\$ 23,149</u></b>	<b><u>\$ (83,051)</u></b>	<b><u>\$ 227,929</u></b>	<b><u>\$ 3,821,508</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENTS OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2017**

	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 6,068,524	\$ 5,239,111	\$ 11,307,635
Pooled investments	1,284,404	-	1,284,404
Accounts receivables, net of allowance	684	-	684
Grants receivables from other governments		9,037	9,037
Inventories and supplies	-	56,413	56,413
Prepays and deposits	40,630	-	40,630
Total current assets	<u>7,394,242</u>	<u>5,304,561</u>	<u>12,698,803</u>
Non-current assets:			
Capital assets, net	-	1,238,866	1,238,866
Total non-current assets	<u>-</u>	<u>1,238,866</u>	<u>1,238,866</u>
<b>Total assets</b>	<b><u>7,394,242</u></b>	<b><u>6,543,427</u></b>	<b><u>13,937,669</u></b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pensions	344,824	406,841	751,665
Total deferred outflow of resources	<u>344,824</u>	<u>406,841</u>	<u>751,665</u>
<b>LIABILITIES</b>			
Current liabilities:			
Vouchers payable	180,568	86,099	266,667
Constructions contracts payable	-	2,023	2,023
Accrued payroll and benefits	8,379	13,234	21,613
Compensated absences	19,888	46,541	66,429
Bonds, notes, leases payable	-	363,344	363,344
Interest payable	-	-	-
Total current liabilities	<u>208,835</u>	<u>511,241</u>	<u>720,076</u>
Non-current liabilities:			
Bonds, notes and lease payable	-	206,157	206,157
Compensated absences	46,745	267,600	314,345
Claims payable	2,977,310	-	2,977,310
Net pension liability	322,032	988,795	1,310,827
Net OPEB liability	114,970	231,493	346,463
Total non-current liabilities	<u>3,461,057</u>	<u>1,694,045</u>	<u>5,155,102</u>
<b>Total liabilities</b>	<b><u>3,669,892</u></b>	<b><u>2,205,286</u></b>	<b><u>5,875,178</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	85,607	200,964	286,571
Total deferred inflows of resources	<u>85,607</u>	<u>200,964</u>	<u>286,571</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	669,365	669,365
Renewal and replacement	-	-	-
Restricted	-	-	-
Unrestricted	3,983,567	3,874,653	7,858,220
<b>Total net position</b>	<b><u>\$ 3,983,567</u></b>	<b><u>\$ 4,544,018</u></b>	<b><u>\$ 8,527,585</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services provided to other funds	\$ 1,965,070	\$ 3,833,733	\$ 5,798,803
Other revenues	156,858	137,722	294,580
Total operating revenues	<u>2,121,928</u>	<u>3,971,455</u>	<u>6,093,383</u>
<b>OPERATING EXPENSES</b>			
Personnel services	294,495	760,669	1,055,164
Materials, supplies, services and other operating expenses	890,438	1,275,105	2,165,543
Claims cost	868,549	-	868,549
Depreciation	-	308,266	308,266
Total operating expenses	<u>2,053,482</u>	<u>2,344,040</u>	<u>4,397,522</u>
<b>Operating income</b>	<b><u>68,446</u></b>	<b><u>1,627,415</u></b>	<b><u>1,695,861</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	13,771	-	13,771
Other non-operating revenues	-	3,193	3,193
Interest expense	-	(33,006)	(33,006)
Total non-operating revenues	<u>13,771</u>	<u>(29,813)</u>	<u>(16,042)</u>
Income before contributions and transfers	<u>82,217</u>	<u>1,597,602</u>	<u>1,679,819</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers out	(18,201)	(39,773)	(57,974)
Total contributions and transfers	<u>(18,201)</u>	<u>(39,773)</u>	<u>(57,974)</u>
Change in net position	64,016	1,557,829	1,621,845
Net position, beginning	\$ 3,919,551	\$ 2,986,189	\$ 6,905,740
<b>Net position, ending</b>	<b><u>\$ 3,983,567</u></b>	<b><u>\$ 4,544,018</u></b>	<b><u>\$ 8,527,585</u></b>

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>General Risk Management</b>	<b>Fleet Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from other funds	\$ 1,965,070	\$ 3,833,733	\$ 5,798,803
Other cash receipts	156,858	137,722	294,580
Payments to employees	(294,495)	(760,669)	(1,055,164)
Payments to suppliers	(779,054)	(1,271,415)	(2,050,469)
Payments for claims	(868,549)	-	(868,549)
Net cash provided by operating activities	<u>179,830</u>	<u>1,939,371</u>	<u>2,119,201</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out - pension debt service	(18,201)	(39,773)	(57,974)
Net cash used for noncapital financing activities	<u>(18,201)</u>	<u>(39,773)</u>	<u>(57,974)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital lease	-	3,193	3,193
Principal paid on capital leases	-	(363,344)	(363,344)
Interest paid on capital leases	-	(33,006)	(33,006)
Acquisition and construction of capital assets	-	(11,032)	(11,032)
Net cash used for capital and related financing activities	<u>-</u>	<u>(404,189)</u>	<u>(404,189)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(13,771)	-	(13,771)
Interest earnings	13,771	145	13,916
Net cash provided by investing activities	<u>-</u>	<u>145</u>	<u>145</u>
Net increase in pooled cash and cash equivalents	161,629	1,495,554	1,657,183
Pooled cash and cash equivalents at beginning of year	5,906,895	3,743,557	9,650,452
Pooled cash and cash equivalents a end of the year	<u>\$ 6,068,524</u>	<u>\$ 5,239,111</u>	<u>\$ 11,307,635</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating (loss) income	\$ 68,446	\$ 1,627,415	\$ 1,695,861
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	-	308,266	308,266
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(324)	-	(324)
(Increase) decrease in inventories and supplies	-	3,412	3,412
(Increase) decrease in prepaids and deposits	(11,751)	-	(11,751)
(Increase) decrease in deferred outflows of resources	42,531	(26,272)	16,259
Increase (decrease) in vouchers payable	151,072	33,915	184,987
Increase (decrease) in accrued payroll and benefits	(1,670)	7,171	5,501
Increase (decrease) in compensated absences	1,740	49,363	51,103
Increase (decrease) in claims payable	24,218	-	24,218
Increase (decrease) in other post-employment benefits obligation	14,381	26,146	40,527
Increase (decrease) in net pension liability	(140,554)	(162,846)	(303,400)
Increase (decrease) in deferred inflows of resources	31,741	72,801	104,542
<b>Net cash (used for) provided by operating activities</b>	<u><b>\$ 179,830</b></u>	<u><b>\$ 1,939,371</b></u>	<u><b>\$ 2,119,201</b></u>



**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2016**

	<u>691 CTS Plan</u>	<u>748 Police Plan</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and short term investments	\$ 71,175	\$ 246,962	\$ 318,137
Investments:			
Short term investments	\$ 2,237,101	495,045	2,732,146
U.S. Treasuries	9,746,085	3,381,231	13,127,316
U.S. Agency obligations	8,445,051	6,222,204	14,667,255
Corporate bonds	14,362,453	2,150,250	16,512,703
Common stock	40,946,215	32,117,704	73,063,919
Real estate funds	12,295,573	7,713,280	20,008,853
Bond Index Funds	12,361,249	3,668,891	16,030,140
Index funds	18,523,940	14,499,986	33,023,926
Total investments	<u>118,917,667</u>	<u>70,248,591</u>	<u>189,166,258</u>
Receivables:			
Plan members contributions	15,308	20,287	35,595
CNM Share Plan	33,529	82,682	116,211
Receivable from broker on investments sold	164,827	256,819	421,646
Accrued interest	171,566	40,725	212,291
Accrued dividends	27,306	13,744	41,050
Total receivables	<u>412,536</u>	<u>414,257</u>	<u>826,793</u>
Total assets	<u>119,401,378</u>	<u>70,909,810</u>	<u>190,311,188</u>
<b>LIABILITIES AND NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
Liabilities:			
Accounts payable and accrued liabilities	26,884	40,598	67,482
Payable to broker for investments purchased	616,332	253,324	869,656
Benefits payable	109,605	32,663	142,268
Total liabilities	<u>752,821</u>	<u>326,585</u>	<u>1,079,406</u>
Net position held in trust for pension benefits	<u>\$ 118,648,557</u>	<u>\$ 70,583,225</u>	<u>\$ 189,231,782</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>CTS Plan</u>	<u>Police Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Employer	\$ 4,924,792	\$ 3,744,407	\$ 8,669,199
Plan members	814,650	1,153,440	1,968,090
County	103,860	-	103,860
Other	1,657	82,682	84,339
Total contributions	<u>5,844,959</u>	<u>4,980,529</u>	<u>10,825,488</u>
Investment income:			
Net appreciation in fair value of investments	10,979,024	6,566,807	17,545,831
Interest	806,517	271,588	1,078,105
Dividends	763,207	364,054	1,127,261
Gross investment income	<u>12,548,748</u>	<u>7,202,449</u>	<u>19,751,197</u>
Less investment expenses	(477,254)	(268,623)	(745,877)
Net investment income	<u>12,071,494</u>	<u>6,933,826</u>	<u>19,005,320</u>
Total additions	<u>17,916,453</u>	<u>11,914,355</u>	<u>29,830,808</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Normal retirement	6,919,972	3,122,317	10,042,289
Disability retirement	89,563	150,404	239,967
Death benefit	5,529	27,770	33,299
Lump sum retirement	184,078	979,670	1,163,748
Refunds of contributions	98,051	32,663	130,714
	<u>7,297,193</u>	<u>4,312,824</u>	<u>11,610,017</u>
Administrative expenses	262,418	159,823	422,241
Total deductions	<u>7,559,611</u>	<u>4,472,647</u>	<u>12,032,258</u>
Net increase in net position	10,356,842	7,441,708	17,798,550
Net position, beginning	<u>108,291,715</u>	<u>63,141,517</u>	<u>171,433,232</u>
<b>Net position, ending</b>	<u><b>\$ 118,648,557</b></u>	<u><b>\$ 70,583,225</b></u>	<u><b>\$ 189,231,782</b></u>

