



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF SOUTH MIAMI
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015**

CITY OF SOUTH MIAMI, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 September 30, 2015

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INTRODUCTORY SECTION



CITY OF SOUTH MIAMI
6130 Sunset Drive
South Miami, FL 33143
Tel. (305) 663-6343 Fax (305) 663-6348

March 31, 2016

Honorable Mayor and Members of the City Commission
City of South Miami, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of South Miami (the “City”), for the fiscal year ended September 30, 2015, is hereby submitted for your review. The accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, are the responsibility of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly, the financial position and results of operations, for all funds under the direct operating control of the City.

All necessary disclosures were included to enable the reader to gain maximum understanding of the City's financial activities for the year. Accordingly, this report consists of three sections; Introductory, Financial, and Statistical.

The contents of the report is in compliance with Government Accounting Standards Board (“GASB”) pronouncements, including Statement 34, et al., that requires the preparation of government-wide financial statements on a full accrual basis of accounting for all funds, as well as Management's Discussion and Analysis (“MD&A”). The MD&A is found immediately following the report of the independent certified public accountants.

THE REPORTING ENTITY AND ITS SERVICES

The City of South Miami was incorporated in 1927 and is a political subdivision of the State of Florida. The City is a full service city providing its citizens with a full complement of municipal services, specifically, Public Safety, General Government, Parks, Culture and Recreation, Solid Waste and Public Works.

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations. The South Miami Community Redevelopment Agency is included in the Report as a blended component unit. There are no component units discretely presented herein.

ECONOMIC OUTLOOK

The City of South Miami is primarily a residential community composed of approximately 13,778 residents, as per the Bureau of Economic & Business Research at the University of Florida. The majority of persons employed within the City are in professional/specialty, administrative support, and executive/administrative/management positions. City residents are primarily employed in jobs throughout Miami-Dade County.

The City's downtown business district is composed of approximately 45 acres located on the west side of Red Road both north and south of Sunset Drive featuring specialty shops, restaurants, and a shopping mall with movie theaters and a bowling alley.

Also located within the City are two major medical institutions, South Miami Hospital and Larkin Hospital, which are considered two of the finest medical facilities in the metropolitan area.

In addition to the Miami-Dade County Bus System serving the City, County's Metro-Rail system also provides mass transit for the City with a station located off Sunset Drive and U.S. 1. The Miami International Airport is within 30 minutes from downtown South Miami.

The City is located in the center of Metropolitan Miami-Dade County and abutting several other municipalities in the area. Numerous major attractions are situated in close proximity to the City. As with many businesses in the County, local businesses benefit from a significant tourist trade. The City of South Miami owns a multi-use public parking garage facility, which was completed in November 2007. A major mixed-use development, Red Road Commons, which is adjacent to the South Miami Metro-Rail Station, consists of over 400 residential units and affordable housing units.

MAJOR INITIATIVES

The Community Redevelopment Agency (“CRA”), a blended component unit of the City, was created in 1998 to bring economic revitalization to the depressed area of the City through tax increment financing. The CRA obtains most of its funds through annual contributions from Miami-Dade County and the City from the tax revenue generated from an increment of property assessments within the designated area. The CRA ended its fifth fiscal year of operations in September 2005. On May 3, 2005, the Miami-Dade County Commission approved Resolution R-466-05, extending the life of the CRA for fifteen (15) years beyond the June 1, 2005 sunset provision of the CRA's Interlocal Agreement with the County. However, the renewal included a sunset review within two (2) years of this extension. As part of the fifteen-year extension, the Miami-Dade County Commission mandated that the CRA must obtain long-term financing that is supported by tax increment revenues to fund the second phase of the Plan within the two (2) year period ended June 1, 2007. In November 2006, the City, through its Community Redevelopment Agency, issued \$2,730,000 of Taxable Redevelopment Revenue Bonds, Series 2006 to acquire various properties located within the boundaries of the South Miami Community Redevelopment Area.

The City remains committed to the current level of services with a high quality level of delivery. There are many priorities that need to be addressed, including a revision of our very outdated land development code, the proper maintenance of our parks system, preparing for sea level rise related issues, including completion of the sewer system, and the further consolidation and maximizing of efficiencies from the organization of our government structure that need to be addressed in the near future. Should revenues grow, we will be able to evaluate new priorities for the City, and with the authorization of the Commission, we will begin to increase the effectiveness and offered services of the City.

The South Miami Intermodal Transportation Plan is part of a continuing effort to enhance the transportation system and mobility choices for the residents and visitors to the City of South Miami and aims to establish a network of bicycle lanes, sidewalks, trails, roadway improvements, neighborhood and greenways, throughout the City, connecting residential areas with downtown shopping and dining, transit facilities (Metrorail and BRT) and M-Path. A main priority of this plan is to provide a safer, more efficient environment for pedestrians, cyclists, and all modal users by promoting neighborhood greenways on residential streets with low volumes of auto traffic and reduce speed, the use of traffic calming devices such as trees, speed tables, pavement markings and signage. With the recently City Commission-approved plan, the City shall continue with the design and construction of recommended improvements.

The FY 2015-16 Budget, Capital Improvement Program 5-Year Plan, includes a line item for a citywide directional street signs & posts replacement program. The project is funded by the Peoples Transportation Plan (PTP) and is funded this year at \$150,000. The scope includes the manufacturing of new signs, and the removal and replacement of existing traffic signs. The traffic sign replacement program is being implemented in phases, and funds will continue to be allocated in subsequent budget years. In FY 2013-14, the City funded a branding plan which established a new logo and new color scheme for the City. The street signs and many other features of the City will incorporate the new look for the City as we prepare for the next great chapters in the life of South Miami.

The City is committed to completing multiple traffic calming projects throughout the City originally funded in last year's budget which were not actually initiated until FY 2013-14 and include, Pinecrest Villas/Snapper Creek and Twin Lakes/Bird Estates. The City will continue working with Miami-Dade County in the ongoing improvement to our road, drainage, and traffic calming.

To continue maintaining a safe and efficient fleet, in fiscal year 2016, the City has budgeted the purchase of seven new police vehicles. The upgrades of the City's fleet are required to continue providing expected levels of service to the residents of the City. The older police vehicles that are being replaced are determined to have exceeded their useful life and may have safety or operational problems; the vehicles will be auctioned for sale. Currently and in the future, the City will purchase extended warranties for our vehicles and surplus the vehicles at the end of the warranty program in order to reduce maintenance costs to the City.

MAJOR INDUSTRIES AND/OR SERVICE CENTERS

The City's economy is greatly influenced by the economic condition of the entire Miami-Dade County. The major businesses in the City are service-oriented, with the health care industry professional services, and restaurant and retail shops and education and administrative services being the main employers. Below is the breakdown of businesses within the City by category.

INDUSTRY	SECTOR ESTIMATE.
Construction	294
Manufacturing	308
Wholesale trade	256
Retail trade	310
Transportation and warehousing, and utilities	357
Information	186
Finance and insurance, and real estate and rental and leasing	363
Prof, scientific, management and admin., and waste management services	896
Educational services, and health care and social assistance	1,418
Arts, entertainment, and recreation, and accommodation and food services	602
Other services, except public administration	285
Public administration	335
TOTAL	5,610

[Source: U.S. Census Bureau 2010 Industry Code Summary](#)

ACCOUNTING SYSTEM, INTERNAL AND BUDGETARY CONTROL

The City follows the generally accepted accounting principles (“GAAP”) for state and local governments as set forth by the United States government for governmental accounting and financial reporting. The City’s accounting records follow the modified accrual basis of reporting revenues and expenditures for all governmental funds, i.e., General Fund and Special Revenue Funds. The Pension Trust Funds are accounted for on the accrual basis. Further explanation of the City’s accounting policies is contained in the notes to the financial statements.

The City’s Finance Department is responsible for maintaining a comprehensive internal framework of accounting controls. The objectives of this system are to protect the City’s assets from loss, theft and/or misuse, and to compile sufficient reliable information for the preparation of the City’s financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls was designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The firm of Cherry Bekaert, licensed Certified Public Accountants, audited the City’s financial statements ADD DATE OF THE REPORT. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of South Miami, for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

As part of their audit, Cherry Bekaert gained an understanding and performed tests of controls on the City’s comprehensive framework of controls as required by U.S. generally accepted auditing standards. Comments and recommendations resulting from the assessment of the controls are currently being evaluated by management. These recommendations will be implemented to the extent that the additional control objectives are cost beneficial to the City.

Budgetary control is maintained in a manner to ensure compliance with the requirements and restraints of the State of Florida, Miami-Dade County, and the City of South Miami Charter, through a system of monthly financial reports reflecting expenditures and encumbrances against appropriations. The annual budget provides details of the approved appropriation by specific purpose within each object of expense. Encumbrances remaining open at the close of the fiscal year are reported as designated non-reserved of fund balance.

DEBT ADMINISTRATION

On May 4, 2010, the City purchased nine police vehicles, of which eight were financed through the issuance of a note payable to a local bank totaling \$228,060. The note calls for annual payments of principal and interest of \$31,461 at an annual interest rate of 3.08%. The note matured on July 7, 2015.

On March 1, 2011, the City Commission passed Ordinance 12-11-2085 and purchased six police vehicles financed through the issuance of a note payable to SunTrust totaling \$158,257. The note calls for annual payments of principal and interest of \$33,741.48 at an annual interest rate of 2.44%. The note matured on March 10, 2016.

SUNGARD ONE SOLUTION - CITY'S FINANCE & COMMUNITY SOFTWARE

The City Commission approved Resolution 228-10-13262 for the upgrade of the City's financial and community software in an effort to continue improving and keeping in line with the most up-to-date Enterprise Resource Planning software. The City's new version of the finance and community software is financed, interest free, by the City's vendor for a five-year period for a total amount of \$175,000. The annual principle payments are calculated at \$35,000 and was paid in full in FY 2014-15.

MULTI-SPACE DIGITAL PARKING METERS

The City of South Miami removed the dated traditional single head parking meters within certain areas in favor of the modern technology multi-space parking stations, which are being upgraded to Wi-Fi connectivity. The new multi-space parking meters were approved for financing in January of 2011, for a five-year period by SunTrust at an interest rate of 2.06%. The total amount of the loan was \$417,896 and the annual principal and interest payment equals \$88,678, which was paid in full on January 7, 2016.

STORMWATER TRUST FUND

The City of South Miami entered into an agreement with the Federal Emergency Management Agency (FEMA) to fund a Ludlam Glades canal dredging project pursuant to Ordinance number 10-02-1778 for a total cost of \$3,271,177. Additionally, pursuant to Ordinance 17-06-1885, the City entered into an Interlocal Agreement with Miami-Dade County for the City's share of that project cost, which was determined to be \$270,363 payable over a ten-year period. The total annual principal amount is \$27,036 plus interest. The debt is scheduled to be retired in FY 2015-16.

COMMUNITY REDEVELOPMENT AGENCY

In November 2006, the City, through its CRA, issued \$2,730,000 of Taxable Redevelopment Revenue Bonds, Series 2006 for acquiring various properties located within the boundaries of the South Miami redevelopment area. The revenue bonds are secured by CRA Tax Increment financing revenues from the County and the City. The CRA contributed an additional principal payment of \$851,648 in FY 2010-11, in an effort to reduce the amount of interest paid through the duration of the loan and pay off the debt in advance of its maturity. The bonds carried an interest rate of 5.99%. The loan was paid in full in November of 2015.

2015 REFINANCING – BRANCH BANKING & TRUST COMPANY (BB&T)

On May 19, 2015, the City Commission adopted Ordinance 11-15-2218 authorizing the issuance of its Capital Improvement Revenue Refunding Note, Series 2015, in the principal amount not to exceed \$5,000,000, for the purpose of refinancing certain of the City's outstanding indebtedness. In 2012, the City of South Miami, in conjunction with the City's Financial Advisor, requested bank loan proposals on a 15-year and 20-year basis to refund all of the City's outstanding 2001A and 2002A loans. The City closed on the refinancing loan with BB&T in 2015, with an attractive 17-year loan at a fixed interest rate of 2.80%. The refunding provides a present value savings of approximately \$828,000 or 17% of the principal amount refunded. The 2015 Series Note is scheduled to mature in 2032.

FLORIDA MUNICIPAL LOAN COUNCIL (FMLC)

The City had several loans outstanding with the Florida Municipal Loan Council ("FMLC"). The FMLC, as a subsidiary of Florida League of Cities, administers the Florida Municipal Loan Program. Small and medium-sized cities in the State obtain loans from the FMLC through bonds, which are insured by MBIA Insurance Corporation.

SOUTH MIAMI COMMUNITY CENTER

One of the FMLC loans was for \$2.2 million, which was obtained in 2001, with \$1.5 million used as matching funds for the Safe Neighborhood Grant used to construct the new South Miami Community Center, and \$400,000 was provided by the City to the CRA as a loan for acquisition of the Mobley Warehouse building located within the CRA district. The remaining \$300,000 was utilized for various traffic calming projects around the City. The loan bears interest at variable rates ranging from 3.25% to 5.25%. The City pledged the South Miami Hospital's Payments in Lieu of Taxes (PILOT) annual payment of \$150,000 to repay the loan. This loan was paid in full in May of 2015 as part of the refinancing with BB&T.

SOUTH MIAMI PARKING GARAGE

A loan was obtained in 2002 for \$6.5 million used for the joint venture construction of a mixed-use parking garage/retail facility. The loan interest ranges from 3.25% to 5.50% as provided in the amortization schedule. At the time the loan was obtained, the City pledged to use the revenues from the parking garage operation and funds from the joint venture partner to repay the loan. On August 16, 2011, the City contributed \$1,725,000 to reduce a portion of the outstanding debt, hence reducing the required annual principal and interest contribution amount. This loan was paid in full in May of 2015 as part of the refinancing with BB&T.

On December 2006, the City borrowed \$5.6 million to finance the construction and improvements of a city-owned parking garage for public parking. The loan interest varies from 4.2% to 4.5% as provided in the amortization schedule. The investment income from the note receivable and loan proceeds not expended, future garage revenues, and non-ad valorem revenues are used to repay the loan. On August 16, 2011, the City contributed \$3,775,000 to reduce a portion of the outstanding debt, hence reducing the required annual principal and interest contribution amount.

SUNTRUST

On August 16, 2011, the City of South Miami agreed to issue a loan with SunTrust Bank, which in furtherance of the Settlement Agreement with the IRS, the City issued a Taxable Revenue Note, Series 2011. This note was made to provide funds to finance, on a taxable basis, (i) the prepayment of the FMLC 2002A and 2006 loans, and the payment of the settlement amount owed to the IRS pursuant to the Settlement Agreement and costs related thereto, and (iii) the payment of costs of issuance of the Series 2011 Note for a total \$7.57 million. The new 2011 SunTrust Loan was issued at a fixed interest rate of 4.55% and matures on October 1, 2026.

RETIREMENT BENEFITS

The City of South Miami sponsors two defined benefit pension plans, the General Employees' Pension Fund and the Police Officers Retirement Trust Fund. These two pension plans are administered through one independent Pension Board. The Pension Board hires an outside pension plan administrator to administer the plans. Each year, an independent actuary, engaged by the Board calculates the amount of annual contribution that the City of South Miami must make to each pension plan to ensure that the plans are actuarially sound. As a matter of policy, the City of South Miami fully funds each year's annual required contribution to the pension plan as determined by the actuary.

Regular full-time employees of the City hired on or after October 1, 1995 but before, October 1, 2011 must become participants upon completion of six months of service. Police Officers become eligible to enter the plan as of the date of employment.

All regular full-time employees hired after October 1, 2011 are no longer eligible to enter the General Employees' Pension Fund. These employees can elect a retirement contribution percentage of their salary, which is matched by the City up-to 7% of their salary, to the 401a / 457 combination deferred compensation plan. As part of the FY 10-11 pension reform, the City provided members of the previous pension system an opt-out window, providing the employees with an opportunity to enter the newly defined 401a / 457 retirement plan.

The City also provides a defined contribution Section 457 deferred compensation plan for all its employees.

The financial activities of the plans are reported annually as part of the overall City Comprehensive Annual Financial Report.

AWARDS



The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. 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 Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a **Distinguished Budget Presentation Award** to City of South Miami, Florida for its annual budget for the fiscal year beginning October 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



The Government Finance Officers Association of the United States and Canada (GFOA) has given an **Award for Outstanding Achievement in Popular Annual Financial Reporting** to City of South Miami, Florida for its Popular Annual Financial Report for the fiscal year ended September 30, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

ACKNOWLEDGEMENTS.

The preparation of this report could not have succeeded without the efficient and dedicated services of the entire staff of the Finance Department.

We express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report, and to the various Departments who contributed the necessary statistical data. Our thanks and appreciation is also extended to the accounting firm of Cherry Bekaert for the professional approach and high standards in the conduct of their independent audit of the City's financial records and transactions.

Finally, our thanks to the Mayor and City Commission for their guidance and cooperation in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

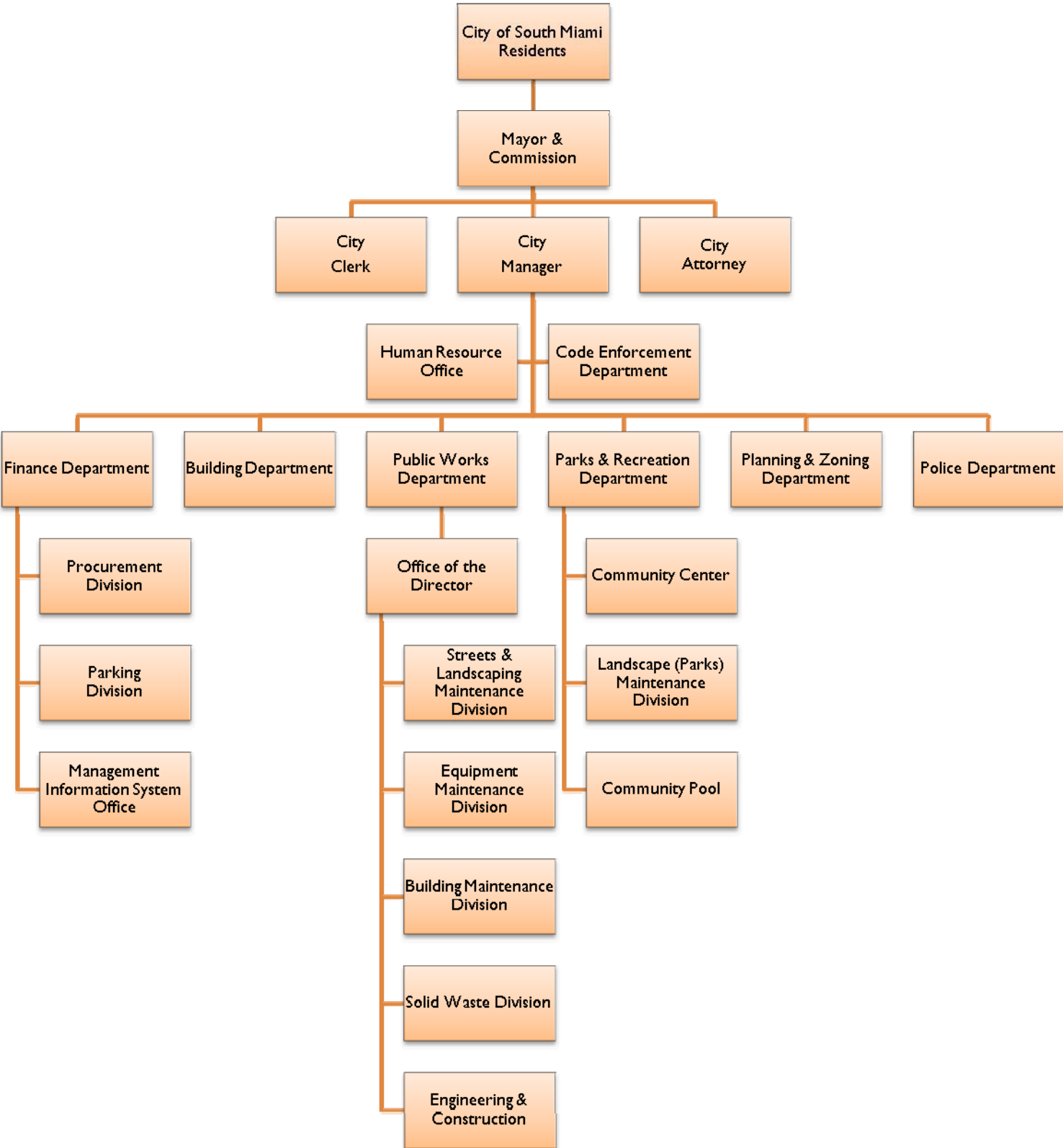
A handwritten signature in blue ink, appearing to read "Steven J. Alexander". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steven J. Alexander
City Manager

A handwritten signature in blue ink, appearing to read "Alfredo Riverol". The signature is cursive and somewhat stylized, with a prominent loop at the end.

Alfredo Riverol, CPA, CGFM, CGMA, Cr.FA
Chief Financial Officer

CITY OF SOUTH MIAMI ORGANIZATIONAL CHART





**CITY OF SOUTH MIAMI
COMMISSION – MANAGER FORM OF GOVERNMENT
LIST OF PRINCIPAL OFFICIALS**

ELECTED OFFICIALS



Mayor
Philip K. Stoddard, Ph.D.



Vice Mayor
Robert Welsh



Commissioner
Gabriel Edmond



Commissioner
Walter A. Harris



Commissioner
Josh Liebman

CHARTERED OFFICIALS



City Clerk
Maria Menendez



City Manager
Steven
Alexander



City Attorney
Thomas Pepe, Esq.



MANAGEMENT TEAM

ASSISTANT CITY MANAGER

Shari Kamali (2014)

PLANNING & ZONING DIRECTOR

Vacant

PUBLIC WORKS DIRECTOR

Kelly Barket, Jr. (2011)

CHIEF FINANCIAL OFFICER

Alfredo Riverol, CPA CGFM, CGMA, Cr.FA
(2010)

POLICE CHIEF

Rene Landa (2013)

PARKS & RECREATION DIRECTOR

Quentin Pough (2014)

BUILDING DIRECTOR

Victor Citarella, PE (2008)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of South Miami
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

To the Honorable Mayor,
Members of the City Commission, and City Manager
City of South Miami, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Miami, Florida (the "City"), as of and for the year ended September 30, 2015, 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 the Police Officers Retirement Trust Fund - Section 185 Plan, which represents 2%, 2%, and 5%, respectively, of the assets, net position, and total additions of the Fiduciary Funds. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers Retirement Trust Fund - Section 185 Plan, is based solely on the report of the other auditor. 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 of material misstatement.

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

We believe 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 report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, during the year ended September 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, 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 GASB, 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 the other auditor 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditor. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditor, the combining and individual nonmajor 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, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Orlando, Florida
March 31, 2016

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

The management of the City of South Miami (the "City") included this section in the Comprehensive Annual Financial Report ("CAFR") in accordance with the Governmental Accounting Standards Board ("GASB") Statement Number 34, et al. It is intended to provide readers of this report the narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, the City's financial statements, and the other required supplementary information.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the fiscal year ended September 30, 2015:

- The assets of the City of South Miami exceeded its liabilities at the close of the most recent fiscal year by \$42,388,405 (net position). Of this amount, \$10,289,903 is unrestricted.
- The City's \$20,556,391 in revenues exceeded the \$18,315,905 in expenses for governmental activities, providing a \$2,240,486 increase in net position.
- At the end of the current year, fund balance for the General Fund was \$11,902,167, or 68% of total general fund operating revenues. Of this amount, \$6,457,780 is reserved for prepaid costs, encumbrances, public safety, note receivable, and contingencies.
- The current year's unassigned fund balance for the General Fund is \$5,444,387, or 31% of total general fund operating revenues.
- The General Fund's fund balance increased by \$1,119,319 for the year ended September 30, 2015.
- The City's total debt, excluding compensated absences, and before current year payment reductions, decreased by \$1,066,807.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an additional section that presents combining statements for nonmajor governmental funds, and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

- The governmental funds statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of those parties outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information which further explains and supports this information. In addition to these required elements, we include a section with combining statements that provide details about our nonmajor governmental funds, each of which is added together and presented in single columns in the basic financial statements.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City of South Miami's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of South Miami is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities), and 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 of South Miami include police services, public works, culture and recreation, code compliance, planning and zoning, economic development, and general administration services. There are no business-type activities.

Additionally, the City has four separate single-employer defined benefit pension plans, 401A plans for the City Manager, Chief of Police, senior level staff, and all new general employees, and a voluntary Section 457 defined contribution plan for all interested employees. The pension plans are reported as Fiduciary Funds in the fund financial statements of this report, but are not included in the government-wide statements.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that were segregated for specific activities or objectives. The City of South Miami, 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 of South Miami are divided into two categories: governmental funds and fiduciary funds.

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of South Miami maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

A budgetary comparison statement was provided for the General Fund and Debt Service Fund to demonstrate compliance with the budget. The basic governmental funds financial statements can be found on pages 16 to 19 of this report.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of South Miami's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 20 to 21 of this report. Individual fund data for the Fiduciary Funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 50 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of South Miami's pension and other postemployment benefits to its employees, and budgetary comparison schedules for the General Fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 57 of this report.

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

Our analysis of the financial statements of the City begins below. The statement of net position and the statement of activities report information about the City's activities that will help answer questions about the position of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net position.
- 2) **Borrowing for capital** will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds on new capital** will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested-in-capital assets, net of debt.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and increase invested-in-capital assets, net of debt.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase invested-in-capital assets, net of debt.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets and invested-in-capital assets, net of debt.

The City's net position was \$42,388,405 in fiscal year 2015 (see Table 1). This amount came solely from governmental activities because the City has no business-type activities. Restricted net position and net investment-in-capital assets amounted to 76% of total net position. The largest portion of the net position (63%) is invested in capital assets (land, buildings, streets, sidewalks, and equipment).

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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The respective fraction of net position (12%) is restricted for public safety or capital projects. The remaining balance of unrestricted net position (\$10,289,903) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF SOUTH MIAMI, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

Table 1
City of South Miami
Net Position

	Governmental Activities	
	2015	2014 - Restated
Current and other assets	\$ 31,645,833	\$ 31,313,877
Capital assets (net)	39,221,830	39,726,588
Total Assets	70,867,663	71,040,465
Deferred outflow of resources	1,463,369	1,517,746
Current and other liabilities	3,631,724	4,562,188
Long-term liabilities	13,809,490	16,217,780
Total Liabilities	17,441,214	20,779,968
Deferred inflow of resources	12,501,413	11,630,324
Net position:		
Net investment-in-capital assets	26,818,862	26,306,008
Restricted	5,279,640	5,963,052
Unrestricted	10,289,903	7,878,859
Total Net Position	\$ 42,388,405	\$ 40,147,919

At the end of the current fiscal year, the City of South Miami is able to report positive balances in all three categories of net position. The restricted net position decreased in 2015 by \$683,412, and the unrestricted governmental activities net position increased by \$2,411,044. Capital assets decreased during the current year due to depreciation. The decrease in liabilities is mainly due to the retirement of certain notes payable and the final payments due of the CRA Bond.

The following information presented is to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 1) Economic condition can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees, and consumption.
- 2) The City Commission has significant authority to set increases or decreases in the City's rates (stormwater, permitting, user fees, etc.)
- 3) Changing patterns in intergovernmental and grant revenues (both recurring and non-recurring) can significantly change and impact the annual comparisons.
- 4) Market impacts on investment income may cause investment revenues to fluctuate from the prior year.

Some other basic impacts on expenses are reflected below:

- 1) Introduction of new programs can have a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees, and consumption.

CITY OF SOUTH MIAMI, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

- 2) Changes in service demand levels can cause the City to increase or decrease authorized staffing.
- 3) Salary increases such as cost of living, performance increases, and market adjustments can impact personal service costs.
- 4) While inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals, supplies, fuels, and parts. Some functional expenses may experience unusual commodity specific increases.