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds							
	Home Investment Partnership				2005 Disaster Recovery Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Intergovernmental	\$ 197,700	\$ 355,105	\$ 300,371	\$ (54,734)	\$ -	\$ 192,989	\$ 193,639	\$ 650
Interest and other earnings	-	110,006	-	(110,006)	-	-	-	-
Total revenues	<u>197,700</u>	<u>465,111</u>	<u>300,371</u>	<u>(164,740)</u>	<u>-</u>	<u>192,989</u>	<u>193,639</u>	<u>650</u>
<b>EXPENDITURES</b>								
Housing and economic development	319,192	465,111	300,371	164,740	-	192,989	192,646	343
Total expenditures	<u>319,192</u>	<u>465,111</u>	<u>300,371</u>	<u>164,740</u>	<u>-</u>	<u>192,989</u>	<u>192,646</u>	<u>343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(121,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>993</u>	<u>993</u>
<b>OTHER FINANCING SOURCES (Uses)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Transfers in	121,492	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>121,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>993</u>	<u>993</u>
Fund balances - beginning			<u>29,473</u>				<u>54,533</u>	
Fund balances - ending			<u>29,473</u>				<u>55,526</u>	

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds							
	Neighborhood Stabilization Program				State Housing Initiative Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ 554,482	142,180	\$ -	\$ (142,180)	\$ 187,551	\$ 333,305	\$ 140,671	\$ (192,634)
Interest and other earnings								
Total revenues	<u>554,482</u>	<u>142,180</u>	<u>-</u>	<u>(142,180)</u>	<u>187,551</u>	<u>333,305</u>	<u>140,671</u>	<u>(192,634)</u>
<b>EXPENDITURES</b>								
Housing and urban development	2,180	82,180	99,539	(17,359)	249,567	333,305	140,671	192,634
Capital outlay	2,166,613	3,339,674	1,940	3,337,734	-	-	-	-
Total expenditures	<u>2,168,793</u>	<u>3,421,854</u>	<u>101,479</u>	<u>3,320,375</u>	<u>249,567</u>	<u>333,305</u>	<u>140,671</u>	<u>192,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,614,311)</u>	<u>(3,279,674)</u>	<u>(101,479)</u>	<u>3,178,195</u>	<u>(62,016)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (Uses)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,614,311)</u>	<u>\$ (3,279,674)</u>	<u>(101,479)</u>	<u>\$ 3,178,195</u>	<u>\$ (62,016)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			710,020				9,975	
Fund balances - ending			<u>\$ 608,541</u>				<u>\$ 9,975</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds							
	Police Training				Law Enforcement Trust			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Intergovernmental	\$ 11,000	\$ 8,800	\$ 6,818	\$ (1,982)	\$ -	\$ 248,852	\$ 73,059	\$ (175,793)
Total revenues	<u>11,000</u>	<u>8,800</u>	<u>6,818</u>	<u>(1,982)</u>	<u>-</u>	<u>248,852</u>	<u>73,059</u>	<u>(175,793)</u>
<b>EXPENDITURES</b>								
Public safety	8,800	8,800	9,013	(213)	208,852	198,852	50,711	148,141
Debt service	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	40,000	50,000	112,861	(62,861)
Total expenditures	<u>8,800</u>	<u>8,800</u>	<u>9,013</u>	<u>(213)</u>	<u>248,852</u>	<u>248,852</u>	<u>163,572</u>	<u>85,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,200</u>	<u>-</u>	<u>(2,195)</u>	<u>(2,195)</u>	<u>(248,852)</u>	<u>-</u>	<u>(90,513)</u>	<u>(90,513)</u>
<b>OTHER FINANCING SOURCES (Uses)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Proceeds from capital lease and installment purchase	-	-	-	-	-	-	82,933	82,933
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,933</u>	<u>82,933</u>
Net change in fund balances	<u>\$ 2,200</u>	<u>\$ -</u>	<u>(2,195)</u>	<u>\$ (2,195)</u>	<u>\$ (248,852)</u>	<u>\$ -</u>	<u>(7,580)</u>	<u>\$ (7,580)</u>
Fund balances (deficit) - beginning			(7,659)				241,542	
Fund balances (deficit) - ending			<u>\$ (9,854)</u>				<u>\$ 233,962</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Special Revenue Funds</b>							
	<b>Federal Forfeiture</b>				<b>Justice Assistance Grant</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 365,214	\$ 61,501	\$ (303,713)	\$ 88,999	\$ 191,785	\$ 133,352	\$ (58,433)
Interest and other earnings	-	27,772	-	(27,772)	-	14,750	-	(14,750)
Total revenues	<u>-</u>	<u>392,986</u>	<u>61,501</u>	<u>(331,485)</u>	<u>88,999</u>	<u>206,535</u>	<u>133,352</u>	<u>(73,183)</u>
<b>EXPENDITURES</b>								
Public safety	332,986	349,758	175,711	174,047	110,312	136,240	45,569	90,671
Debt service	-	-	-	-	-	-	-	-
Capital outlay	60,000	43,228	134,583	(91,355)	-	70,295	210,626	(140,331)
Total expenditures	<u>392,986</u>	<u>392,986</u>	<u>310,294</u>	<u>82,692</u>	<u>110,312</u>	<u>206,535</u>	<u>256,195</u>	<u>(49,660)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(392,986)</u>	<u>-</u>	<u>(248,793)</u>	<u>(248,793)</u>	<u>(21,313)</u>	<u>-</u>	<u>(122,843)</u>	<u>(122,843)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Proceeds from capital lease and installment purchase	-	-	103,205	103,205	-	-	140,331	140,331
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>103,205</u>	<u>103,205</u>	<u>-</u>	<u>-</u>	<u>140,331</u>	<u>140,331</u>
Net change in fund balances	<u>\$ (392,986)</u>	<u>\$ -</u>	<u>(145,588)</u>	<u>\$ (145,588)</u>	<u>\$ (21,313)</u>	<u>\$ -</u>	<u>17,488</u>	<u>\$ 17,488</u>
Fund balances (deficit) - beginning			373,592				(7,229)	
Fund balances (deficit) - ending			<u>\$ 228,004</u>				<u>\$ 10,259</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**Special Revenue Funds**

	<u>1/2 Cent Transportation</u>				<u>Development Impact Fees</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget (Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>								
Charges for services	\$ 100,000	\$ 100,000	\$ 47,346	\$ (52,654)	\$ -	\$ -	\$ 179,910	\$ 179,910
Intergovernmental	2,315,858	2,476,611	2,547,796	71,185	-	-	-	-
Interest and other earnings	-	2,204,396	-	(2,204,396)	-	-	5,681	5,681
Total revenues	<u>2,415,858</u>	<u>4,781,007</u>	<u>2,595,142</u>	<u>(2,185,865)</u>	<u>-</u>	<u>-</u>	<u>185,591</u>	<u>185,591</u>
<b>EXPENDITURES</b>								
Transportation	2,614,663	2,301,704	1,853,596	448,108	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlay	1,601,013	2,415,304	926,254	1,489,050	-	-	-	-
Total expenditures	<u>4,215,676</u>	<u>4,717,007</u>	<u>2,779,850</u>	<u>1,937,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,799,818)</u>	<u>64,000</u>	<u>(184,708)</u>	<u>(248,708)</u>	<u>-</u>	<u>-</u>	<u>185,591</u>	<u>185,591</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,799,818)</u>	<u>\$ 64,000</u>	<u>(184,708)</u>	<u>\$ (248,708)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>185,591</u>	<u>\$ 185,591</u>
Fund balances - beginning			1,411,431				241,753	
Fund balances - ending			<u>\$ 1,226,723</u>				<u>\$ 427,344</u>	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds				Debt Service Fund			
	Miscellaneous Grants & Other							
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 659,964	\$ 867,400	\$ 207,436	-	\$ 1,787,563	\$ -	\$ (1,787,563)
Total revenues	-	659,964	867,400	207,436	-	1,787,563	-	(1,787,563)
<b>EXPENDITURES</b>								
General government	-	4,500	11,215	(6,715)	-	-	-	-
Public safety	-	137,837	253,694	(115,857)	-	-	-	-
Community planning and development	-	220,000	199,776	20,224	-	-	-	-
Culture and recreation	-	62,390	58,429	3,961	-	-	-	-
Debt service	-	-	-	-	1,787,563	1,787,563	1,667,020	120,543
Capital outlay	-	325,237	-	325,237	-	-	-	-
Total expenditures	-	749,964	523,114	226,850	1,787,563	1,787,563	1,667,020	120,543
Excess (deficiency) of revenues over (under) expenditures	-	(90,000)	344,286	434,286	(1,787,563)	-	(1,667,020)	(1,667,020)
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Transfers in	90,000	90,000	-	(90,000)	-	39,118	1,808,769	1,769,651
Transfers out	-	-	-	-	-	-	(9,237)	(9,237)
Total other financing source (uses)	90,000	90,000	-	(90,000)	-	39,118	1,799,532	1,760,414
Net change in fund balances	<u>\$ 90,000</u>	<u>\$ -</u>	344,286	<u>\$ 344,286</u>	<u>\$ (1,787,563)</u>	<u>\$ 39,118</u>	132,512	<u>\$ 93,394</u>
Fund balances (deficit) - beginning			(521,046)				(282,056)	
Fund balances (deficit) - ending			<u>\$ (176,760)</u>				<u>\$ (149,544)</u>	