Statement of Activities:

As noted earlier, the statement of activities presents information showing how the City's net position changed during the most recent fiscal year. The following table reflects the City's revenues and expenses for fiscal year 2015 compared to 2014 with the resulting change in net position:

Table 2
 City of South Miami
 Changes in Net Position

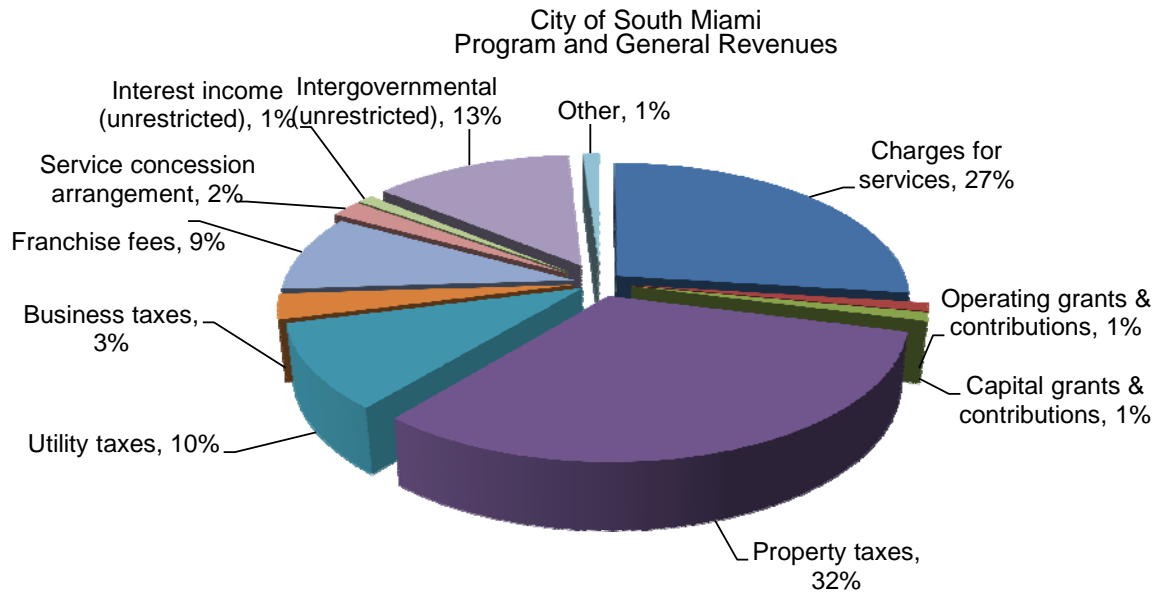
	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 5,475,617	\$ 5,453,348
Operating grants and contributions	114,895	137,859
Capital grants and contributions	152,486	2,080,229
General revenues:		
Property taxes	6,597,894	6,405,571
Franchise taxes	1,895,916	1,641,415
Utility taxes	2,182,432	2,166,980
Business taxes	676,228	612,865
Service concession arrangement	392,512	377,003
Interest income (unrestricted)	130,883	154,231
Intergovernmental (unrestricted)	2,683,313	2,183,058
Miscellaneous	254,215	427,486
Total Revenues	<u>20,556,391</u>	<u>21,640,045</u>
Expenses:		
General government	3,492,202	4,533,671
Public safety	7,362,004	6,905,773
Public works	4,067,666	3,707,916
Community services	712,396	999,532
Culture and recreation	2,095,783	1,771,944
Interest on long-term debt	585,854	774,753
Total Expenses	<u>18,315,905</u>	<u>18,693,589</u>
Increase in net position before accounting change *	<u>\$ 2,240,486</u>	<u>\$ 2,946,456</u>

*Fiscal year 2014 has not been restated for the adoption of GASB 68 and 71

CITY OF SOUTH MIAMI, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

The City's total revenues decreased by 5% to \$20,556,391 (see Table 2), mainly due to the decrease in grant revenues. Nearly 32% of the City's revenues come from property taxes, another 13% comes from intergovernmental and grants, and 27% from charges for services (see chart that follows). The City's management took major actions in 2015 to improve City revenues and to control expenses. The actual numbers for most of the City's revenue sources were above the final budget estimates.



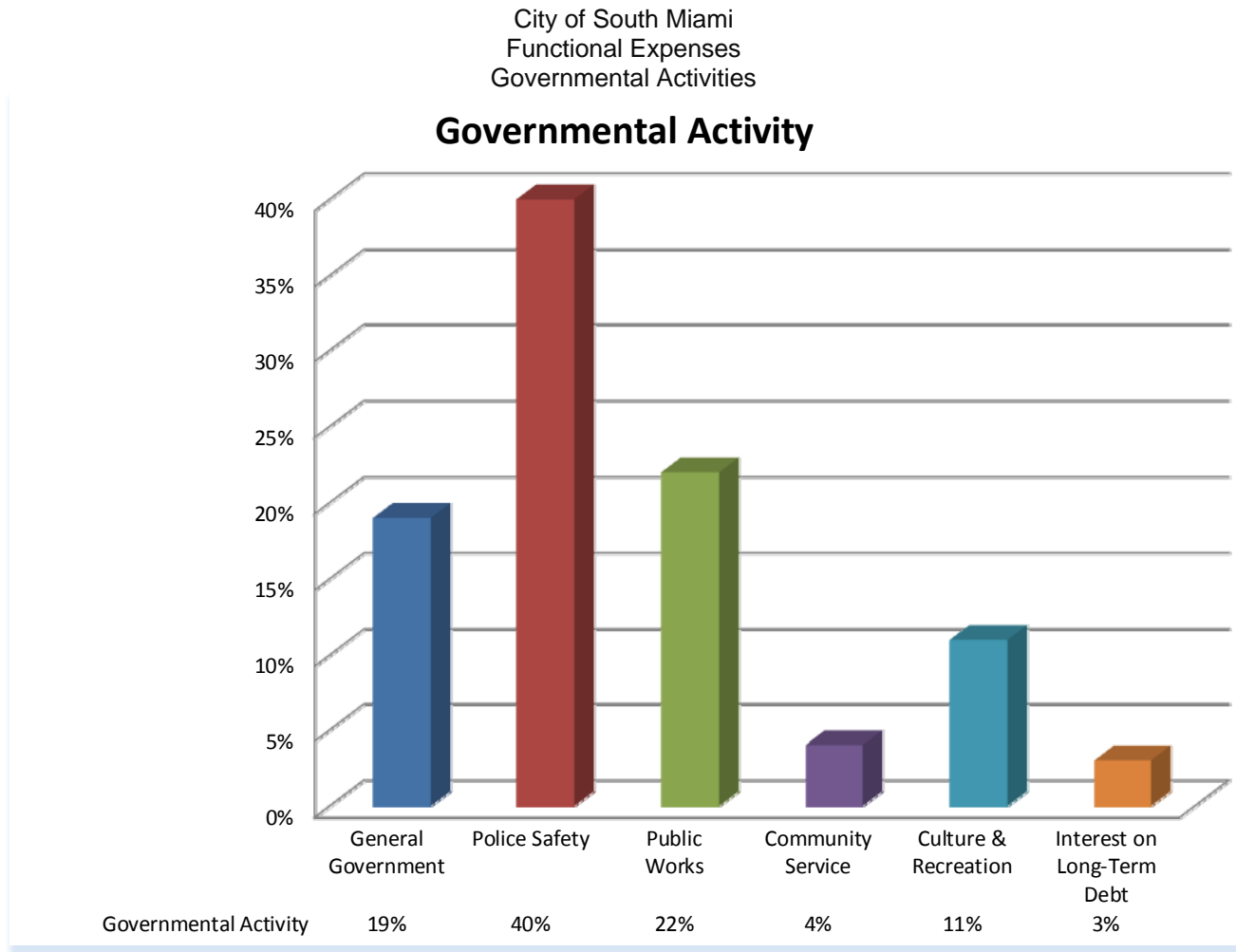
The total cost of all programs and services decreased by \$377,684 or 2% (see Table 2). The City's expenses cover a range of services. As shown in Table 2, governmental expenses are largely weighted in three functions, namely the public safety, general government, and public works. At \$7,362,004, public safety expense represents 40% of the statement of activities' total expenses for the City in 2015. General Government category expense total for 2015 was \$3,492,202, or 19% of total expenses. The General Government category includes all other City departments except public safety, culture and recreation, public works, and non-departmental. Lastly, public works expended \$4,067,666, or 22% of expenses. There were no business-type activities for the current year.

CITY OF SOUTH MIAMI, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

The chart below presents the net cost of each of the City's governmental services. Net cost is the total cost of each service, less the program revenue generated, fees by each activity, and intergovernmental aid.

The net cost graph below shows the financial cost that is placed on the City's taxpayers by each of these services:



The cost of all governmental activities this year, including \$585,854 in interest expense on long-term debt, was \$18,315,905. Some of that cost was financed by those who directly benefited from the programs through charges for services (\$5,475,617).

The City financed the remaining \$12,840,288 "public benefit" portion of governmental activities from property taxes, utility taxes, and with other revenues, such as interest and unrestricted intergovernmental revenue.

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

GOVERNMENTAL FUNDS' FINANCIAL ANALYSIS

As the City completed the year, its governmental funds reported combined fund balances of \$18,015,002, with the General Fund representing \$11,902,167. Of the total fund balances, \$321,902 is nonspendable, \$5,324,232 is restricted, \$27,778 is committed, \$2,467,060 is assigned, and \$9,467,060 is unassigned fund balance.

The General Fund's fund balance increased by \$1,119,319 after transfers out of \$883,974. General fund revenues were fairly consistent for the years ended 2015 and 2014. Please refer to the General Fund Budget Highlights section below for further information.

During the current year, the Debt Service Fund's balance decreased by \$600,344. There was approximately \$6,159,393 in principal and interest expenditures, which were mostly funded through bond proceeds and rents and royalties.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended the General Fund budget. The budget was amended during the fiscal year, in accordance with the City Charter, to account for rollovers related to capital improvement projects, to account for additional funding for unforeseen expenditures, personnel changes and for prior year encumbrances.

The base revenue budget for fiscal year 2015 was \$17,281,742. The difference between the estimated revenues, and the actual revenues, in the General Fund was \$265,003 for fiscal year 2015.

Actual revenues, at \$17,546,745, came in higher than the final budget of \$17,281,742.

Comparing the final budget to the actual expenditure amount for fiscal year 2015, the final expenditure budget of \$17,743,933, with actual expenditures being \$15,569,996, were below the final amended budget by \$2,173,937. The reason for the decrease in expenditures was because the City's management took major actions in 2015 to improve City revenues and to control expenses. All other expenditures were in line with the projected expectations. Please refer to page 44 through 47 for further details.

CITY OF SOUTH MIAMI, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City of South Miami's investment in capital assets for its governmental activities as of September 30, 2015 and 2014, is detailed below:

	Governmental activities	
	2015	2014
Land	\$ 14,603,765	\$ 14,603,765
Construction in progress	93,643	93,643
Building and improvements	15,960,074	16,238,519
Machinery and equipment	1,710,580	2,001,452
Land improvements	706,486	349,779
Infrastructure	6,077,536	6,280,033
Intangible assets	69,746	159,397
	<u>\$ 39,221,830</u>	<u>\$ 39,726,588</u>

For fiscal year 2015, the City spent \$764,918 on capital programs primarily in the acquisition of vehicles and equipment, street, and park improvements. Additional information on the City's capital assets can be found in Note 7 on page 34 of this report.

Debt Administration:

At year-end, the City had nearly \$13 million in outstanding debt, as noted below:

	Governmental activities	
	2015	2014
Florida Municipal Loan Council Bonds	\$ 1,345,000	\$ 6,420,000
Taxable Revenue Note, Series 2011	6,445,000	6,845,000
Taxable Revenue Note, Series 2015	4,948,000	-
CRA Bond Series 2006	77,254	359,745
Notes payable	178,047	386,816
Capital leases	-	48,547
	<u>\$ 12,993,301</u>	<u>\$ 14,060,108</u>

Additional information on the City's outstanding debt can be found in Note 9 on page 36 of this report.

CITY OF SOUTH MIAMI, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS

The State of Florida, by constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. For certain governmental activities (building inspections, recreational programs, etc.) the user pays a related fee or charge associated with the service.

Estimated revenues in fiscal year 2016 General Fund budget are \$17,861,563, a decrease of \$96,191 from actual revenues and transfers of \$17,957,754 for fiscal year 2015. With these revenues the City will be able to fund current services and any expected impact of inflation on fuel, salaries, and benefits. Fiscal year 2016 budgeted expenditures are expected to be \$18,235,267, or \$2,665,271 higher than fiscal year 2015 total actual expenditures of \$15,569,996 if estimates are realized. The City's budgetary General Fund balance is expected to decrease minimally by the close of 2016.

REQUESTS FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact Alfredo Riverol, CPA, CGFM, CGMA, Cr.FA, Chief Financial Officer, City of South Miami, 6130 Sunset Drive Miami, Florida 33143.

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 19,016,979
Receivables	858,028
Prepaid expenses	321,902
Accrued interest receivable	211,112
Notes receivable	8,259,764
Guaranteed rent receivable	2,978,048
Capital assets:	
Capital assets not being depreciated	14,697,408
Capital assets, net of accumulated depreciation	<u>24,524,422</u>
Total Assets	<u>70,867,663</u>
Deferred Outflow of Resources:	
Deferred loss on bond refunding	590,333
Pension contributions	873,036
Total Deferred Outflow of Resources	<u>1,463,369</u>
Liabilities:	
Accounts payable	849,150
Accrued liabilities	398,058
Unearned revenue	414,028
Other liabilities	520,671
Accrued interest payable	225,544
Due within one year:	
Compensated absences payable	381,396
Debt, including bonds, notes payable and capital leases	842,877
Due in more than one year:	
Compensated absences payable	889,925
Debt, including bonds, notes payable and capital leases	12,150,424
Net pension liability	574,543
Net OPEB obligation	194,598
Total Liabilities	<u>17,441,214</u>
Deferred Inflow of Resources:	
Service concession arrangement	11,237,812
Pension resources	1,263,601
Total Deferred Inflow of Resources	<u>12,501,413</u>
Net Position:	
Net investment in capital assets	26,818,862
Restricted for:	
Community services	204,320
Grant project	628,903
Stormwater management	263,239
Transportation projects	2,249,502
Law enforcement	1,933,676
Unrestricted	10,289,903
Total Net Position	<u>\$ 42,388,405</u>

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government					
Governmental Activities:					
General government	\$ 3,492,202	\$ 1,176,147	\$ -	\$ -	\$ (2,316,055)
Public safety	7,362,004	3,881,687	94,644	-	(3,385,673)
Public works	4,067,666	28,000	-	-	(4,039,666)
Community services	712,396	-	20,251	-	(692,145)
Culture and recreation	2,095,783	-	-	152,486	(1,943,297)
Interest on long-term debt	585,854	389,783	-	-	(196,071)
Total Governmental Activities	<u>\$ 18,315,905</u>	<u>\$ 5,475,617</u>	<u>\$ 114,895</u>	<u>\$ 152,486</u>	<u>(12,572,907)</u>
General Revenues:					
Property taxes					6,597,894
Utility taxes					2,182,432
Business taxes					676,228
Franchise fees					1,895,916
Service concession arrangement					392,512
Interest income (unrestricted)					130,883
Intergovernmental (unrestricted)					2,683,313
Other					254,215
Total General Revenues					<u>14,813,393</u>
Change in net position of governmental activities					2,240,486
Net position - beginning (restated)					40,147,919
Net position - ending					<u>\$ 42,388,405</u>

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund		
ASSETS				
Cash and cash equivalents	\$ 13,309,891	\$ 549,257	\$ 5,157,831	\$ 19,016,979
Receivables	570,227	-	287,801	858,028
Due from other funds	1,113,861	-	1,404,173	2,518,034
Prepaid expenditures	250,831	66,883	4,188	321,902
Total Assets	\$ 15,244,810	\$ 616,140	\$ 6,853,993	\$ 22,714,943
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 628,574	\$ -	\$ 220,576	\$ 849,150
Accrued liabilities	394,497	-	3,561	398,058
Due to other funds	1,404,173	698,821	415,040	2,518,034
Unearned revenue	405,371	-	8,657	414,028
Other liabilities	510,028	-	10,643	520,671
Total Liabilities	3,342,643	698,821	658,477	4,699,941
Fund Balances:				
Nonspendable:				
Prepaid expenditures	250,831	66,883	4,188	321,902
Restricted for:				
Community services	-	-	204,320	204,320
Park improvements	-	-	44,592	44,592
Grant projects	-	-	628,903	628,903
Stormwater management	-	-	263,239	263,239
Transportation projects	-	-	2,249,502	2,249,502
Law enforcement	-	-	1,933,676	1,933,676
Committed to:				
Tree projects	-	-	7,528	7,528
Parking management	-	-	20,250	20,250
Assigned to:				
Capital projects	-	-	839,318	839,318
Subsequent year's budget	1,627,742	-	-	1,627,742
Unassigned	10,023,594	(149,564)	-	9,874,030
Total Fund Balances	11,902,167	(82,681)	6,195,516	18,015,002
Total Liabilities and Fund Balances	\$ 15,244,810	\$ 616,140	\$ 6,853,993	\$ 22,714,943

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 18,015,002
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Amounts reported for governmental activities in the statement of net position are different because:

Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

The details of the difference are as follows:

Notes receivable	8,259,764
Guaranteed rent receivable	2,978,048
Accrued interest receivable	211,112

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	39,221,830
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Certain deferred outflows of resources are not available to pay current period expenditures and therefore are not reported in the funds.

Deferred amounts on debt refunding	590,333
Deferred outflow of pension contributions	873,036

Receivables and related liabilities in governmental funds are susceptible to full accrual on the government-wide statements.

Deferred inflows from service concession arrangement	(11,237,812)
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.

The details of the difference are as follows:

Bonds payable	(1,345,000)
Notes payable	(11,648,301)
Accrued interest payable	(225,544)
Net pension liability	(574,543)
Deferred inflow of resources related to the pension plan	(1,263,601)
OPEB liability	(194,598)
Compensated absences payable	(1,271,321)

Net Position of Governmental Activities	\$ 42,388,405
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The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund		
Revenues:				
Taxes:				
Ad valorem	\$ 5,579,321	\$ -	\$ 1,018,573	\$ 6,597,894
Utility taxes	2,175,220	-	7,212	2,182,432
Business taxes	676,228	-	-	676,228
Franchise fees	1,895,916	-	-	1,895,916
Intergovernmental	1,678,897	-	1,156,902	2,835,799
Licenses and permits	1,128,583	-	47,564	1,176,147
Fines and forfeitures	946,842	-	48,392	995,234
Charges for services	2,920,866	-	28,000	2,948,866
Rents and royalties	280,146	462,145	25,842	768,133
Interest	110,407	4,614	42,120	157,141
Miscellaneous	180,863	144,290	23,706	348,859
Total Revenues	<u>17,573,289</u>	<u>611,049</u>	<u>2,398,311</u>	<u>20,582,649</u>
Expenditures:				
Current:				
General government	3,638,328	-	-	3,638,328
Public safety	6,984,399	-	58,408	7,042,807
Public works	3,149,720	-	92,087	3,241,807
Parks and recreation	1,573,020	-	420,618	1,993,638
Community services	-	-	683,447	683,447
Capital outlay	-	-	1,400,681	1,400,681
Debt service:				
Principal payments	223,560	5,481,720	309,527	6,014,807
Interest and fiscal charges	969	677,673	15,495	694,137
Total Expenditures	<u>15,569,996</u>	<u>6,159,393</u>	<u>2,980,263</u>	<u>24,709,652</u>
Excess (deficiency) of revenues over expenditures	<u>2,003,293</u>	<u>(5,548,344)</u>	<u>(581,952)</u>	<u>(4,127,003)</u>
Other Financing Sources (Uses):				
Bond proceeds	-	4,948,000	-	4,948,000
Transfers in	384,465	-	1,268,439	1,652,904
Transfers out	(1,268,439)	-	(384,465)	(1,652,904)
Total Other Financing Sources (Uses)	<u>(883,974)</u>	<u>4,948,000</u>	<u>883,974</u>	<u>4,948,000</u>
Net change in fund balances	1,119,319	(600,344)	302,022	820,997
Fund balances - beginning	10,782,848	517,663	5,893,494	17,194,005
Fund balances - ending	<u>\$ 11,902,167</u>	<u>\$ (82,681)</u>	<u>\$ 6,195,516</u>	<u>\$ 18,015,002</u>

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	820,997
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 those assets is depreciated over their estimated useful lives:		
Details of the difference are as follows:		
Expenditures for capital assets	\$	764,918
Related accumulated depreciation		<u>(1,269,676)</u>
		(504,758)
Principal payments received on notes receivable and payments on guaranteed rent receivable are reported as revenue in the governmental funds because they provide current financial resources, but are reported as a reduction of assets in the statement of net assets.		
		(392,512)
Certain revenues do not provide current financial resources and, therefore, are not reported in the governmental funds:		
Net revenues from service concession arrangement		392,512
Change in accrued interest on notes receivable		(26,258)
Principal payments on long-term debt are reported as an expenditure in governmental funds, but as a reduction of long-term liabilities/debt in the statement of net position.		
		6,014,807
Issuance of long-term debt is reported as a other financing source in governmental funds, but as an increase in long-term liabilities in the statement of net position.		
		(4,948,000)
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:		
Amortization of deferred loss on refunding		(49,195)
Change in net OPEB obligation		(45,240)
Change in net pension liability		828,040
Change in compensated absences payable		(7,385)
Change in accrued interest payable		<u>157,478</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>2,240,486</u>

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2015

	Employee Retirement Funds
Assets:	
Receivables:	
Employer contribution	\$ -
Employee contribution	20,579
Dividends and interest	74,554
Section 185 contribution	132,875
Total receivables	<u>359,506</u>
Investments, at fair value:	
Money markets	743,597
U.S. Government and agency securities	3,515,728
Corporate obligations	5,288,731
Common stock	
Domestic equity	4,696,627
International equity	270,416
Mutual funds	
Equity	13,359,435
International equity	4,894,482
Mutual funds	
Fixed income	-
Total investments	<u>32,769,016</u>
Other assets:	
Prepaid expenses	2,030
Total Assets	<u>33,130,552</u>
Liabilities:	
Accounts payable	87,410
Pending trades payable	128,234
Minimum funding liability	37,780
Total Liabilities	<u>253,424</u>
Net Position:	
Restricted for pension benefits	<u>\$ 32,877,128</u>

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Employee Retirement Funds
Additions:	
Contributions:	
Employer	\$ 796,471
Employees	562,835
Section 185 contributions	132,425
Total contributions	<u>1,491,731</u>
Investment income:	
Net appreciation in fair value of investments	(587,762)
Interest and dividends	689,703
Total investment income	101,941
Less investment expenses	<u>107,199</u>
Net investment income	(5,258)
Other income	<u>4,454</u>
Total Additions	<u>1,490,927</u>
Deductions:	
Benefits paid	1,214,617
Refunds of contributions	267,463
Administrative expenses	153,188
Minimum benefit funding payment	37,780
Total Deductions	<u>1,673,048</u>
Change in net position	(182,121)
Net position restricted for pension benefit - beginning - as restated	<u>33,059,249</u>
Net position restricted for pension benefit - ending	<u>\$ 32,877,128</u>

The notes to the basic financial statements are an integral part of these financial statements.

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 1—General description of the city

The City of South Miami, Florida (the "City") is a political subdivision of the State of Florida, located in Miami-Dade County. The City was incorporated in 1927 and has operated since 1978 under the same charter. It is located approximately 3 miles south of the City of Miami and borders the University of Miami's main campus and the City of Coral Gables and The Village of Pinecrest. The City is approximately 2.5 square miles in area and has a population of approximately 13,000 residents. The City is a full-service city providing its citizens with a full complement of municipal services, specifically public safety, general government, parks, culture and recreation, sanitation, public works, and community services. It also maintains various trust funds in a fiduciary capacity, but does not provide any educational facilities, water, wastewater or fire services. Those services are provided by the Miami-Dade County Public School System and Miami-Dade County, Florida.

Note 2—Summary of significant accounting policies

Financial Reporting Entity:

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As defined by GASB, the financial reporting entity is required to include (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the statement of net position to emphasize they are legally separate from the government.

Blended Component Unit:

The South Miami Community Redevelopment Agency (the "CRA") is deemed to be a separate, distinct and independent legal entity controlled by a board of seven members, which include five members of the City's elected Commission. Since the governing body is substantially the same as the governing body of the primary government and there is a financial burden on the City due to property tax appropriations to the CRA, the CRA is determined to be a component unit of the City. The CRA obtains 50% Tax Incremental Funds from Miami-Dade County and the City, who requires those funds be used specifically within the City designated for community redevelopment activities. The CRA falls under the requirements of Chapter 163 Part III of the *Florida Statutes*. Consequently, this component unit is reported in the primary government using the blended method.

Individual financial statements for the CRA are available through the Finance Department of the City at 6130 Sunset Drive, South Miami, Florida 33143.

Discretely Presented Component Units:

There are no discretely presented component units for the City.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Property taxes and charges for services are considered available when collected in the current year or within 60 days subsequent to year-end, provided that amounts received pertain to billings through the fiscal year just ended. Intergovernmental revenues, franchise fees, and utility service taxes are recorded in accordance with their legal or contractual requirements if collected in the current period or within 60 days after year end. Revenues derived from rents and royalties and investment income are recorded when earned. Permits, fines and forfeitures, and other revenue are recorded as revenue when received in cash because they are generally not measurable until actually received. Business license revenue collected in advance of periods to which they relate is recorded as unearned revenue.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, other post-employment benefits, and claims and judgments, are recorded when due.

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.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

The Debt Service Fund is used primarily to service the City's debt obligations. It accounts for new debt issuances and payments on existing debt.

Additionally, the government reports the following fiduciary fund type:

The fiduciary funds account for the activities of the *General Employees and Police Officers Pension Plan* (the "Pension Plan") and the *Police Officers Retirement Trust Fund – Section 185 Plan* that accumulates resources for pension benefit payments to qualified general and public safety employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes whose purpose has not been restricted to a specific program.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Cash, Cash Equivalents, and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

Investments for the government, as well as its component unit and fiduciary funds, are carried at fair value. Unrealized gains and losses in fair value are recognized.

Receivables:

Receivables consist of amounts due for charges for services, fees, property taxes, intergovernmental revenues, and grants. If the ultimate collectability of receivables became uncertain, the City would provide an allowance for that amount. As of September 30, 2015, there were no receivables deemed uncollectible by management.

Prepaid Expenses/Expenditures:

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

Ad Valorem Taxes:

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Miami-Dade County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the Laws of Florida. There were no material delinquent property taxes in the fiscal year ended September 30, 2015.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Commission and the Miami-Dade County Property Appraiser, who incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2015 was 4.3 mills (\$4.3 mills per \$1,000 of the taxable value).

Capital Assets:

Capital assets, which include land, construction in progress, buildings and improvements, machinery and equipment, land improvements, infrastructure assets (e.g., roads, sidewalks, culverts, pump stations, stormwater lines, catch basins, and similar items), and intangibles, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Buildings and improvements	50 years
Machinery and equipment	5-15 years
Land improvements	20 years
Infrastructure	40-50 years
Intangibles	5 years

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

Unearned Revenue:

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. This is classified as unearned revenue. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

Compensated Absences:

City employees are granted annual leave (vacation) and sick leave in varying amounts based on length of service and the department in which the employee serves.

Annual Leave:

Effective October 1995, the City's annual leave policy requires that earned vacation must be taken within one year of the employee's anniversary date, as there is no carryover from one period to another. Unused accrued vacation pay, if any, is paid at employee's termination or retirement.