Continued



**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Capital Projects Funds							
	E May Avil Library				Transportation Gas Tax			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 289,187	\$ 310,067	\$ 320,841	\$ 10,774
Interest and other earnings	-	28,063	-	(28,063)	-	50,011	-	(50,011)
Total revenues	-	28,063	50,000	21,937	289,187	360,078	320,841	(39,237)
<b>EXPENDITURES</b>								
Capital outlay	-	-	-	-	310,067	360,078	240,606	119,472
Total expenditures	-	-	-	-	310,067	360,078	240,606	119,472
Excess (deficiency) of revenues over (under) expenditures	-	28,063	50,000	21,937	(20,880)	-	80,235	80,235
<b>OTHER FINANCING SOURCES ( USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ 28,063	50,000	\$ 21,937	\$ (20,880)	\$ -	80,235	\$ 80,235
Fund balances (deficit) - beginning			(97,514)				255,110	
Fund balances (deficit) - ending			\$ (47,514)				\$ 335,345	

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Capital Projects Funds</b>							
	<b>Arch Creek Bridge</b>				<b>Other Capital Projects</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget (Negative)</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and other earnings	-	-	-	-	15,532	-	-	(15,532)
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,532</u>	<u>-</u>	<u>-</u>	<u>(15,532)</u>
<b>EXPENDITURES</b>								
Capital outlay	-	-	-	-	-	37,867	-	(37,867)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,867</u>	<u>-</u>	<u>(37,867)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,532</u>	<u>(37,867)</u>	<u>-</u>	<u>(53,399)</u>
<b>OTHER FINANCING SOURCES ( USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(19,146)	-	(19,146)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,146)</u>	<u>-</u>	<u>(19,146)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 15,532</u>	<u>(57,013)</u>	<u>-</u>	<u>\$ (72,545)</u>
Fund balances (deficit) - beginning			23,149			(26,038)		
Fund balances (deficit) - ending			<u>\$ 23,149</u>			<u>\$ (83,051)</u>		



### **III. Statistical Section (Unaudited)**

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information



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## STATISTICAL SECTION

This part of the City of North Miami'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>132-137</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>138-143</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>144-151</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>152-154</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>155-156</b>

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



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## **Financial Trends**



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TABLE 1

**CITY OF NORTH MIAMI, FLORIDA**  
**NET POSITION BY COMPONENT (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	<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:										
Invested in capital assets, net of related debt	\$ 51,307,271	\$ 52,647,349	\$ 53,763,596	\$ 56,538,875	\$ 6,437,906	\$ 66,674,275	\$ 67,178,164	\$ 55,314,367	\$ 61,274,246	\$ 61,365,386
Restricted	12,160,105	14,208,083	16,077,827	30,787,542	8,706,305	17,939,652	16,375,077	17,238,381	8,644,742	9,412,706
Unrestricted	(28,118,766)	(33,805,171)	(42,781,738)	(62,194,486)	24,390,475	(11,995,241)	(10,892,183)	(35,615,832)	(32,812,317)	(32,309,472)
Total governmental activities net position	<u>\$ 35,348,610</u>	<u>\$ 33,050,261</u>	<u>\$ 27,059,685</u>	<u>\$ 25,131,931</u>	<u>\$ 39,534,686</u>	<u>\$ 72,618,686</u>	<u>\$ 72,661,058</u>	<u>\$ 36,936,916</u>	<u>\$ 37,106,671</u>	<u>\$ 38,468,620</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 32,417,627	\$ 33,191,210	\$ 32,760,429	\$ 36,851,552	\$ 35,913,554	\$ 36,003,493	\$ 38,424,467	\$ 39,868,520	\$ 38,449,795	\$ 39,310,886
Restricted	6,358,478	15,046,871	16,467,964	15,843,241	16,044,755	18,099,926	18,099,926	13,060,381	-	-
Unrestricted	6,460,488	4,422,730	6,978,827	6,268,728	7,808,454	7,835,776	12,040,052	20,113,189	36,997,374	37,264,087
Total business-type activities net position	<u>\$ 45,236,593</u>	<u>\$ 52,660,811</u>	<u>\$ 56,207,220</u>	<u>\$ 58,963,521</u>	<u>\$ 59,766,763</u>	<u>\$ 61,939,195</u>	<u>\$ 68,564,445</u>	<u>\$ 73,042,090</u>	<u>\$ 75,447,169</u>	<u>\$ 76,574,973</u>
Net position:										
Invested in capital assets, net of related debt	\$ 83,724,898	\$ 85,838,559	\$ 86,524,025	\$ 93,390,427	\$ 42,351,460	\$ 102,677,768	\$ 105,602,631	\$ 95,182,887	\$ 99,724,041	\$ 100,676,272
Restricted	18,518,583	29,254,954	32,545,791	46,630,783	24,751,060	36,039,578	34,475,003	30,298,762	8,644,742	9,412,706
Unrestricted	(21,658,278)	(29,382,441)	(35,802,911)	(55,925,758)	32,198,929	(4,159,465)	1,147,869	(15,502,643)	4,185,057	4,954,615
Total net position	<u>\$ 80,585,203</u>	<u>\$ 85,711,072</u>	<u>\$ 83,266,905</u>	<u>\$ 84,095,452</u>	<u>\$ 99,301,449</u>	<u>\$ 134,557,881</u>	<u>\$ 141,225,503</u>	<u>\$ 109,979,006</u>	<u>\$ 112,553,840</u>	<u>\$ 115,043,593</u>

TABLE 2

**CITY OF NORTH MIAMI, FLORIDA**  
**CHANGES IN NET POSITION (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	<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>EXPENSES</b>										
<b>Governmental activities:</b>										
General government	\$ 23,245,133	\$ 19,496,261	\$ 16,340,034	\$ 19,241,452	\$ 12,289,475	\$ 13,670,164	\$ 17,919,295	\$ 18,721,535	\$ 19,969,995	\$ 20,424,384
Public safety	19,153,683	20,447,256	24,368,670	24,561,894	25,714,309	27,150,284	26,006,919	26,983,295	25,166,834	30,837,393
Physical environment	24,711,143	203,208	120,466	6,854,468	6,514,175	6,699,659	3,020,021	1,665,406	1,526,731	388,242
Transportation and public works	4,009,294	4,670,956	4,732,376	4,113,917	5,174,884	5,677,229	-	5,605,540	5,771,515	5,954,245
Economic environment (Housing & urban development)	7,965,399	7,767,405	10,377,383	5,872,341	2,968,567	4,203,130	3,513,528	1,069,839	1,119,540	1,823,347
Parks and community services (Culture & recreation)	6,958,907	6,696,682	6,801,881	3,294,271	6,253,611	7,352,980	7,204,954	10,905,337	10,623,998	11,722,459
Community planning and development	-	-	-	-	-	-	-	1,931,045	2,175,156	1,693,997
Interest and fiscal charges (6)	1,639,371	1,476,347	4,391,930	2,082,590	1,298,470	984,926	2,221,435	1,256,720	1,225,739	1,265,498
Total governmental activities expenses	<u>87,682,930</u>	<u>60,758,115</u>	<u>67,132,740</u>	<u>66,020,933</u>	<u>60,213,491</u>	<u>65,738,372</u>	<u>59,886,152</u>	<u>68,138,717</u>	<u>67,579,508</u>	<u>74,109,565</u>
<b>Business-type activities:</b>										
Water and sewer	21,109,133	20,222,256	21,257,994	22,226,942	21,741,967	22,478,172	23,951,276	26,685,028	28,538,868	30,434,388
Solid waste (8)	6,451,224	6,678,308	6,259,317	5,762,137	6,099,743	-	-	-	-	-
Stormwater	2,195,360	2,298,394	2,307,539	2,230,457	2,375,777	2,641,893	2,248,332	2,123,669	1,848,527	2,513,502
Total business-type activities expenses	<u>29,755,717</u>	<u>29,198,958</u>	<u>29,824,850</u>	<u>30,219,536</u>	<u>30,217,487</u>	<u>25,120,065</u>	<u>26,199,608</u>	<u>28,808,697</u>	<u>30,387,395</u>	<u>32,947,890</u>
Total expenses	<u>\$ 117,438,647</u>	<u>\$ 89,957,073</u>	<u>\$ 96,957,590</u>	<u>\$ 96,240,469</u>	<u>\$ 90,427,978</u>	<u>\$ 91,285,896</u>	<u>\$ 86,085,760</u>	<u>\$ 96,947,414</u>	<u>\$ 97,966,903</u>	<u>\$ 107,057,455</u>

TABLE 2

**CITY OF NORTH MIAMI, FLORIDA**  
**CHANGES IN NET POSITION (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(Continued)**  
**(accrual basis of accounting)**