Sick Leave:

Effective October 1995, employees may accumulate sick leave without a maximum cap, but will not be paid upon termination or retirement. Employees hired on or before October 1995 may accumulate unused sick leave to a maximum of 600 hours. Upon termination or retirement, sick leave is paid to those employees, hired on or before October 1995, on a pro rata formula based upon years of service.

The City reports the liability for compensated absences in the governmental activities of the government-wide financial statements when earned. The current portion is the amount estimated to be due in the following fiscal year. Expenditures for compensated absences are recorded in the governmental funds only for employees who had terminated their employment as of the end of the fiscal year. The General Fund has typically been used to liquidate such amounts.

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion; an unamortized loss on a bond refunding, and contribution made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet this criterion; service concession arrangements, which are discussed further in Note 8, and deferrals of pension expense that result from the implementation of GASB 68.

Long-Term Obligations:

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Long-term debt is reported net of the applicable premium or discount.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflow or inflow in the statement of net position.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same bases as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Pension Plan. Investments are reported at fair value.

Equity Classifications:

Government-wide Financial Statements:

Net position in the government-wide financial statements is displayed in three categories: 1) net investment in capital assets, 2) restricted, or 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. Net position is reported as restricted when constraints are placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. Remaining net position that does not meet the definition of "restricted" or "net investment in capital assets," is reported as unrestricted.

Fund Financial Statements:

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted into cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. In fiscal year 2015, this represents \$321,902.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In fiscal year 2015, this represents \$5,324,232.

Committed: This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making. The City Commission is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Resources accumulated pursuant to stabilization arrangements are reported in this category. In fiscal year 2015, this represents \$27,778.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Commission has by resolution authorized the City Finance Director to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally can only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. In fiscal year 2015, this represents \$2,467,060. In the General Fund, assigned fund balance for subsequent year's budget amounted to \$1,627,742.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. In fiscal year 2015, this represents \$9,874,030.

Minimum Fund Balance Policy and Emergency and Disaster Recovery Reserve:

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flow and reduce susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City's Commission had previously adopted an ordinance (No. 23-08-1958) to maintain an Emergency and Disaster Recovery Operating Reserve at a minimum level of approximately \$4,579,207 (10% of budgeted expenditures) and a Minimum Fund Balance, ranging from 10% to 25%, of the annual General Fund expenditures. This emergency reserve component is available to fund one-time, emergency, unanticipated expenditure requirements or offset unanticipated revenue fluctuations occurring within a fiscal year. The emergency reserve will only be accessed when the result of emergency expenditures or an unexpected revenue reduction would likely result in a negative ending fund balance for the General Fund.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Summary of significant accounting policies (continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Some of these estimates include assessing the collectability of receivables, the realization of pension and other-post-employment obligations/assets, and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they could ultimately differ from actual results.

Internal Balances:

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of inter-fund loans). These amounts reported in the fund financial statements as due/to other funds are eliminated in the government-wide governmental columns of the statement of net position.

Date of Management's Review:

Subsequent events were evaluated by management through March 31, 2016, which is the date the financial statements were available to be issued.

Restatement Due to New GASB Implementation:

The City implemented GASB statement 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* and GASB statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68* for the year ended September 30, 2015. The implementation of GASB 68 requires the City to report the net pension liability, pension expense, and deferred inflows and outflows of resources as well as additional nondisclosures and required supplementary information related to its pension plan. GASB 71 requires the City to acknowledge the start of deferred outflow of resources for pension contributions made from the measurement date of the beginning net pension liability to the start of the fiscal year's implementation. See Note 12 for further disclosures regarding GASB 68 and 71.

Implementation of GASB 68 and GASB 71 required the restatement of beginning net position

	<u>Governmental Activities</u>
Net position - beginning of period, as previously reported	\$ 41,976,774
Adoption of GASB Statement No. 68 and 71:	
Deferred outflow	878,218
Net nension liability	<u>(2,707,073)</u>
Total adjustment to prior year	<u>(1,828,855)</u>
Net position - beginning of period as restated	<u>\$ 40,147,919</u>

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 3—Stewardship, compliance, and accountability

The debt service fund has a deficit fund balance of \$82,681, which is primarily the result of insufficient assets to fund the amounts that are due to other funds. The intent of the City Commission is to keep the fund balance in the Debt Service Fund at zero and that any reserve would be included in the Emergency Reserve and General Fund.

Note 4—Deposits and investments

The City, for accounting and investment purposes, maintains various accounts for use by all City funds.

Deposits - City:

Florida Statutes authorize the deposit of City funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All City public deposits are held in qualified public depositories pursuant to Chapter 280, *Florida Statutes*, "Florida Security for Public Deposits Act." Under the act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50% to 125% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public depositors resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. The City's bank balances were insured either by the Federal Depository Insurance Corporation or collateralized in the bank's participation in the Florida Security for Public Deposits Act.

As of September 30, 2015, the carrying amount of the City's book balance for deposits held with financial institutions totaled \$9,434,338 and the bank balance was \$9,732,337.

Investments - City:

The City previously adopted a comprehensive investment policy established in accordance with Section 218.415, *Florida Statutes*. The investment policy applies to all investments held or controlled by the City with the exception of the City-sponsored employee pension plans and its debt issuances where there are other existing policies or indentures in effect for the investment of related funds.

Allowable investments include United States government securities, United States government agencies and sponsored agencies repurchase agreements, commercial paper, state and local government taxable and/or tax-exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations, certificates of deposit, and other investments authorized by City Commission from time to time. The City manages its risk by establishing strict guidelines related to interest rates, credit worthiness, concentration, and custodial credit. In addition, the City is not directly exposed to foreign credit risk.

As of September 30, 2015, the City had the following cash equivalents:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Less than 1 Year</u>
Repurchase agreement	\$ 9,581,139	\$ 9,581,139
Total fair value	<u>\$ 9,581,139</u>	

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 4—Deposits and investments (continued)

A reconciliation of deposits and cash equivalents as shown by category is as follows:

Category	
Deposits	\$ 9,434,338
Petty cash	1,502
Cash equivalents	9,581,139
	\$ 19,016,979

Investments - Pension Plan:

The General Employees and Police Officers Pension Plan (the "Plan") and the Police Officers Retirement Trust Fund-Section 185 Plan (the "Fund") investments are held separately from those of other City funds and are shown in a separate fiduciary fund. As prescribed by the Plan and Fund investment policies, they are authorized to invest among several institutionally acceptable asset classes including bonds, debentures and other corporate obligations, equity securities, and domestic real estate. The City's Plan and Fund investment policies are determined by their respective Board of Trustees.

The Plan and Fund have investments in a combination of stocks, bonds, government securities, and other investment securities. Investment securities are exposed to various risk, 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 at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of fiduciary net position and the statement of changes in fiduciary net position. The Plan and Fund, through its investment advisors, monitors the Plan and Fund's investments and the risks associated with them on a regular basis, which is believed to minimize these risks.

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 Plan and Fund have an investment policy that targets investments of the safest types of securities. This policy requires a diversified portfolio to minimize the potential loss on individual securities. The Plan and Fund's investment policy utilizes portfolio diversification in order to control the risk. The Plan and Fund fixed income investments had the following ratings at September 30, 2015 from a nationally recognized rating agency:

Moody's Credit Rating	General Employees and Police Officers Pension Plan	Police Officers Retirement Trust Fund Section 185	Total
A1 - A3	\$ 1,812,142	\$ 24,682	\$ 1,836,824
Aa2 - Aaa	204,552	157,783	362,335
Aa3	179,802	6,621	186,423
AAAm	729,919	-	729,919
AAA-Bb+	2,398,246	-	2,398,246
Ba1 - Baa3	2,457,431	83,068	2,540,499
N/A	1,480,130	13,678	1,493,808
	\$ 9,262,222	\$ 285,832	\$ 9,548,054

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 4—Deposits and investments (continued)

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

The Plan and Fund's investments in fixed income securities had maturities as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
Money market funds	\$ 743,597	\$ 743,597	\$ -	\$ -	\$ -
U.S. Government and Agency Securities	3,515,726	188,282	1,385,600	271,826	1,670,018
Corporate obligations	5,288,731	142,061	2,689,402	1,568,897	888,371
Totals	<u>\$ 9,548,054</u>	<u>\$ 1,073,940</u>	<u>\$ 4,075,002</u>	<u>\$ 1,840,723</u>	<u>\$ 2,558,389</u>

Concentration of Credit Risk:

The investment policy of the Plan and Fund limits investments in the stock of any one issuing company to 5% of the Fund's or Plan's assets at cost and to 5% of the outstanding capital stock of that company. Furthermore, investments in equities shall not exceed 70% of the Fund's assets at market value, and foreign equity investments shall not exceed 20% of the Fund's assets at market value. For fixed income securities, not more than 5% of the Fund's fixed income portfolio at cost shall be invested in the securities of any single corporate issuer.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan and Fund will not be able to recover their investments or collateral securities that are in possession of an outside party. At September 30, 2015, and consistent with their investment policies, the Plan and Fund's securities were registered in their name, nominee registration.

Foreign Credit Risk:

Foreign credit risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars as well as the carrying value of foreign investments. The Plan and Fund's exposure to foreign credit risk derives mainly from equity securities. As of the year end, investment balances in foreign investments are within policy limits. The Plan and Fund do not have exposure to foreign credit risk and the City has no formal policy relating to foreign currency risk.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 5—Receivables

Receivables at September 30, 2015 were as follows:

	<u>Major Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
Receivable type:				
Intergovernmental	\$ 330,878	\$ -	\$ 287,801	\$ 618,679
Franchise fees	88,126	-	-	88,126
Utility taxes	136,626	-	-	136,626
Accounts	14,597	-	-	14,597
Total receivables	<u>\$ 570,227</u>	<u>\$ -</u>	<u>\$ 287,801</u>	<u>\$ 858,028</u>

Note 6—Interfund balances and transfers

Interfund balances at September 30, 2015 and the amount of interfund transfers for the fiscal year ended are summarized as follows:

	<u>Payable Fund</u>			<u>Total</u>
	<u>Major Funds</u>		<u>Nonmajor Governmental Funds</u>	
<u>Receivable Fund</u>	<u>General Fund</u>	<u>Debt Service Fund</u>		
General Fund	\$ -	\$ 698,821	\$ 415,040	\$ 1,113,861
Nonmajor Governmental Funds	1,404,173	-	-	1,404,173
	<u>\$ 1,404,173</u>	<u>\$ 698,821</u>	<u>\$ 415,040</u>	<u>\$ 2,518,034</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of the above amounts are expected to be repaid shortly after year-end from available current assets and next year funding.

During the year, \$1,268,439 was transferred from the General Fund to the Capital Improvements Program Fund, respectively, to assist with capital improvement project requirements. The remaining transfers were to the General Fund from nonmajor funds to reimburse the General Fund for expenditures incurred.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 7—Capital assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental Activities	Balance September 30, 2014	Increases	Decreases/ Transfers	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 14,603,765	\$ -	\$ -	\$ 14,603,765
Construction in progress	93,643	-	-	93,643
Total capital assets not being depreciated	14,697,408	-	-	14,697,408
Capital assets being depreciated:				
Buildings and improvements	19,690,158	108,549	-	19,798,707
Machinery and equipment	6,985,625	243,743	-	7,229,368
Land improvements	1,012,250	412,626	-	1,424,876
Infrastructure	9,226,358	-	-	9,226,358
Intangible assets	448,257	-	-	448,257
Total capital assets being depreciated	37,362,648	764,918	-	38,127,566
Less accumulated depreciation for:				
Buildings and improvements	3,451,639	386,994	-	3,838,633
Machinery and equipment	4,984,173	534,615	-	5,518,788
Land improvements	662,471	55,919	-	718,390
Infrastructure	2,946,325	202,497	-	3,148,822
Intangible assets	288,860	89,651	-	378,511
Total accumulated depreciation	12,333,468	1,269,676	-	13,603,144
Total capital assets, being depreciated, net	25,029,180	(504,758)	-	24,524,422
Governmental activities capital assets, net	\$ 39,726,588	\$ (504,758)	\$ -	\$ 39,221,830

Provision for depreciation/amortization was charged to functions/programs of the City as follows:

General government	\$ 629,289
Public safety	319,197
Public works	190,096
Culture and recreation	102,145
Community services	28,949
Total depreciation expense - governmental activities	\$ 1,269,676

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 8—Service concession arrangement and note receivable

The City previously entered into an agreement with Mark Richman Properties, Inc. (“MRP”) for the construction and operation of a municipal parking garage (the “Garage”). Under the agreement, the City was responsible to finance the construction while retaining all rights and ownership of the Garage. The City borrowed funds from the Series 2002A and Series 2006A Bonds and a \$1 million promissory note to finance the construction of the Garage. MRP was responsible for the completion of the Garage with the use of the funds provided by the City. The Garage started operations in January 2008.

The City also executed a lease agreement (the “Lease”) with MRP to operate and maintain the Garage for a term of 50 years. In accordance with the Lease, the City approves all services and fees charged to customers. In addition, the City retains no contractual obligations for the garage until the end of the Lease, at which time the operation and management of the Garage reverts to the City. Installment payments due to the City under the Lease are as follows:

- (i) Repayment of principal on certain amounts used in the construction of the Garage. These amounts owed to the City by MRP are shown as notes receivable in the statement of net position in the amount of \$8,259,764.
- (ii) Guaranteed rent payments equal to \$76,000 per year. The present value of these payments is reflected in the statement of net position using a discount rate of 7.25% in the amount of \$2,978,048.

The City has determined that the agreement meets the requirements of GASB Statement No. 60; *Accounting and Financial Reporting for Service Concession Arrangements*.

In accordance with GASB Statement No. 60, the City previously adjusted capital assets to include the Garage at fair value of approximately \$13 million. Additionally, \$11,237,812 was recorded in the government-wide financial statements (statement of net position) as a deferred inflow of resources to be received over the term of the agreement, at net present value. The deferred inflow of resources is recognized annually over the term of the agreement.