	<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>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 8,571,957	\$ 8,464,748	\$ 8,699,308	\$ 14,512,033	\$ 7,986,221	\$ 12,762,768	\$ 11,304,253	\$ 7,034,086	\$ 13,660,794	\$ 12,401,125
Public safety	2,852,609	2,259,765	3,288,052	2,711,202	5,237,148	3,123,181	4,723,934	6,646,252	4,512,782	5,487,160
Physical environment	-	-	-	974,420	32,754	2,728,755	2,573,756	1,915,022	3,020,822	3,887,943
Transportation and public works	64,119	224,614	232,402	2,376,456	116,265	147,453	132,658	835,931	88,368	47,346
Economic environment (Housing & urban development)	1,420,386	1,209,693	843,134	20,871	61,110	573,625	467,411	1,394,763	-	-
Parks and community services (Culture & recreation)	429,903	456,614	419,356	413,112	469,914	359,463	118,730	2,785,645	2,993,270	3,278,530
Community planning and development	-	-	-	-	-	-	-	134,132	777,851	584,838
Operating grants and contributions	14,693,998	14,290,842	18,272,691	12,474,244	28,322,616	8,382,304	7,006,123	3,603,994	5,353,062	5,956,341
Capital grants and contributions	1,259,470	319,737	694,652	2,532,120	4,592,697	99,709	794,857	6,677,318	544,232	670,841
Total governmental activities program revenues	<u>29,292,442</u>	<u>27,226,013</u>	<u>32,449,595</u>	<u>36,014,458</u>	<u>46,818,725</u>	<u>28,177,258</u>	<u>27,121,722</u>	<u>31,027,143</u>	<u>30,951,181</u>	<u>32,314,124</u>
Business-type activities:										
Charges for services:										
Water and sewer	26,349,394	25,596,486	23,658,141	23,244,429	22,487,389	28,528,757	30,523,694	34,849,639	32,195,213	31,600,606
Solid waste	6,398,202	6,762,983	6,765,421	6,635,169	4,757,902	-	-	-	-	-
Stormwater	2,275,291	2,419,981	2,424,453	2,408,384	2,321,676	2,479,164	2,525,987	2,287,685	2,598,048	2,610,940
Operating grants and contributions	58,669	315	-	-	-	-	-	-	-	-
Capital grants and contributions	3,251,200	1,985,395	581,940	526,581	-	-	-	-	-	-
Total business-type activities program revenues	<u>38,332,756</u>	<u>36,765,160</u>	<u>33,429,955</u>	<u>32,814,563</u>	<u>29,566,967</u>	<u>31,007,921</u>	<u>33,049,681</u>	<u>37,137,324</u>	<u>34,793,261</u>	<u>34,211,546</u>
Total program revenues	<u>\$ 67,625,198</u>	<u>\$ 63,991,173</u>	<u>\$ 65,879,550</u>	<u>\$ 68,829,021</u>	<u>\$ 76,385,692</u>	<u>\$ 59,185,179</u>	<u>\$ 60,171,403</u>	<u>\$ 68,164,467</u>	<u>\$ 65,744,442</u>	<u>\$ 66,525,670</u>
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (58,390,488)	\$ (33,532,102)	\$ (33,571,338)	\$ (30,006,475)	\$ (13,394,766)	\$ (37,561,114)	\$ (32,764,430)	\$ (37,111,574)	\$ (36,628,327)	\$ (41,795,441)
Business-type activities	8,577,039	7,566,202	3,210,419	2,595,027	(650,520)	5,887,856	6,850,073	8,328,627	4,405,866	1,263,656
Total (expense) revenue	<u>\$ (49,813,449)</u>	<u>\$ (25,965,900)</u>	<u>\$ (30,360,919)</u>	<u>\$ (27,411,448)</u>	<u>\$ (14,045,286)</u>	<u>\$ (31,673,258)</u>	<u>\$ (25,914,357)</u>	<u>\$ (28,782,947)</u>	<u>\$ (32,222,461)</u>	<u>\$ (40,531,785)</u>

(Continued)

TABLE 2

**CITY OF NORTH MIAMI, FLORIDA**  
**CHANGES IN NET POSITION (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(Continued)**  
**(accrual basis of accounting)**

	<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 REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 21,710,957	\$ 21,247,507	\$ 19,360,306	\$ 19,361,195	\$ 16,827,107	\$ 17,773,329	\$ 16,156,844	\$ 17,138,805	\$ 18,708,191	\$ 19,194,672
Utility service tax	2,473,248	2,445,124	2,644,278	2,696,457	2,780,568	2,986,873	3,328,202	4,210,073	4,311,844	4,343,095
Communication service tax	2,151,632	2,416,966	2,102,527	1,933,235	1,777,062	1,556,784	1,407,118	1,415,105	1,308,539	1,212,133
Franchise taxes	3,746,580	3,705,277	3,340,179	3,361,008	3,327,030	3,459,702	3,662,902	3,539,715	3,742,335	4,356,029
Unrestricted investment earnings	839,446	175,294	113,131	126,461	101,103	155,253	75,073	86,549	259,140	98,716
Miscellaneous	1,930,249	903,758	936,875	561,783	3,081,160	40,996,820	14,204,424	12,290,361	23,539,227	13,710,937
Transfers	187,725	339,827	195,273	38,582	(203,602)	3,716,203	210,292	187,739	205,115	241,808
Total governmental activities	<u>33,039,837</u>	<u>31,233,753</u>	<u>28,692,569</u>	<u>28,078,721</u>	<u>27,690,428</u>	<u>70,644,964</u>	<u>39,044,855</u>	<u>38,868,347</u>	<u>52,074,391</u>	<u>43,157,390</u>
Business-type activities:										
Unrestricted investment earnings	197,977	62,726	50,134	-	92,675	-	-	-	-	-
Miscellaneous	381,931	135,117	86,443	199,856	1,054,813	-	10,457	55,368	299,700	105,956
Transfers	(187,725)	(339,827)	(195,273)	(38,582)	203,602	(3,716,203)	(210,292)	(187,739)	(205,115)	(241,808)
Total business-type activities	<u>392,183</u>	<u>(141,984)</u>	<u>(58,696)</u>	<u>161,274</u>	<u>1,351,090</u>	<u>(3,716,203)</u>	<u>(199,835)</u>	<u>(132,371)</u>	<u>94,585</u>	<u>(135,852)</u>
Total	<u>33,432,020</u>	<u>31,091,769</u>	<u>28,633,873</u>	<u>28,239,995</u>	<u>29,041,518</u>	<u>66,928,761</u>	<u>38,845,020</u>	<u>38,735,976</u>	<u>52,168,976</u>	<u>43,021,538</u>
CHANGE IN NET POSITION										
Governmental activities	(25,350,651)	(2,298,349)	(5,990,576)	(1,927,754)	14,295,662	33,083,850	6,280,425	1,756,773	15,446,064	1,361,949
Business-type activities	8,969,222	7,424,218	3,546,409	2,756,301	700,570	2,171,653	6,650,238	8,196,256	4,500,451	1,127,804
Total	<u>\$ (16,381,429)</u>	<u>\$ 5,125,869</u>	<u>\$ (2,444,167)</u>	<u>\$ 828,547</u>	<u>\$ 14,996,232</u>	<u>\$ 35,255,503</u>	<u>\$ 12,930,663</u>	<u>\$ 9,953,029</u>	<u>\$ 19,946,515</u>	<u>\$ 2,489,753</u>

(5) In fiscal year 2008, includes recognition of additional \$23.4 million liability for remediation and closure of landfill site.

(6) In fiscal year 2010 includes a swap termination payment of \$4,120,000.

(7) In fiscal year 2013 miscellaneous includes \$30M landfill closure and \$6M for intergovernmental

(8) In fiscal year 2013 the solid waste fund was closed

TABLE 3

**CITY OF NORTH MIAMI, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	2008	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014	2015	2016	2017
General fund:			* Restated						* Restated	
Reserved	\$ 5,106	\$ 93,606	\$ 19,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,571,829	2,703,006	(893,483)	-	-	-	-	-	-	-
Non-spendable	-	-	-	57,442	22,585	1,607,840	313,403	141,595	49,197	79,227
Restricted	-	-	-	-	5,000,000	-	-	-	-	-
Committed	-	-	-	-	-	6,500,000	6,500,000	-	-	-
Assigned	-	-	-	-	-	5,602,529	5,604,450	4,544,241	-	-
Unassigned	-	-	-	328,906	11,517,432	6,539,393	4,371,591	9,114,161	(396,516)	(4,921,302)
Total general fund	<u>\$ 8,576,935</u>	<u>\$ 2,796,612</u>	<u>\$ (873,957)</u>	<u>\$ 386,348</u>	<u>\$ 16,540,017</u>	<u>\$ 20,249,762</u>	<u>\$ 16,789,444</u>	<u>\$ 13,799,997</u>	<u>\$ (347,319)</u>	<u>\$ (4,842,075)</u>
All other governmental funds:										
Reserved	\$ 28,066,972	\$ 28,540,423	\$ 29,555,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	6,043,601	4,985,657	4,838,835	-	-	-	-	-	-	-
Debt service funds	6,621	-	-	-	-	-	-	-	-	-
Capital projects funds	2,986,400	4,826,209	6,055,920	-	-	-	-	-	-	-
Non-spendable:										
Assets held for sale	-	-	-	3,241,856	3,245,256	652,368	731,320	652,368	-	-
Inventories & prepaids	-	-	-	6,247	-	4,064	3,399	-	-	30,524
Notes receivable	-	-	-	-	-	1,509,095	-	261,194	-	-
Restricted	-	-	-	28,496,680	19,248,154	18,450,787	16,603,444	16,928,309	18,734,688	19,025,254
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	5,409,014	-	-	1,736,361	2,800,546	535,690	374,794
Unassigned	-	-	-	272,748	5,524,256	-	(259,248)	(965,261)	(544,321)	(966,999)
Total all other governmental funds	<u>\$ 37,103,594</u>	<u>\$ 38,352,289</u>	<u>\$ 40,450,419</u>	<u>\$ 37,426,545</u>	<u>\$ 28,017,666</u>	<u>\$ 20,616,314</u>	<u>\$ 18,815,276</u>	<u>\$ 19,677,156</u>	<u>\$ 18,726,057</u>	<u>\$ 18,463,573</u>

<sup>(1)</sup> New presentation due to the implementation of GASB Statement No. 54 - Fund Balance Reporting

TABLE 4

**CITY OF NORTH MIAMI, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes	\$ 30,900,086	\$ 30,588,167	\$ 28,198,401	\$ 26,335,560	\$ 24,696,132	\$ 26,992,235	\$ 24,051,638	\$ 25,497,860	\$ 27,004,717	\$ 28,003,594
Charges for services	7,058,063	7,076,831	7,645,653	7,498,886	7,535,891	5,857,578	8,418,568	8,025,835	8,982,469	9,682,205
Fines and forfeitures	790,970	904,206	2,047,267	2,847,550	4,739,880	3,251,870	2,621,393	2,829,842	1,249,133	1,061,091
Intergovernmental	15,195,188	14,234,824	17,104,596	18,272,037	17,241,278	8,952,044	13,604,235	15,063,947	13,970,999	15,785,674
Licenses and permits	2,555,990	1,890,631	1,503,747	1,954,261	1,871,538	1,927,293	2,046,697	2,428,695	2,015,318	3,790,191
Other (including interest)	4,651,157	2,782,098	3,514,990	1,602,961	16,533,084	8,575,254	4,998,962	4,357,063	8,144,393	6,869,743
Total revenues	<u>61,151,454</u>	<u>57,476,757</u>	<u>60,014,654</u>	<u>58,511,255</u>	<u>72,617,803</u>	<u>55,556,274</u>	<u>55,741,493</u>	<u>58,203,242</u>	<u>61,367,029</u>	<u>65,192,498</u>
<b>EXPENDITURES</b>										
General government	19,877,974	17,523,441	10,527,627	9,426,236	10,252,078	13,065,334	13,601,116	10,244,783	13,235,866	14,433,923
Public safety	18,355,298	19,909,031	24,877,638	24,561,894	23,835,245	24,656,128	24,589,073	26,374,717	26,211,652	28,977,056
Physical environment	1,063,781	530,920	248,696	6,854,468	6,462,587	4,633,395	2,994,813	4,977,118	3,816,477	4,087,042
Transportation	3,625,396	4,002,405	4,291,243	2,896,296	4,438,321	4,638,210	5,335,652	4,548,595	4,911,156	4,883,548
Economic environment <sup>(6)</sup> (Housing & Economic Development)	4,568,856	5,179,463	6,246,208	3,064,767	1,047,167	-	-	1,026,725	1,267,140	1,555,253
Parks and community services (Culture & recreation)	6,006,541	5,801,827	6,490,987	2,583,085	5,385,596	5,970,868	6,337,376	7,610,932	10,298,060	10,849,824
Community planning & development	-	-	-	-	-	4,029,061	3,435,625	4,412,735	2,139,498	1,584,272
Grants/aids <sup>(9)</sup>	3,830,239	3,199,622	3,940,838	3,300,994	994,098	-	-	-	-	-
Debt service:										
Principal retirement <sup>(7)</sup>	5,820,000	575,000	400,000	440,000	860,000	752,390	585,000	625,000	779,197	877,292
Interest and fiscal charges <sup>(8)</sup>	1,545,318	1,382,461	5,105,452	1,642,590	1,614,562	930,203	1,494,225	1,150,357	1,123,491	789,728
Capital outlay	5,698,485	5,451,378	3,559,202	5,364,400	10,728,157	3,541,649	2,993,386	3,773,231	1,912,530	2,841,065
Total expenditures	<u>70,391,888</u>	<u>63,555,548</u>	<u>65,687,891</u>	<u>60,134,730</u>	<u>65,617,811</u>	<u>62,217,238</u>	<u>61,366,266</u>	<u>64,744,193</u>	<u>65,695,067</u>	<u>70,879,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,240,434)</u>	<u>(6,078,791)</u>	<u>(5,673,237)</u>	<u>(1,623,475)</u>	<u>6,999,992</u>	<u>(6,660,964)</u>	<u>(5,624,773)</u>	<u>(6,540,951)</u>	<u>(4,328,038)</u>	<u>(5,686,505)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from sale of capital assets	-	-	-	-	-	178,707	83,218	-	4,400,914	-
Capital leases and installment purchase	214,693	1,120,000	-	-	-	-	-	-	-	629,483
Proceeds from debt <sup>(7)</sup>	5,275,000	-	17,685,000	-	-	-	-	-	-	-
Transfers in	11,694,620	12,434,115	9,807,213	2,306,803	1,751,363	2,956,476	1,850,954	2,765,531	2,068,702	1,971,534
Contributions	-	-	-	-	-	2,628,702	1,523,031	3,101,299	-	-
Transfers out	(10,915,505)	(12,009,132)	(9,557,748)	(3,474,746)	(1,620,216)	(1,714,136)	(1,584,667)	(2,524,588)	(1,829,936)	(1,671,752)
Total other financing sources (uses)	<u>6,268,808</u>	<u>1,544,983</u>	<u>17,934,465</u>	<u>(1,167,943)</u>	<u>131,147</u>	<u>4,049,749</u>	<u>1,872,536</u>	<u>3,342,242</u>	<u>4,639,680</u>	<u>929,265</u>
Net change in fund balances	<u>\$ (2,971,626)</u>	<u>\$ (4,533,808)</u>	<u>\$ 12,261,228</u>	<u>\$ (2,791,418)</u>	<u>\$ 7,131,139</u>	<u>\$ (2,611,215)</u>	<u>\$ (3,752,237)</u>	<u>\$ (3,198,709)</u>	<u>\$ 311,642</u>	<u>\$ (4,757,240)</u>
Debt service (excluding issuance costs) as a percentage of noncapital expenditures	11.4%	3.4%	8.9%	3.8%	4.5%	2.9%	3.6%	2.9%	3.0%	2.5%

(6) Beginning in fiscal year 2006, economic environment includes North Miami Community Redevelopment Agency (CRA), a discretely presented component unit.

(7) In 2008, includes approximately \$5.3 million principal payment on debt issued and repaid in the same year.

(8) In 2010, Includes swap termination payment of \$4,120,000.

(9) As of 2013, grants and aids were reclassified and included in community planning and development



## **Revenue Capacity**



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TABLE 5

**CITY OF NORTH MIAMI, FLORIDA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (Unaudited)**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

Fiscal Year	Property Tax \$	Franchise Tax \$	Sales and Use Tax \$	Utility Service Tax \$	Communication Services Tax \$	Total \$
2008	21,710,957	3,746,580	817,669	2,473,248	2,151,632	30,900,086
2009	21,247,507	3,705,277	773,293	2,445,124	2,416,966	30,588,167
2010	19,360,306	3,340,179	751,111	2,644,278	2,102,527	28,198,401
2011	17,569,249	3,361,008	775,608	2,696,457	1,933,235	26,335,557
2012	15,433,779	3,327,030	746,246	2,780,568	1,777,062	24,064,685
2013	14,500,958	3,459,702	759,659	2,986,873	1,556,784	23,263,976
2014	15,246,402	3,662,902	774,414	3,328,202	1,407,118	24,419,038
2015	17,138,805	3,539,715	805,838	3,404,235	1,415,105	26,303,698
2016	18,708,191	3,474,031	797,888	3,513,956	1,308,539	27,802,605
2017	19,194,671	4,080,636	826,941	3,516,154	1,212,133	28,830,535
Change 2007-2016	11.59%	-8.92%	-1.13%	-42.17%	43.66%	6.70%

TABLE 6

**CITY OF NORTH MIAMI, FLORIDA**  
**ASSESSED VALUE OF ALL TAXABLE PROPERTY (1) (Unaudited)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal</u>	<u>Centrally Assessed Property</u>	<u>Taxable Gross Total</u>	<u>Real Estate Adjustments</u>	<u>Net Assessed Property Value</u>	<u>(2) Total Direct Tax Rate</u>
2008	3,123,646,463	110,465,189	1,183,875	3,235,295,527	4,000,392	3,231,295,135	6.794
2009	3,161,711,919	94,781,163	1,371,067	3,257,864,149	150,168,473	3,107,695,676	6.919
2010	2,726,119,911	95,800,541	1,754,347	2,823,674,799	19,929,734	2,803,745,065	7.339
2011	2,138,856,648	96,351,619	1,236,447	2,236,444,714	65,073,418	2,171,371,296	8.196
2012	1,984,176,233	93,286,553	1,314,055	2,078,776,841	2,245,132	2,076,531,709	8.196
2013	1,961,574,942	100,021,455	1,409,896	2,063,006,293	2,293,529	2,060,712,764	7.934
2014	2,090,641,105	109,820,351	1,548,020	2,202,009,476	10,700,032	2,191,309,444	7.934
2015	2,288,960,375	102,767,681	1,448,606	2,393,176,662	5,791,134	2,387,385,528	7.934
2016	2,499,306,636	102,681,112	1,447,386	2,603,435,134	5,191,742	2,598,243,392	7.500
2017	2,731,911,700	104,433,405	1,472,086	2,839,843,057	8,101,379	2,831,741,678	7.500

Source: Miami-Dade County Property Appraiser

(1) The basis of assessed value is approximately 100% of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding year.

(2) From Table 7.

TABLE 7

**CITY OF NORTH MIAMI, FLORIDA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Unaudited)**  
**(PER \$1,000 OF ASSESSED VALUATION)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	City of North Miami			Miami-Dade County			School District	So. Fl. Water Mgt.	Total Millage
	Operating Millage (1)	Debt Service Millage	Total	Operating Millage	Debt Service Millage	Total			
2008	6.794	0.000	6.794	7.250	0.285	7.535	7.948	0.6585	22.936
2009	6.919	0.000	6.919	7.486	0.285	7.771	7.797	0.6585	23.146
2010	7.339	0.000	7.339	7.565	0.285	7.850	7.995	0.6585	23.843
2011	8.196	0.000	8.196	8.523	0.445	8.968	8.249	0.6585	26.071
2012	8.196	0.000	8.196	7.768	0.285	8.053	8.005	0.4708	24.724
2013	7.934	0.000	7.934	4.704	0.422	5.126	7.644	0.0345	20.738
2014	7.934	0.000	7.934	4.667	0.450	5.117	7.775	0.1577	20.983
2015	7.934	0.000	7.934	4.667	0.450	5.117	7.413	0.1459	20.609
2016	7.500	0.000	7.500	4.667	0.400	5.067	7.138	0.1359	19.841
2017	7.500	0.000	7.500	4.667	0.400	5.067	6.774	0.1275	19.468

Source: Miami-Dade County Property Appraiser.