The notes receivable mainly require semi-annual payments including interest at rates ranging from 3.25% to 5.50% through October 1, 2036. The notes receivable are collateralized by the Garage, a mortgage on certain land owned by MRP and by a personal guarantee from Mark Richman. A portion of the notes receivable (original amount of \$700,000) requires quarterly payments, including interest at 4.23%, through April 2019.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 8—Service concession arrangement and note receivable (continued)

Future principal and interest payments due to the City under the notes receivable, as of September 30, 2015, are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 333,466	\$ 389,783	\$ 723,249
2017	349,272	372,706	721,978
2018	369,359	354,745	724,104
2019	367,979	335,802	703,781
2020	320,936	318,836	639,772
2021-2025	1,842,256	1,355,158	3,197,414
2026-2030	2,317,408	877,651	3,195,059
2031-2035	1,817,248	308,009	2,125,257
2036-2037	541,840	30,760	572,600
Total	<u>\$ 8,259,764</u>	<u>\$ 4,343,450</u>	<u>\$ 12,603,214</u>

Note 9—Long-term liabilities of governmental activities

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2015:

<u>Governmental Activities</u>	<u>Balance September 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2015</u>	<u>Due Within One Year</u>
Florida Municipal Loan					
Council Bonds	\$ 6,420,000	\$ -	\$ (5,075,000)	\$ 1,345,000	\$ 35,000
Taxable Revenue Note, Series 2011	6,845,000	-	(400,000)	6,445,000	400,000
Taxable Refunding Revenue Note, Series 2015	-	4,948,000	-	4,948,000	241,000
CRA Bond 2006	359,745	-	(282,491)	77,254	77,254
Notes payable	386,816	-	(208,769)	178,047	89,623
Capital leases	48,547	-	(48,547)	-	-
Compensated absences	1,263,936	619,579	(612,194)	1,271,321	381,396
Totals	<u>\$ 15,324,044</u>	<u>\$ 5,567,579</u>	<u>\$ (6,627,001)</u>	<u>\$ 14,264,622</u>	<u>\$ 1,224,273</u>

Compensated absences attributable to the governmental activities are generally liquidated by the General Fund.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 9—Long-term liabilities of governmental activities (continued)

Florida Municipal Loan Council (FMLC Bonds):

The City previously borrowed \$2,200,000 from the Florida Municipal Loan Council's ("FMLC") debt issue of \$90,210,000 Revenue Bonds, Series 2001A, to repay existing borrowings and finance the construction of a multi-purpose activities center. The bonds bore varying interest rates ranging from 3.25% to 5.25% and are secured by non-ad valorem revenues from the City. As discussed later, this debt issuance was refunded during 2015 with proceeds from the issuance of the Taxable Revenue Note, Series 2015.

The City previously borrowed \$6,500,000 from the FMLC's debt issue of \$49,775,000 Revenue Bonds, Series 2002A, to finance the construction and improvements of a municipal parking garage used for public parking. The bonds bore varying interest rates ranging from 3.25% to 5.50% and are secured by non-ad valorem revenues from the City. Payments received from MRP in conjunction with the notes receivable (Note 6), future Garage revenues, and non-ad valorem revenues of the City are used to repay the bonds as the payments become due. As discussed later, this debt issuance was partially refunded during 2011 with proceeds from the issuance of the Taxable Revenue Note, Series 2011, and the remaining portion refunded in 2015 with proceeds from the issuance of the Taxable Revenue Note, Series 2015.

The City previously borrowed \$5,625,000 from the FMLC's debt issue of \$22,365,000 Revenue Bonds, Series 2006, to finance the construction and improvements of a municipal parking garage used for public parking. The bonds bear varying interest rates ranging from 4.00% to 5.00% and are secured by non-ad valorem revenues from the City. Payments received from MRP in conjunction with the notes receivable (Note 6), future Garage revenues, and non-ad valorem revenues are used to repay the bonds as the payments become due. As discussed later, this debt issuance was partially refunded during 2011 with proceeds from the issuance of the Taxable Revenue Notes, Series 2011.

Annual debt service requirements to maturity for the FMLC Revenue Bonds, Series 2006 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 35,000	\$ 58,794	\$ 93,794
2017	40,000	56,919	96,919
2018	40,000	54,919	94,919
2019	40,000	52,919	92,919
2020	45,000	51,019	96,019
2021-2025	255,000	225,328	480,328
2026-2030	315,000	165,488	480,488
2031-2035	390,000	87,075	477,075
2036-2037	185,000	8,438	193,438
	<u>\$ 1,345,000</u>	<u>\$ 760,899</u>	<u>\$ 2,105,899</u>

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 9—Long-term liabilities of governmental activities (continued)

Taxable Revenue Notes:

In August 2011, the City issued a \$7,575,000 Taxable Revenue Note, Series 2011, to *partially advance refund* \$1,725,000 and \$3,775,000 of the FMLC 2002A and 2006 revenue bonds, respectively, and also to *currently refund* the then remaining obligation of the Capital Improvement Promissory Note, Series 2009 in the amount of \$814,488. Funds were deposited into an irrevocable trust with an escrow agent to provide for the scheduled principal and interest installments of the partially advanced refunded bonds, including the remaining obligations on the call date of May 1, 2012 and October 1, 2016 for the FMLC 2002A and 2006, respectively. Effective May 2012, the FMLC Series 2002A partially advanced refunded portion was considered deceased. As of September 30, 2015, the outstanding balance of the partially advanced refunded FMLC Series 2006 bonds was \$1,345,000.

Annual principal and semi-annual interest payments are due through October 2026 at a fixed rate of 4.550%; secured by a pledge of all non-ad valorem revenues of the City.

In May 2015, the City issued a \$4,948,000 Taxable Refunding Revenue Note, Series 2015, to refund \$1,640,000 and \$3,308,000 of the FMLC 2001A and 2002A revenue bonds, respectively. Semi-annual principal and interest payments are due through September 2032 at a fixed rate of 2.800%; secured by a pledge of all non-ad valorem revenues of the City.

The City executed these refunding transactions to comply with the Securities and Exchange Commission and the Internal Revenue Service; where it was determined that a portion of the FMLC bonds constituted impermissible financing and private activity which affected the governmental status of the Council Bonds.

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Series 2011		Series 2015		Total
	Principal	Interest	Principal	Interest	
2016	\$ 410,000	\$ 287,727	\$ 241,000	\$ 126,403	\$ 1,065,130
2017	435,000	267,477	237,000	130,144	1,069,621
2018	450,000	247,065	243,000	123,466	1,063,531
2019	480,000	225,616	254,000	116,592	1,076,208
2020	495,000	203,652	259,000	109,438	1,067,090
2021-2025	2,835,000	643,388	1,398,000	433,860	5,310,248
2026-2030	1,340,000	61,670	1,613,000	225,568	3,240,238
2031-2032	-	-	703,000	24,766	727,766
	<u>\$ 6,445,000</u>	<u>\$ 1,936,595</u>	<u>\$ 4,948,000</u>	<u>\$ 1,290,237</u>	<u>\$ 14,619,832</u>

Community Redevelopment Agency (CRA) Bond, Series 2006:

The City, through its Community Redevelopment Agency (“CRA”), previously issued \$2,730,000 of Taxable Redevelopment Revenue Bonds, Series 2006 (the “CRA Bond”), for the purpose of acquiring various properties located within the boundaries of the South Miami redevelopment area. The revenue bonds are secured by CRA tax increment financing revenues from the County and the City. The bonds bear interest at 5.99%. Principal and interest payments are due quarterly through February 2016. Remaining interest to be paid through maturity is \$1,216.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 9—Long-term liabilities of governmental activities (continued)

Notes Payable:

The City previously entered into promissory note agreements with a financial institution to finance the purchase of law enforcement vehicles and multi-space parking meter stations totaling approximately \$576,000. The notes require aggregate monthly payments of \$10,202, including interest at 2.355% and 2.5451% per annum. Both notes expire during fiscal year 2016. As of September 30, 2015, the balance outstanding was \$42,611.

The City previously entered into an agreement with a third party to finance an upgrade to its City Hall management computer software for approximately \$172,000. The agreement requires annual payments of \$34,414 and bears no interest. This note matured in 2015.

The City previously entered into Inter-Local agreements with Miami-Dade County for the purchase of police radios and for a stormwater drainage project. The cost for the radios and project was approximately \$247,000 and \$270,000, respectively, and are payable in ten years. As of September 30, 2015, the total balance outstanding was \$135,436.

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year			
Ending September 30,	Principal	Interest	Total
2016	\$ 89,620	\$ 1,768	\$ 91,388
2017	20,000	-	20,000
2018	20,000	-	20,000
2019	20,000	-	20,000
2020	28,427	-	28,427
Total	<u>\$ 178,047</u>	<u>\$ 1,768</u>	<u>\$ 179,815</u>

Capital Leases:

The City previously entered into a capital lease arrangement for law enforcement vehicles totaling approximately \$228,000. The lease expired on July 2015. Interest rate was 3.18%.

Conduit Debt Obligation:

The City of South Miami Health Facilities Authority was created to issue Healthcare Facilities Revenue Bonds to provide financial assistance to the City's private-sector hospitals for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from revenues derived from the private-sector hospitals.

In 2007, the Baptist Health South Florida ("BHSF") issued through the City of South Miami Health Facilities Authority, \$800,000,000 of its Hospital Revenue Bonds, Series 2007 ("2007 Bonds"). The proceeds from the bonds were used to refund then outstanding bonds and to acquire, construct, equip, and rehabilitate certain health care facilities of BHSF. The 2007 Bonds bear interest at rates ranging from 4.62% to 5.00%, payable semiannually each February 15 and August 15, and mature annually through 2042. As of September 30, 2015, the outstanding principal amount payable was \$714,925,000.

The City acts solely as a lawful conduit in the issuance of the bonds and is not obligated in any manner for their repayment. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 10—Commitments and contingencies

Grants:

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the City. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation - General Matters:

The City is currently a defendant in several pending claims and other legal proceedings incidental to the operations of the City. The City attorneys are vigorously defending each action. The ultimate liability and likelihood related to these claims is not presently determinable.

Note 11—Other post-employment benefits

The City previously implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (“OPEB”). This Statement established accounting standards for post-retirement benefits other than pensions. The Statement does not require funding of OPEB expense, but any difference between the annual required contribution (“ARC”) and the amount funded during the year is required to be recorded in the City’s statement of net position as an increase (or decrease) in the OPEB obligation.

Plan Description and Funding Policy:

Employees who retire from the City and their dependents are eligible to continue to participate (single employer plan) in the City’s health insurance, dental, and vision plans currently offered through the City at the “blended” employee group rate, which is determined annually by the City. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date. As of October 1, 2014, the date of the most recent actuarial evaluation, there are five participating retirees in the group health program.

The City provides no funding for any portion of the premiums after retirement. However, the City recognizes that there is an “implicit subsidy” arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report. It is the City’s current policy to fund the plan on a “pay-as-you-go” basis.

The General Fund is typically used to liquidate the annual net other post-employment obligations of the City.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 11—Other post-employment benefits (continued)

Annual OPEB Cost and Net OPEB Obligation:

The following table shows the components of the City’s annual OPEB cost for the year, the amount contributed, and the change in the net OPEB obligation.

Development of the Annual Required Contribution (ARC)

Employer normal cost	\$	31,999
Amortization of unfunded actuarial accrued liability		29,495
Interest on normal cost and amortization		2,460
Annual Required Contribution		<u>63,954</u>
Interest on net OPEB obligation		5,974
Adjustment to the ARC		<u>(8,637)</u>
Annual OPEB cost		61,291
Estimated annual employer contribution (pay-as-you-go)*		<u>(16,051)</u>
Change in net OPEB obligation		45,240
Net OPEB obligation - beginning of year		<u>149,358</u>
Net OPEB obligation - end of year	<u>\$</u>	<u>194,598</u>

*Reflects a contribution credit for the implied subsidy.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2015	\$ 61,291	26.2%	\$ 194,598
9/30/2014	50,507	34.9%	149,358
9/30/2013	47,087	30.2%	116,493

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 11—Other post-employment benefits (continued)

Funding Status and Funding Progress:

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status and an analysis of funding progress as of October 1, 2014, the date of the most recent actuarial valuation, is as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
10/1/2014	\$ -	\$ 530,435	\$ 530,435	0.0%	\$7,090,548	7.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, is designed to provide multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits are based on the substantive plan and include the types of benefits in force at the time of valuation date and the pattern of sharing benefits between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for the valuation are as follows:

Measurement date	October 1, 2014
Actuarial cost method	Entry age method
Amortization method	Level dollar amount, open basis
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.00% (includes inflation at 3% per annum)
Healthcare cost trend rates:	
Select rates	7.50% for 2014/15 graded to 5.00% for 2015/16 through 2019/20
Ultimate rate	5.00% per annum

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 12—Defined benefit pension plan

Plan Description:

The City sponsors and maintains the General Employees and Police Officers Pension Plan (the “Plan”), a single-employer defined benefit pension plan established by Ordinance No. 528 dated December 7, 1965, effective October 1, 1965. The Plan covers police officers and other full-time general employees of the City who are eligible to participate in the Plan and who fulfill the prescribed eligibility requirements. The most recent amendment to the Plan occurred on November 1, 2011, which became effective on October 1, 2011.

City Ordinance No. 33-11-2106 amended the Plan to reflect changes in *eligibility requirements, definition of final average compensation, normal retirement eligibility, benefit accrual percentages and supplemental benefit* for General Employees. The definition of *final average compensation* has also been updated for most Police Officers. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary plan description.

The City has issued stand-alone financial statements for the Plan, which may be obtained from the City’s Finance Department.

Benefits:

Normal Retirement:

General Employees: Attainment of age 55 and completion of 10 years of credited services for benefits accrued at September 30, 2011. Attainment of age 60 and completion of 10 years of credited services for benefits accrued after September 30, 2011, including increases in the accrued benefit as of September 30, 2011 due to increases in the final average compensation. These General Employees are entitled to retirement benefits ranging from 2.50% to 2.75% of their final monthly compensation (“FMC”) based on years of credited service.

Police Officers: Attainment of age 60 and completion of 10 years of credited services or completion of 25 years of credited services regardless of age. These police officers are entitled to retirement benefits ranging from 2.00% to 3.00% of the FMC based on years of credited service.