(1) Includes general operations and library. Beginning in fiscal year 2006 also includes North Miami Community Redevelopment Agency (CRA).

TABLE 8

**CITY OF NORTH MIAMI, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS (Unaudited)**  
**CURRENT YEAR AND TEN YEARS AGO**

<u>Taxpayer</u>	<u>2017</u>			<u>2007</u>		
	Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of total City Taxable Assessed <u>Value</u>	Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of total City Taxable Assessed <u>Value</u>
COUNTYLINE AUTO CENTER INC	\$ 59,510,303	1	18.31%			
BRE PORTOFINO MF PROPERTY OWNER	\$ 55,740,000	2	17.15%			
FLORIDA POWER & LIGHT COMPANY	\$ 46,815,005	3	14.40%			
CITY OF NORTH MIAMI	\$ 31,879,117	4	9.81%			
WRPV XI WATERMARKE MIAMI LLC	\$ 31,824,958	5	9.79%			
CAUSEWAY SQUARE LLC	\$ 22,026,586	6	6.78%			
PUBLIX SUPER MARKETS INC (LESSEE)	\$ 18,338,800	7	5.64%			
YMP CENTER COURT LLC	\$ 18,136,400	8	5.58%			
JVR INVESTMENTS GREEN ACRES INC &	\$ 13,930,650	9	4.29%			
COFE CIX NORTH MIAMI LLC	\$ 13,615,293	10	4.19%			
RK CAUSEWAY PLAZA LLC	\$ 13,263,148	11	4.08%			
STELLAR BISCAYNE				\$ 54,200,000	1	20.17%
KING APARTMENTS				40,910,201	2	15.22%
CITY OF NORTH MIAMI/BISCAYNE LANDING LLC				36,689,336	3	13.65%
FLORIDA POWER & LIGHT CORPORATION				27,998,691	4	10.42%
ALLIANCE LTD PARTNERSHIP				26,500,000	5	9.86%
SAN SOUCI, LLC				22,000,000	6	8.19%
KEYSTONE TOWERS				20,000,000	7	7.44%
CENTER COURT ASSOCIATES LTD				13,800,000	8	5.14%
127TH STREET SHOPPING CENTER, INC				13,360,093	9	4.97%
CAUSEWAY PLAZA				13,281,936	10	4.94%
<b>Totals</b>	<b><u>\$ 325,080,260</u></b>		<b><u>100.00%</u></b>	<b><u>\$ 268,740,257</u></b>		<b><u>100.00%</u></b>

Source: Miami-Dade County Property Appraiser

TABLE 9

**CITY OF NORTH MIAMI, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1) (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy (2)	(3) Current Tax Collected	Percent of Current Taxes Collected	(3) Delinquent Tax Collections	Total Tax Collections	Ratio Tax Collections to Total Tax Levy
	\$	\$		\$	\$	
2008	22,426,422	19,435,809	86.66%	2,275,148	21,710,957	96.81%
2009	22,991,073	19,192,158	83.48%	2,055,349	21,247,507	92.42%
2010	21,169,937	17,066,199	80.62%	2,294,107	19,360,306	91.45%
2011	19,652,115	15,860,401	80.71%	1,708,848	17,569,249	89.40%
2012	17,491,452	15,365,264	87.84%	1,461,842	16,827,106	96.20%
2013	15,562,351	13,865,000	89.09%	1,105,019	14,970,019	96.19%
2014	16,586,310	15,652,829	94.37%	285,570	15,938,399	96.09%
2015	18,159,696	16,838,805	92.73%	300,000	17,138,805	94.38%
2016	18,744,800	\$ 18,485,170	98.61%	223,021	18,708,191	99.80%
2017	20,489,338	\$ 18,489,766	90.24%	704,905	19,194,671	93.68%

Source: Miami-Dade County Property Appraiser and internally generated data.

- (1) Includes levies and collections for personal and real properties.  
(2) Includes levies for general operations, and debt service. Beginning in fiscal year 2006, total tax levy also includes tax-increment financing for the North Miami Community Redevelopment Agency (CRA).  
(3) Tax certificate sales reclassified from current tax collected to delinquent tax collections.

**CITY OF NORTH MIAMI, FLORIDA**  
**Enterprise Funds and Utility Rates (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Water		Sewer			Sewer Treatment Charge	Capital Improvement Fees			Sanitation	Recycling	Stormwater		
	(1)	(2)	As a percentage of		2014	1,000 Gallons	(5)		(6)		Annual Charge	Monthly Charge	(4) Monthly Charge Per ERU	
	Base Rate per 5,000 Gallons	Rate per 1,000 gallons Over Minimum	Residential	Commercial			Water rates	Residential	Commercial	Residential				Commercial
2008	10.33	1.02	1.82	31%	36%	36%		\$ 14.00	\$ 75.28 (7)	\$ 0.98	\$ 10.47	518.28	3.38	5.38
2009	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67 (8)	0.98	10.47	543.84	3.55	5.64
2010	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67	0.98	10.47	543.84	3.55	5.64
2011	10.93	1.08	1.93	31%	36%	36%	3.36	7.67	7.67	0.98	10.47	548.52	3.58	5.69
2012	11.40	1.73	1.57	-	-	-	-	-	-	-	-	441.18	3.72	5.92
2013	11.63	1.76	1.60	N/A	N/A	N/A	3.69	N/A	N/A	N/A	N/A	254.40	N/A	6.05
2014	15.73	1.81	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2015	12.51	1.81	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2016	12.51	1.89	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2017	12.51	1.89	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19

Source: City Utility Billing Department

- (1) Rates are based on 3/4" meter for single family residence. Monthly rate per 5,000 gallons.
- (2) Overage is based on water usage over 5,000 gallons per month.
- (4) Equivalent residential units determined based on 1 ERU for every 1,760 square ft. of impervious land for commercial accounts. For residential accounts, each residential unit is assessed as 1 ERU.
- (5) In 2008, monthly fees charged to finance building of a new water plant and renovate existing water plant. Rates effective November 2007 for commercial units and January 2008 for residential units.
- (6) Fees charged to upgrade sewer system as per federal mandate.
- (7) The approved commercial rate was \$150.56 for all commercial accounts but only \$75.28 was assessed in the first year until 7/1/08 when a temporary reduction was again applied based on meter size.
- (8) In February 2009, City Council approved reducing capital improvement fees for residential and commercial to \$7.67 as the building of the new water plant was delayed in favor of renovations for the existing one.
- (9) In April 2012, a new consumption based rate structure was implemented. Residents are charged for usage in incremental units of 5,000 gallons. Detailed rate structure can be found at [www.northmiamifl.gov](http://www.northmiamifl.gov)

Note: The City bills residents for the aforementioned services on a quarterly basis except for the period from January 2002 to October 2006 when residential accounts were billed monthly. All commercial accounts are billed monthly.



## **Debt Capacity**



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**TABLE 11**

**CITY OF NORTH MIAMI, FLORIDA**

**RATIOS OF OUTSTANDING DEBT BY TYPE (Unaudited)  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities					Total Primary Government	Population (1)	Per Capita	(Restated) Percentage of Personal Income (1)
	Pension Obligation	Notes	Capital	Sewer Revenue	Capital	Loan	SRF Loan	Notes				
	<u>Bonds (2)</u>	<u>Payable</u>	<u>Leases</u>	<u>Bonds</u>	<u>Leases</u>	<u>Payable (3)</u>	<u>Payable</u>	<u>Payable</u>				
\$	\$	\$	\$	\$	\$	\$	\$	\$				
2008	13,735,000	-	1,038,641	791,848	3,899,111	4,385,000	-	4,000,000	27,849,600	59,688	467	2.61%
2009	13,510,000	-	1,656,210	622,688	3,134,686	4,165,000	-	4,000,000	27,088,584	58,469	463	2.49%
2010	-	17,655,000	1,263,014	446,572	2,424,079	3,930,000	-	3,600,000	29,318,665	58,786	499	2.83%
2011	-	17,605,000	880,480	240,595	1,685,304	3,685,000	-	-	24,096,379	58,786	410	2.37%
2012	-	17,150,000	864,702	50,450	790,674	3,430,000	-	-	22,285,826	60,143	371	2.07%
2013	-	16,605,000	657,312	-	371,189	3,160,000	95,751	-	20,889,252	60,312	346	1.90%
2014	-	16,020,000	92,215	-	233,089	2,616,357	214,840	-	19,176,501	61,578	311	1.72%
2015	-	14,530,987	278,317	-	100,765	2,292,681	2,043,548	-	19,246,298	58,786	327	1.78%
2016	-	13,963,084	1,098,926	-	-	2,388,060	2,996,913	-	20,446,983	57,146	358	1.90%
2017	-	13,340,604	801,566	-	2,393	2,017,550	2,864,933	-	19,027,046	62,042	307	1.60%

(1) Divided by the Per Capita Personal Income From Table 19 - Demographic and Economic Statistics

(2) In February 2010, the City issued Taxable Promissory Note, Series 2010 for the purpose of refunding the City's outstanding Pension Obligation Bonds, Series 2002 and to pay a termination fee with respect to a related interest rate swap.