A cost-of-living supplemental benefit based upon the consumer price index is provided upon retirement. The annual increase is limited to 3.00%. For general employees, accrued benefits from October 1, 2011 and thereafter are not subject to the cost-of-living supplemental benefit adjustment.

Final average compensation is $1/36^{\text{th}}$ of the final 36 consecutive months of compensation. For police officers, not less than $1/5^{\text{th}}$ of the highest 5 years out of the last 10 years of compensation. Compensation shall mean regular wages and salaries, excluding bonuses, vacation, sick leave, and other additional compensation. Effective October 1, 2011, final average compensation for general employees is $1/60^{\text{th}}$ of the final 60 consecutive months of basic compensation, provided is not less than the final average compensation at September 30, 2011, based on the definition above. Basic compensation shall mean base wages and salaries, excluding commissions, overtime pay, bonuses and any other forms of additional compensation earned outside of base wages. Effective October 1, 2011, final average compensation for members covered under the police officers and sergeants collective bargaining agreements is the best of 5 years of basic compensation, provided is not less than the final average compensation as of September 30, 2011 based on the definition above. Basic compensation shall mean base wages and salaries, including up to 300 hours of overtime in a fiscal year and excluding payments for accrued unused sick or annual leave, extra duty or special detail work, shift differential, assignment pay, bonuses and other forms of additional compensation earned outside of base wages.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 12—Defined benefit pension plan (continued)

Early Retirement:

Police officers may elect early retirement at age 50 after 15 years of credited service. Benefits shall be based upon FMC and credited service as of early retirement date, reduced by 3% for each year that the benefit commencement date precedes normal retirement.

Disability Retirement:

Members who become totally and permanently disabled for a six-month period while actively employed are eligible. Benefits for disability retirement will be based upon the FMC and credited service as of the date of disability, actuarially reduced for early retirement.

Pre-retirement Death:

Death benefits are payable on behalf of members who die prior to retirement. A surviving beneficiary will receive the member's accumulated employee contributions.

Eligibility:

General Employees:

Eligibility requirements: The Plan is only available to regular full-time employees who were employed *prior to October 1, 2011* and had completed six months of credited service and attainment of age 20.

All general employees who were participating in the Plan as of September 30, 2011 had the option to elect to remain in the Plan or participate in a newly created defined contribution plan under the provisions of Section 457(b) (the "457(b) Plan"). For those participants who elected to discontinue their participation, the Plan refunded their portion of contributions or amounts were rolled over to the 457(b) Plan as additional employee contributions.

Police Officers:

Full-time police officers are eligible to participate in the plan as of date of employment.

Employees Covered by Benefit Terms:

The Plan has the following classes and number of plan members as of the latest actuarial valuation date of October 1, 2014:

	<u>General Employees</u>	<u>Police Officers</u>
Active Plan members	38	46
Terminated vested	4	5
Receiving benefits	23	15
	<u>65</u>	<u>66</u>

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 12—Defined benefit pension plan (continued)

Contribution:

The City's annual required contribution is determined annually by an independent third-party actuary and is, together with earnings and employee contributions, sufficient to fund the benefits described below. For the year ended September 30, 2015, the aggregate contribution requirement for the City and Plan participants was determined at 12.4% (including 7% for participants) and 27.1% (including 12.1% for participants) for general employees and police officers, respectively. In accordance with a City ordinance, should the aggregate participants and City's annual contribution be actuarially determined to exceed 12% and 15%, for general employees and police officers, respectively, both participants and the City shall share equally in such excess percentage.

The Police Officers Pension Plan also receives contributions from the State of Florida. During the fiscal year ended September 30, 2015, the City received \$94,645 from the State, which was generated from the insurance premium tax as part of the required funding for the Police Officers Pension Plan, and recorded revenues and expenditures in the General Fund, as appropriate.

The General Fund is typically used to liquidate the annual net pension obligations of the City.

Net Pension Liability:

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as of October 1, 2014.

Actuarial Assumptions:

The total pension liability in the October 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>General Employees</u>	<u>Police Officers</u>
Actuarial valuation date	10/1/2014	10/1/2014
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level Percentage of payroll, closed	Level Percentage of payroll, closed
Amortization period	25 years	30 years
Asset valuation method	5-year smoothed	5-year smoothed
Actuarial assumptions:		
Investment rate of return	7.375%	7.375%
Projected salary increase	3.75% - 5.25%	3.75% - 5.25%
Includes inflation at	3.0%	3.0%
Cost-of-living adjustment	3.0%	3.0%

Mortality rates for general employees were based on the RP-2000 Mortality Table, separate for male and female. Mortality rates for police officers were based on RP 2000 Combined Mortality Table with Blue Collar Adjustment, separate for male and female. Mortality rates for disabled members were based on RP 2000 Disabled Mortality Tables, separate for male and female.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 12—Defined benefit pension plan (continued)

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Real Annualized Return
Large Cap	30%	6.8%
Smid Cap	15	7.9
Foreign Equity	15	3.4
Real estate	10	7.1
Fixed Income	30	2.7
	100%	

Discount Rate:

A discount rate of 7.375% was used to measure the total pension liability. This discount rate was based on the expected rate of return on the plan investments of 7.375%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined current contribution rates and the member contribution rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 12—Defined benefit pension plan (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2013	\$ 31,764,236	\$ 29,092,870	\$ 2,671,366
Service cost	669,181	-	669,181
Interest	2,299,340	-	2,299,340
Differences between expected and actual experience	(598,374)	-	-
Contributions - employer	-	878,218	(878,218)
Contributions - employee	-	577,370	(577,370)
Net investment income	-	3,112,162	(3,112,162)
Benefit payments, including refunds	(1,315,113)	(1,315,113)	-
Administrative expenses	-	(100,780)	100,780
Balances as of September 30, 2014	<u>\$ 32,819,270</u>	<u>\$ 32,244,727</u>	<u>\$ 574,543</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following represents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
City's net pension liability	\$ 5,133,140	\$ 574,543	\$ (3,164,832)

Pension Plan Fiduciary Net Position:

Detailed information about the Plan's fiduciary net position is available in the separately issued financial report.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 12—Defined benefit pension plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension:

For the year ended September 30, 2015, the City recognized pension expense of \$44,996. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made between measurement date and the reporting date	\$ 873,036	\$ -
Net difference between projected and actual earnings on plan investments		772,080
Difference between expected and actual experience	-	491,521
	<u>\$ 873,036</u>	<u>\$ 1,263,601</u>

The deferred outflows of resources related to the Plan, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2015. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	
2016	\$ 299,872
2017	299,872
2018	299,872
2019	299,872
2020	64,113
	<u>\$ 1,263,601</u>

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 13—Defined contribution plans

Police Officers Retirement Trust Fund - Section 185 Plan:

The City sponsors and maintains the Police Officers Retirement Trust Fund - Section 185 Plan (the “Fund”), which accounts for the financial activity of the separate plan for police officers established under the provisions of Chapter 185 of the *Florida Statutes*. The City and participating members do not contribute to the Fund.

A Board of Trustees administers this account, which is made up of representatives of the police officers and the City. Statutory authority vests with the Board of Trustees with autonomy in the administration and control over the Fund. The City has issued stand-alone financial statements for the Fund, which may be obtained from the City’s Finance Department.

401(a) Money Purchase Plans:

The City is a single employer that contributes to three (3) defined contribution pension plans based upon employee classification created in accordance with the Internal Revenue Code Section 401(a) (the “401(a) Plans”). The 401(a) Plans cover certain upper level members of management who have elected to participate. The City Commission executed a resolution for the City to make contributions of up to 7% of participating members’ earnings into the plan and 14% for one individual in accordance with their employment contract. During the year ended September 30, 2015, City contributions on behalf of members of management were approximately \$124,000.

In addition to the previously existing 401(a) Plans, the City also makes matching contributions on behalf of employees who are participating in the newly established 457(b) Plan under the provisions of Section 401(a). Those contributions during the year ended September 30, 2015 were approximately \$14,000.

The 401(a) Plan assets are administered by ICMA Retirement Corporation. The City does not exercise any control nor have fiduciary responsibility over the 401(a) Plan assets. Therefore, the assets, liabilities, and transactions are not included in the City’s financial statements.

Employees 457(b) Deferred Compensation Plans:

The City previously established a deferred compensation plan under the provisions of the Internal Revenue Code Section 457(b) to provide additional benefits at retirement to those employees who elected not to participate in the City’s pension plan. Under this plan, no contributions are required by the City on behalf of employees. The City provided additional compensation to several employees totaling approximately \$18,700. This additional compensation was credited into this plan.

During the current year and in accordance with Ordinance No. 33-11-2106, a new defined contribution plan under the provisions of the Internal Revenue Code Section 457(b) was created. The 457(b) Plan was established to provide benefits at retirement to general employees and police officers who were hired on or after October 1, 2011 and other employees who are eligible but have elected not to participate in the City’s defined benefit plan. Employee contributions to this plan are matched dollar-for-dollar by the City in amounts ranging from 3% to 7%, based upon employee classification. Required City matching contributions in the 457(b) Plan are credited into the newly created defined contribution plan under the provisions of the Internal Revenue Code Section 401(a).

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 13—Defined contribution plans (continued)

Under the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, all assets and liabilities of the 457(b) plans are held in trust for the exclusive benefit of the participants. Accordingly, the assets and liabilities of the 457(b) plans are not included in the City's financial statements. The plan assets are administered by ICMA Retirement Corporation. The City does not exercise any control nor have fiduciary responsibility over the plan assets.

Note 14—Risk management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. The City has not had a significant reduction in insurance coverage from coverage in the prior year by major categories of risk, and settled claims have not exceeded the City's retention and excess coverage in force for each of the past three years.

The City currently has pending litigation with Orlando Martinez De Castro, the City's former Chief of Police, for which a liability has not been recorded. A trial judge has entered a partial summary judgment finding that the City breached the contract. However, the City still has its defenses to be tried and the City disagrees with the judge's findings of fact and conclusions of law. It will be the City Attorney's recommendation that the City appeal any final judgment when it is entered based on the judge's erroneous findings of fact and erroneous conclusions of law. While the City does not believe that the plaintiff is entitled to any money or any attorney fees, if the appellate court disagrees with the City's legal assessment of liability and damages there is a potential liability of approximately \$870,000, including attorney fees and prejudgment interest.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (BUDGETARY BASIS)

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem	\$ 5,675,711	\$ 5,675,711	\$ 5,579,321	\$ (96,390)
Utility taxes	1,915,813	1,915,813	2,175,220	259,407
Business taxes	645,000	645,000	676,228	31,228
Franchise fees	1,581,300	1,581,300	1,895,916	314,616
Licenses and permits	771,250	771,250	1,128,583	357,333
Intergovernmental	1,587,276	1,587,276	1,678,897	91,621
Charges for services	3,101,500	3,101,500	2,920,866	(180,634)
Fines and forfeitures	1,526,130	1,526,130	946,842	(579,288)
Rents and royalties	284,496	284,496	280,146	(4,350)
Interest Income	88,604	88,604	83,863	(4,741)
Miscellaneous	104,662	104,662	180,863	76,201
Total Revenues	<u>17,281,742</u>	<u>17,281,742</u>	<u>17,546,745</u>	<u>265,003</u>
Expenditures:				
General government:				
City commission	92,780	92,780	84,318	8,462
City manager	1,705,844	1,611,377	1,491,952	119,425
City clerk	371,902	371,902	278,316	93,586
Legal	467,100	490,396	456,059	34,337
Finance	1,540,050	1,548,673	1,327,683	220,990
Total general government	<u>4,177,676</u>	<u>4,115,128</u>	<u>3,638,328</u>	<u>476,800</u>
Public safety:				
Police	6,781,670	6,774,601	5,804,422	970,179
Building zoning and community development	1,305,408	1,317,848	1,179,977	137,871
Total public safety	<u>8,087,078</u>	<u>8,092,449</u>	<u>6,984,399</u>	<u>1,108,050</u>
Public works	3,208,648	3,326,431	3,149,720	176,711
Parks and recreation	1,980,388	2,003,914	1,573,020	430,894
Debt Service:				
Principal	204,041	204,041	223,560	(19,519)
Interest and fiscal charges	1,970	1,970	969	1,001
Total Expenditures	<u>17,659,801</u>	<u>17,743,933</u>	<u>15,569,996</u>	<u>2,173,937</u>
Excess of revenues over expenditures	<u>(378,059)</u>	<u>(462,191)</u>	<u>1,976,749</u>	<u>2,438,940</u>
Other Financing Uses:				
Transfers in	384,465	384,465	(2,310,454)	(2,694,919)
Transfers out	(3,963,358)	(3,963,358)	(1,268,439)	2,694,919
Total Other Financing Uses	<u>(3,578,893)</u>	<u>(3,578,893)</u>	<u>(3,578,893)</u>	<u>-</u>
Net change in fund balance	(3,956,952)	(4,041,084)	(1,602,144)	2,438,940
Fund balances - beginning	10,782,848	10,782,848	10,782,848	-
Fund balances - ending	<u>\$ 6,825,896</u>	<u>\$ 6,741,764</u>	<u>\$ 9,180,704</u>	<u>\$ 2,438,940</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (BUDGETARY BASIS)
(CONTINUED)

YEAR ENDED SEPTEMBER 30, 2015

EXPLANATION OF DIFFERENCES BETWEEN CHANGE IN FUND BALANCE - BUDGET
 ACTUAL AND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - GENERAL FUND

Net change in fund balance - budget to actual - General Fund	\$ (1,602,144)
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Amounts reported for budget to actual are different because:

Revenues and expenditures in certain funds are reported in those funds for budgetary purposes; but in the General Fund for the purpose of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds:

Net change in fund balance - Emergency Reserve Fund ⁽¹⁾	<u>2,721,463</u>
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General Fund net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 1,119,319</u></u>
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⁽¹⁾ See budget to actual comparison schedule on page 69

CITY OF SOUTH MIAMI, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

SEPTEMBER 30, 2015

Note 1—Budgets and budgetary accounting

Annual appropriated budgets are adopted on a basis of accounting other than generally accepted accounting principles. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. All governmental funds adopted a budget, with the exception of the Grants Fund. The Emergency Reserve Fund is budgeted as part of the General Fund.