(3) In fiscal 2016 the FMLC 2016 Bond was issued for the purpose of refunding the outstanding FMLC Series 2001A Bond

## CITY OF NORTH MIAMI, FLORIDA

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND  
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA (Unaudited)  
LAST TEN FISCAL YEARS**

Fiscal Year	(1) <u>Population*</u>	(2) <u>Assessed Value*</u>	(3) <u>Gross Bonded Debt*</u>	(4) <u>Less Debt Service Fund*</u>	<u>Net Bonded Debt*</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2008	60	3,231,295	1,515	7	1,508	5%	25
2009	58	3,107,696	1,165	-	1,165	4%	20
2010	59	2,803,745	795	-	795	3%	13
2011	59	2,171,371	405	-	405	2%	7
2012	60	2,076,532	-	-	-	0%	-
2013	60	2,060,713	-	-	-	0%	-
2014	61	2,191,309	-	-	-	0%	-
2015	59	2,387,386	-	-	-	0%	-
2016	59	2,598,243	-	-	-	0%	-
2017	59	2,831,742	-	-	-	0%	-

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

(3) Amount does not include special obligation bonds or note payable. All general obligation bonded debt is expected to be repaid through general governmental resources.

(4) Amount available for repayment of FMLC loan (general obligation debt).

## CITY OF NORTH MIAMI, FLORIDA

**SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS (1) (Unaudited)  
(IN THOUSANDS)**

**SEPTEMBER 30, 2017**

<u>Jurisdiction</u>	<u>Taxable Property Value</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To North Miami</u>	<u>Amount Applicable To North Miami</u>
Direct:				
City of North Miami (1)	\$ 2,499,307	\$ 14,142,170	-	\$ -
Overlapping:				
Miami-Dade County (2)	328,209,568	2,190,407	0.76% (4)	16,680
Miami-Dade County Schools (3)	304,853,000	<u>982,581</u>	0.82% (4)	<u>8,056</u>
Total overlapping debt		<u>3,172,988</u>		<u>24,735</u>
Total direct and overlapping debt		<u>\$ 17,315,158</u>		<u>\$ 24,735</u>

- (1) Excludes the City of North Miami's taxable promissory note issued in 2010, which is not payable from property taxes (see Table 12).
- (2) Source: Miami-Dade County Property Appraiser - Taxable Property Estimated Value as of July 1, 2015, amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2015.
- (3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2016 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2015.
- (4) Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property situated in the City of North Miami. The percentage applicable to North Miami is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the County's and School Board's total 2015 preliminary taxable value.

**TABLE 14**

**CITY OF NORTH MIAMI, FLORIDA**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT (1)  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (Unaudited)  
LAST TEN FISCAL YEARS  
(IN THOUSAND DOLLARS)**

<u>Fiscal Year</u>	<u>Principal</u> \$	<u>Interest (2)</u> \$	<u>Total Debt Service</u> \$	<u>Total General Governmental Expenditures (3)</u> \$	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2008	545	1,336	1,881	60,773	3.0%
2009	575	1,382	1,957	63,100	3.0%
2010	400	5,156	5,556	63,299	9.0%
2011	440	1,643	2,083	60,105	3.0%
2012	860	985	1,845	60,177	3.0%
2013	545	916	1,461	58,676	2.0%
2014	585	1,494	2,079	58,146	4.0%
2015	625	1,150	1,775	58,146	3.0%
2016	779	844	1,623	65,553	2.0%
2017	877	789	1,666	70,601	2.0%

(1) Includes debt service for general obligation and special obligation debt.

(2) Includes debt issuance and other costs. In 2010, includes a swap termination payment of \$4,120,000.

(3) Does not include expenditures for capital projects funds.

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF REVENUE BOND COVERAGE**  
**WATER & SEWER AND STORMWATER ENTERPRISE FUNDS (Unaudited)**  
**(IN THOUSANDS)**  
**LAST TEN FISCAL YEARS**

Fiscal Year		Operating Revenue (1) \$	Operating Expenses (2) \$	Net Revenue Available for Debt Service \$	Debt Service Requirements		Total \$	Coverage
					Principal \$	Interest (3) \$		
2008	(4)	28,993	19,684	9,309	162	134	296	31.45
2009	(5)	25,657	18,404	7,253	169	177	346	20.96
2010		24,036	19,574	4,462	576	168	744	6.00
2011		23,244	22,052	1,192	377	145	522	2.28
2012		22,680	19,735	2,945	190	160	350	8.41
2013		28,485	21,604	6,881	300	152	452	15.22
2014		30,497	23,422	7,075	300	152	452	15.65
2015	(7)	37,192	26,775	10,417	315	137	452	23.05
2016		35,290	28,950	6,340	330	103	433	14.64
2017		34,334	32,750	1,584	603	197	800	1.98

(1) Total operating revenues, plus interest income and operating grants.

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

(4) In October 2007, the City implemented a capital improvement fee (CIF) to fund three water and sewer capital improvement projects and to

(5) In fiscal year 2009, the City issued a \$4 million Water and Sewer Public Improvement Revenue Note, Series 2008A to extend the maturity on the original series 2008A Note and to modify the principal payment terms on the original note.

(6) The new Series 2008A Note matured on August 28, 2011.

(7) In fiscal year 2016 the revenue amounts were revised as a result of a restatement

(8) In fiscal 2016 the FMLC 2016 Bond was issued for the purpose of refunding the outstanding FMLC Series 2001A Bond

**CITY OF NORTH MIAMI, FLORIDA**  
**FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS (Unaudited)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<u>Sources of Funds</u>	(6) 2018 (Budgeted)	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>General government funds (1):</b>								
Franchise fees	\$ 4,132,730	\$ 3,938,066	\$ 3,474,031	\$ 3,353,975	\$ 3,662,901	\$ 3,459,702	\$ 3,327,030	\$ 3,361,008
Utility taxes	3,681,003	3,672,003	3,513,956	3,404,235	3,328,201	2,986,873	2,780,568	2,696,457
Communication services tax	1,297,205	1,620,000	1,308,539	1,415,105	2,166,777	2,316,443	2,523,308	2,708,843
Licenses and permits	4,029,604	3,715,830	2,015,318	2,428,695	2,046,697	1,927,293	1,871,538	1,954,261
Intergovernmental revenues (2)	7,549,406	6,942,319	7,645,393	7,839,966	7,338,083	6,110,680	5,791,752	7,172,927
Charges for services (3)	5,498,383	4,583,081	9,843,445	7,857,362	8,417,235	9,873,406	7,535,891	7,498,886
Fines and forfeitures	786,836	735,830	1,249,133	2,829,842	2,621,393	3,251,870	4,739,880	2,569,999
Other (5)	9,572,444	3,650,801	6,612,323	3,897,607	4,953,586	7,491,938	15,617,532	1,178,310
Total general government non-ad valorem funds	<u>36,547,611</u>	<u>28,857,930</u>	<u>35,662,138</u>	<u>33,026,787</u>	<u>34,534,873</u>	<u>37,418,205</u>	<u>44,187,499</u>	<u>29,140,691</u>
<b>Enterprise funds (4):</b>								
Water and sewer utility	51,109,343	51,453,090	32,195,213	34,849,639	30,497,436	28,073,814	22,487,390	23,244,429
Solid waste services	-	-	-	-	-	-	4,757,902	6,635,169
Stormwater utility	4,356,721	2,795,257	2,598,048	2,287,684	2,525,986	2,461,783	2,321,676	2,408,384
Total enterprise funds non-ad valorem funds	<u>55,466,064</u>	<u>54,248,347</u>	<u>34,793,261</u>	<u>37,137,323</u>	<u>33,023,422</u>	<u>30,535,597</u>	<u>29,566,968</u>	<u>32,287,982</u>
Total non-ad valorem funds	<u>\$ 92,013,675</u>	<u>\$ 83,106,277</u>	<u>\$ 70,455,399</u>	<u>\$ 70,164,110</u>	<u>\$ 67,558,295</u>	<u>\$ 67,953,802</u>	<u>\$ 73,754,467</u>	<u>\$ 61,428,673</u>

- (1) Includes general fund, special revenue funds and debt service funds; excludes capital project funds
- (2) All intergovernmental revenue restricted for specific use and not available to fund debt service has been excluded from this category.
- (3) Includes interfund services provided and used.
- (4) Only operating revenues are shown.
- (5) Excludes revenues legally restricted for specific use and not available to fund debt service. Includes \$12.5M Biscayne Landing settlement unassigned funds in 2012
- (6) As originally budgeted.

TABLE 17

**CITY OF NORTH MIAMI, FLORIDA**  
**DEBT SERVICE REQUIREMENTS AND COVERAGE (Unaudited)**  
**OUTSTANDING AND PROPOSED**  
**PAYABLE FROM NON-AD VALOREM FUNDS**

Fiscal Year	Outstanding Debt Service (1)	(3) City of North Miami 2010 Taxable Promissory Note (Pension)		Total	Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage
		Principal	Interest				
2018	1,785,363	770,000	1,015,363	1,785,363	3,570,726	92,013,675	25.77
2019	1,789,538	830,000	959,538	1,789,538	3,579,076	92,013,675	25.71
2020	1,784,363	885,000	899,363	1,784,363	3,568,726	92,013,675	25.78
2021	1,785,200	950,000	835,200	1,785,200	3,570,400	92,013,675	25.77
2022	1,786,325	1,020,000	766,324	1,786,324	3,572,649	92,013,675	25.76
2023	1,787,375	1,095,000	692,376	1,787,376	3,574,751	92,013,675	25.74
2024	1,787,988	1,175,000	812,987	1,987,987	3,775,975	92,013,675	24.37
2025	1,787,800	1,260,000	727,800	1,987,800	3,775,600	92,013,675	24.37
2026	1,786,450	1,350,000	636,450	1,986,450	3,772,900	92,013,675	24.39
2027	1,788,575	1,450,000	438,576	1,888,576	3,677,151	92,013,675	25.02
2028	1,788,450	1,555,000	233,450	1,788,450	3,576,900	92,013,675	25.72
2029	2,552,038	1,665,000	187,038	1,852,038	4,404,076	92,013,675	20.89
	<u>\$ 22,209,465</u>	<u>\$ 14,005,000</u>	<u>\$ 8,204,465</u>	<u>\$ 22,209,465</u>	<u>\$ 44,418,930</u>	<u>\$ 1,104,164,100</u>	

(1) This assumes that total debt service for this debt is paid from Non-Ad Valorem Funds (see Table 18).

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2018 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).

(3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were in February 2010 refunded through the issuance of City of North Miami Taxable Promissory Note, Series 2010.

**TABLE 18**

**CITY OF NORTH MIAMI, FLORIDA**  
**DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS**  
(Unaudited)

<u>Year</u>	<u>(1) 2010 Taxable Promissory Note (Pension)</u>
2018	1,785,363
2019	1,789,538
2020	1,784,363
2021	1,785,200
2022	1,786,325
2023	1,787,375
2024	1,787,988
2025	1,787,800
2026	1,786,450
2027	1,788,575
2028	1,788,450
2029	2,552,038
Total	<u>\$ 22,209,465</u>

- (1) On February 1, 2010, the City issued City of North Miami Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of current refunding of the City's outstanding Taxable Special Obligation Refunding Bonds (Pension), Series 2002, and to pay a termination fee due with respect to a related interest rate swap. Debt service on this note is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

Source: City of North Miami, Florida Finance Department





## **Demographic/Economic**



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TABLE 19

## CITY OF NORTH MIAMI, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)  
LAST TEN FISCAL YEARS

Fiscal Year	(1) <u>Population</u>	Personal Income (in thousands)	(2) Per Capita Personal Income \$	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate Percentage
2008	59,688	1,066,804	17,873	32	347,774	6.6
2009	58,469	1,085,886	18,572	32	345,150	12.1
2010	58,786	1,034,928	17,605	32	345,458	13.6
2011	58,786	1,014,882	17,264	32	347,133	12.4
2012	60,585	1,084,956	17,908	34	349,945	11.1
2013	60,312	1,106,655	18,266	32	356,944	11.1
2014	61,420	1,109,675	18,067	34	323,301	7.3
2015	58,786	1,131,869	18,428	34	349,822	9.8
2016	57,146	1,154,506	18,799	34	349,817	4.9
2017	62,042	1,177,596	19,170	34	356,086	4.8

(1) U.S. Census Bureau

(2) Data 2004-2007 based on U.S. Census of Population 2000. Data for 2009 and 2008 reflects 2008, and 2007 inflation adjusted dollars, respectively. Data for 2010 reflects 2009 inflation adjusted dollars.

(3) U.S. Census Bureau, Census 2010.

(4) Source: Miami-Dade County School Board. Data is for the School District of Miami-Dade County.

(5) U.S. Department of Labor, Bureau of Labor Statistics.

**TABLE 20**

**CITY OF NORTH MIAMI, FLORIDA  
PRINCIPAL EMPLOYERS (Unaudited)  
CURRENT YEAR AND TEN YEARS AGO**

<u>Employer</u>	<u>2017</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Miami-Dade Public Schools	965		N/A	N/A	N/A	N/A
City of North Miami(Including Police Dept.)	565		N/A	N/A	N/A	N/A
Trojan Labor (Including Contractors)	375		N/A	N/A	N/A	N/A
Villa Marie Nursing Home	375		N/A	N/A	N/A	N/A
Johnson & Whales University	256		N/A	N/A	N/A	N/A
Techno Coatings	249		N/A	N/A	N/A	N/A
Florida International University	249		N/A	N/A	N/A	N/A
WPBT Studios	249		N/A	N/A	N/A	N/A
Whole Foods Market	200		N/A	N/A	N/A	N/A
Farrey’s Lighting + Bath	175		N/A	N/A	N/A	N/A
Total	<u>3,658</u>					

Source: Economic Development Division  
Miami-Dade Co. GIS  
2017-2018

TABLE 21

## CITY OF NORTH MIAMI, FLORIDA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (Unaudited)  
LAST TEN FISCAL YEARS**

<u>Function</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>
Governmental activities:										
General government	105	103	94	82	66	66	51	58	58	80
Public safety (1)	202	199	195	182	178	170	176	159	159	149
Transportation	39	35	39	32	32	38	8	42	42	55
Personnel services	7	7	6	4	4	4	5	6	6	6
Culture and recreation	69	66	64	51	63	63	73	54	54	56
Physical environment	-	-	-	-	-	-	-	-	-	-
Economic environment	8	8	8	11	10	9	9	10	10	10
Business-type activities:										
Water & sewer utility	56	59	59	50	49	50	38	42	42	49
Solid waste (3)	33	33	32	30	-	-	-	-	-	-
Stormwater	<u>12</u>	<u>12</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>
Total	<u>531</u>	<u>522</u>	<u>505</u>	<u>450</u>	<u>410</u>	<u>409</u>	<u>369</u>	<u>380</u>	<u>380</u>	<u>412</u>

Source: City Personnel Department

(1) Beginning in 2007, includes other public safety.

(3) Solid Waste Services outsourced as of 2012



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## **Operating Information**



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TABLE 22

CITY OF NORTH MIAMI, FLORIDA

OPERATING INDICATORS BY FUNCTION (Unaudited)  
LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Police: (1)										
Physical arrests	2,187	2,135	2,357	2,116	2705	3226	3,961	3,218	1,563	1,448
Traffic citations	14,416	11,133	15,882	15,108	15136	33729	28,247	23,728	16,332	11,718
Parking citations	1,821	1,515	1,903	1,404	1017	1644	2,102	2,229	2,644	2,018
Number of calls for service	40,344	41,701	48,774	44,042	45566	49961	47,218	50,177	46,664	46,610
Fire: (2)										
Number of calls answered	8,477	8,875	8,915	9,071	9292	9097	9731	9838	10,163	9,070
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	74	282	206	234	191	256	360	310	325	295
Football	41	N/A	51	49	53	58	102	78	64	45
Baseball	6	N/A	-	16	16	3	29	27	45	57
Basketball	-	N/A	15	4	7	2	67	25	48	148
Other(Rugby, Kickball, Field Hockey)	N/A	N/A	118	161	89	22	46	35	56	28
Membership (yearly):										
Tennis	60	14	25	27	22	12	15	8	4	4
Swim	4	7	1	N/A	5	N/A	1	2	0	0
Adult center	81	47	65	105	73	57	175	119	132	90
Afterschool	41	N/A	N/A	N/A	45	44	81	31	21	26
Camp program participants	983	1,058	748	736	807	846	929	1152	1737	1119
Youth athletic participants (all sports)	1,302	439	360	472	565	524	615	448	655	583
Adult participants (all sports)	N/A	N/A	-	239	160	88	150	0	125	748
Water: (4)										
Daily average treatment in gallons (plant)	*6,558,580	7,634,500	7,656,000	8,239,019	7,618,397	7,882,500	7,894,603	7,558,849	6,876,175	5,403,781
Average daily consumption in gallons	11,134,534	8,743,811	10,328,000	9,443,668	11,475,438	12,491,240	12,347,589	13,300,054	11,499,644	12,517,534
Solid waste:										
Refuse and trash collected (tons) (5)	25,671	25,211	24,275	20,833	3578	-	-	-	-	15,658.00
Stormwater:										
Equivalent and commercial residential units (ERU's)	35,243	35,951	35,919	31,916	32,681	34,653	34,934.00	35,495	35,394	35,237

(1) Source: North Miami Police Department

(2) Source: Miami-Dade County Fire Department

(3) Source: North Miami Parks and Recreation Department

(4) Source: North Miami Public Works Department

The difference between the daily average treatment in gallons and average daily consumption in gallons represents water purchased from Miami-Dade County.

\*In 2008, daily average treatment in gallons (plant) decreased due to the main raw water well being out of service.

(5) Solid waster services outsourced.

N/A - Not available

**TABLE 23**

**CITY OF NORTH MIAMI, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION (Unaudited)  
LAST TEN FISCAL YEARS**

<u>Function</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>
Public safety:										
Police:										
Stations (including off-site locations)	1	1	1	1	1	1	1	2	2	2
Patrol units	68	68	64	64	64	64	64	64	64	68
Transportation:										
Streets (miles)	136	136	136	136	136	136	136	136	136	113
Street lights (FPL and City owned) (1)	2,801	4,397	4,397	4,397	4,397	4,397	4,397	4,447	4,447	2,623
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks	16	16	16	16	16	16	16	16	17	16
Park acreage	549	549	549	549	549	549	549	549	549	549
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	5	6	6	6	7	7	7	7	7	7
Water:										
Water mains (miles)	307	307	308	308	308	311	311	311	311	311
Maximum daily capacity in gallons	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000
Fire hydrants	921	921	942	942	944	927	927	927	927	935
Sewage system:										
Miles of storm sewers	28	28	28	28	28	38	38	38	38	38
Miles of sanitary sewers	153	153	154	154	154	175	175	175	175	175
Solid waste:										
Collection trucks	21	21	20	20	2	2	2	-	-	-

Sources: Various city departments.

Note: No capital asset indicators are available for the general government function.

(1) Prior to 2009, figures represented only the number of poles maintained by FPL. This number represents the total number of poles in the City.



## **NORTH MIAMI COMMISSIONED MIAMI-DADE COUNTY'S FIRST LGBTQ SCULPTURE**

On Saturday, March 4, 2017, the city of North Miami unveiled Miami-Dade County's first public installation celebrating the rich legacy of LGBTQ accomplishments at the Elaine Gordon Enchanted Forest Park. The City honored several icons whose contributions significantly advanced the rights, accomplishments, and culture of the LGBTQ community in North Miami and Miami-Dade County.

The art piece celebrating the LGBTQ community was created by Miami native, Alan Gutierrez. It features 18 poles, each representing the standard makeup hues used for special effects on stage and in film. The piece was commissioned through North Miami's Art in Public Places program.



**Comprehensive Annual Financial Report**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**  
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