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements.

- a) Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- d) At the request of the City Manager, and within the last three months of the budget year, the City Commission may transfer any unencumbered balance or portion thereof from one department to another. All budget fund transfers require a resolution from the City Commission. Pursuant to the City's Charter, expenditures may not legally exceed appropriations at the departmental level.
- e) Formal budgetary integration is employed as a management control device during the year.
- f) In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements and schedules represent final authorized amounts. Therefore, the department level is the legal level of budgetary control. Budgeted amounts are as originally adopted or as amended.

Revisions that alter the total expenditures of any department within a fund must be approved by the City Commission. Actual expenditures and transfers out may not exceed budget appropriations at the departmental level. Appropriations that are neither expended, encumbered, nor specifically designated to be carried over, lapse at the end of the fiscal year.

CITY OF SOUTH MIAMI, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES PENSION TRUST FUND

YEAR ENDED SEPTEMBER 30, 2015

Total Pension Liability:

Service cost	\$ 669,181
Interest	2,299,340
Differences between expected and actual experience	(598,374)
Benefit payments, including refunds of employee contributions	<u>(1,315,113)</u>
Net change in total pension liability	1,055,034
Total pension liability - beginning	<u>31,764,236</u>
Total pension liability - ending (a)	<u><u>\$ 32,819,270</u></u>

Plan Fiduciary Net Position:

Contributions - employer	\$ 878,218
Contributions - employee	577,370
Net investment income	3,112,162
Benefit payments, including refunds of employee contributions	(1,315,113)
Administrative expense	<u>(100,780)</u>
Net change in plan fiduciary net position	3,151,857
Plan fiduciary net position - beginning	<u>29,092,870</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 32,244,727</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 574,543</u></u>

Plan fiduciary net position as a percentage of total pension liability 98.25%

Covered - employee payroll \$ 4,902,128

Net pension liability as a percentage of covered - employee payroll 11.72%

Notes to Schedule:

No assumption changes or benefit changes.

Ten year trend information as required under GASB 68 will be presented as it becomes available.

CITY OF SOUTH MIAMI, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES PENSION TRUST FUND

LAST TEN FISCAL YEARS

Fiscal Year Ended 9/30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	\$ 917,230	\$ 917,230	\$ -	\$ 5,307,901	17.28%
2006	632,035	632,397	(362)	5,073,055	12.47%
2007	794,068	794,068	-	6,038,889	13.15%
2008	769,186	769,186	-	6,365,269	12.08%
2009	843,731	843,731	-	6,204,089	13.60%
2010	1,257,246	1,257,246	-	7,619,762	16.50%
2011	1,266,587	1,273,320	(6,733)	6,830,908	18.64%
2012	1,021,975	1,021,975	-	5,423,152	18.84%
2013	860,190	860,190	-	4,861,701	17.69%
2014	878,218	878,218	-	4,902,128	17.92%

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of October 1st - two year(s) prior to the fiscal year end in which contributions are reported.
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Amortization period:	25 years for general; 30 years for police
Asset valuation method:	5-year smoothed
Inflation:	3.0%
Salary increases:	3.75% - 5.25%
Investment rate of return:	7.375%
Payroll growth assumptions:	4.0% per year but limited to average annual increase over most recent ten years (0.9%) for police. None for general.
Retirement age:	Experience - based tables of rates that are specific to the type of eligibility condition.
Mortality:	RP 2000 Mortality Table, RP 2000 Combined Mortality Table with Blue Collar Adjustment and RP 2000 Disabled Mortality Table, as applicable.

CITY OF SOUTH MIAMI, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PAY-AS-YOU-GO APPROACH
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

THREE MOST RECENT VALUATIONS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability at Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
October 1, 2010	\$ -	\$ 191,000	\$ 191,000	0.0%	\$ 8,447,000	2.3%
October 1, 2011	\$ -	\$ 354,421	\$ 354,421	0.0%	\$ 5,365,146	6.6%
October 1, 2014	\$ -	\$ 530,435	\$ 530,435	0.0%	\$ 7,090,548	7.5%

**OTHER FINANCIAL
INFORMATION**

SPECIAL REVENUE FUNDS

Stormwater Drain Trust Fund - This fund accounts mainly for the revenues associated with an inter-local agreement with the Miami-Dade County, Water and Sewer Department related to stormwater charges. The revenues are used for the management and maintenance of existing catch basins, stormwater drains and canal system, and future construction of the City's system.

Local Option Gas Tax - This fund is used to account for the revenues and expenditures associated with the State of Florida's Local Option Gas Tax.

Peoples Transportation Tax Fund - This fund is used to account for the revenues and expenditures associated with the Miami-Dade County Peoples Transportation Tax.

State Forfeiture Fund - To account for proceeds obtained through the sale of confiscated and unclaimed property turned over to the City through court judgments. Proceeds are to be used solely for crime fighting purposes.

Tree Trust Fund - This fund was created under the City's Land Development Code Section 20-4.5 with the purpose to acquire, protect, and to plant trees on public property.

Hometown District Improvement Trust Fund - This fund accounts for monies received that are to be used for improvements to parking facilities, infrastructure to increase parking capacity, and the installation of metering devices.

Federal Forfeiture Fund – To account for proceeds obtained through the sale of confiscated and unclaimed property turned over to the City through court judgments. Proceeds are to be used solely for crime fighting purposes.

Community Redevelopment Agency Fund – This fund is used to account for the revenues and expenditures associated with the South Miami Community Redevelopment Agency.

Grants Fund – This fund accounts for grant funding received that is restricted for specific projects as defined by the grantor agencies.

CAPITAL PROJECTS FUND

Capital Improvements Program Fund - is used to account for multi-year expenditures of major capital projects and expenditures for all general government programs. Revenue within this fund is primarily received as a transfer of funds from the general fund based upon the long-term capital budget needs of the various City departments and the recreation programs. Revenues may also include transfers from other financial sources and investment interest.

DEBT SERVICE FUND

Debt Services Fund - is used to account for the accumulation of resources to pay for the payment of the principal and interest of the City's bonds and certain notes payable.

CITY OF SOUTH MIAMI, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Special Revenue Funds											Total Nonmajor Governmental Funds
	Hometown											
	Stormwater Drain Trust	Local Option Gas Tax	Peoples Transportation Tax	State Forfeiture	Tree Trust Fund	District Improvement Trust	Federal Forfeiture	Community Redevelopment Agency Fund	Grants Fund	Parks Impact Fees Fund	Capital Improvements Program Fund	
ASSETS												
Cash and cash equivalents	\$ 306,908	\$ 311,012	\$ 1,556,296	\$ 78,410	\$ -	\$ -	\$ 1,857,180	\$ 458,670	\$ 544,763	\$ 44,592	\$ -	\$ 5,157,831
Receivables	80,030	-	81,038	-	-	-	-	-	126,733	-	-	287,801
Due from other funds	-	38,888	329,330	-	7,528	20,250	-	-	43,154	-	965,023	1,404,173
Prepaid expenditures	-	-	-	-	-	-	-	4,188	-	-	-	4,188
Total Assets	\$ 386,938	\$ 349,900	\$ 1,966,664	\$ 78,410	\$ 7,528	\$ 20,250	\$ 1,857,180	\$ 462,858	\$ 714,650	\$ 44,592	\$ 965,023	\$ 6,853,993
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 2,569	\$ -	\$ 67,062	\$ -	\$ -	\$ -	\$ 652	\$ 21,510	\$ 3,078	\$ -	\$ 125,705	\$ 220,576
Accrued liabilities	252	-	-	-	-	-	-	3,309	-	-	-	3,561
Due to other funds	120,878	-	-	-	-	-	1,262	227,888	65,012	-	-	415,040
Unearned Revenue	-	-	-	-	-	-	-	-	8,657	-	-	8,657
Other liabilities	-	-	-	-	-	-	-	1,643	9,000	-	-	10,643
Total Liabilities	123,699	-	67,062	-	-	-	1,914	254,350	85,747	-	125,705	658,477
Fund Balances:												
Nonspendable:												
Prepaid expenditures	-	-	-	-	-	-	-	4,188	-	-	-	4,188
Restricted for:												
Community services	-	-	-	-	-	-	-	204,320	-	-	-	204,320
Park improvements	-	-	-	-	-	-	-	-	-	44,592	-	44,592
Grant projects	-	-	-	-	-	-	-	-	628,903	-	-	628,903
Stormwater management	263,239	-	-	-	-	-	-	-	-	-	-	263,239
Transportation projects	-	349,900	1,899,602	-	-	-	-	-	-	-	-	2,249,502
Law enforcement	-	-	-	78,410	-	-	1,855,266	-	-	-	-	1,933,676
Committed to:												
Tree projects	-	-	-	-	7,528	-	-	-	-	-	-	7,528
Parking management	-	-	-	-	-	20,250	-	-	-	-	-	20,250
Assigned to:												
Capital projects	-	-	-	-	-	-	-	-	-	-	839,318	839,318
Total Fund Balances	263,239	349,900	1,899,602	78,410	7,528	20,250	1,855,266	208,508	628,903	44,592	839,318	6,195,516
Total Liabilities and Fund Balances	\$ 386,938	\$ 349,900	\$ 1,966,664	\$ 78,410	\$ 7,528	\$ 20,250	\$ 1,857,180	\$ 462,858	\$ 714,650	\$ 44,592	\$ 965,023	\$ 6,853,993

CITY OF SOUTH MIAMI, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds											Total Nonmajor Governmental Funds
	Stormwater Drain Trust	Local Option Gas Tax	Peoples Transportation Tax	State Forfeiture	Tree Trust Fund	Hometown District Improvement Trust	Federal Forfeiture Fund	Community Redevelopment Agency Fund	Grants Fund	Parks Impact Fee Fund	Capital Improvements Program Fund	
	Revenues:											
Taxes:												
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,573	\$ -	\$ -	\$ -	\$ 1,018,573
Utility taxes	7,212	-	-	-	-	-	-	-	-	-	-	7,212
Intergovernmental	389,300	78,902	536,214	-	-	-	-	-	152,486	-	-	1,156,902
Licenses and Permits	-	-	-	-	3,000	-	-	-	-	44,564	-	47,564
Fines and forfeitures	-	-	-	1,280	-	-	47,112	-	-	-	-	48,392
Charges for services	-	-	-	-	-	28,000	-	-	-	-	-	28,000
Rents and royalties	-	-	-	-	-	-	-	25,842	-	-	-	25,842
Interest	1,694	2,539	13,509	621	-	-	15,756	3,594	4,379	28	-	42,120
Miscellaneous	-	-	-	-	-	-	18,524	5,182	-	-	-	23,706
Total Revenues	398,206	81,441	549,723	1,901	3,000	28,000	81,392	1,053,191	156,865	44,592	-	2,398,311
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	58,408	-	-	-	-	58,408
Public works	92,087	-	-	-	-	-	-	-	-	-	-	92,087
Parks and recreation	-	-	-	-	-	-	-	-	-	-	420,618	420,618
Community services	-	-	-	-	-	-	-	683,447	-	-	-	683,447
Capital outlay	80,337	8,540	619,396	-	-	-	167,941	21,740	138,910	-	363,817	1,400,681
Debt service:												
Principal	27,036	-	-	-	-	-	-	282,491	-	-	-	309,527
Interest and fiscal charges	213	-	-	-	-	-	-	15,282	-	-	-	15,495
Total Expenditures	199,673	8,540	619,396	-	-	-	226,349	1,002,960	138,910	-	784,435	2,980,263
Excess (deficiency) of revenues over expenditures	198,533	72,901	(69,673)	1,901	3,000	28,000	(144,957)	50,231	17,955	44,592	(784,435)	(581,952)
Other Financing Sources (Uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	1,268,439	1,268,439
Transfers out	(250,000)	-	-	-	-	(25,000)	-	(109,465)	-	-	-	(384,465)
Total Other Financing Sources (Uses)	(250,000)	-	-	-	-	(25,000)	-	(109,465)	-	-	1,268,439	883,974
Net change in fund balances	(51,467)	72,901	(69,673)	1,901	3,000	3,000	(144,957)	(59,234)	17,955	44,592	484,004	302,022
Fund balances - beginning	314,706	276,999	1,969,275	76,509	4,528	17,250	2,000,223	267,742	610,948	-	355,314	5,893,494
Fund balances - ending	\$ 263,239	\$ 349,900	\$ 1,899,602	\$ 78,410	\$ 7,528	\$ 20,250	\$ 1,855,266	\$ 208,508	\$ 628,903	\$ 44,592	\$ 839,318	\$ 6,195,516

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – STORMWATER DRAIN TRUST FUND

SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Utility tax	\$ 10,000	\$ 10,000	\$ 7,212	\$ (2,788)
Intergovernmental	375,000	375,000	389,300	14,300
Interest Income	1,600	1,600	1,694	94
Total Revenues	<u>386,600</u>	<u>386,600</u>	<u>398,206</u>	<u>11,606</u>
Expenditures:				
Current:				
Public works	131,193	131,903	92,087	39,816
Capital outlay	191,500	278,883	80,337	198,546
Debt Service:				
Principal	27,036	27,036	27,036	-
Interest and fiscal charges	2,000	2,000	213	1,787
Total Expenditures	<u>351,729</u>	<u>439,822</u>	<u>199,673</u>	<u>240,149</u>
Excess of revenues over expenditures	<u>34,871</u>	<u>(53,222)</u>	<u>198,533</u>	<u>251,755</u>
Other Financing Uses:				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (215,129)</u>	<u>\$ (303,222)</u>	<u>\$ (51,467)</u>	<u>\$ 251,755</u>

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – LOCAL OPTION GAS TAX FUND

SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 74,129	\$ 74,129	\$ 78,902	\$ 4,773
Interest Income	2,000	2,000	2,539	539
Total Revenues	<u>76,129</u>	<u>76,129</u>	<u>81,441</u>	<u>5,312</u>
Expenditures:				
Capital outlay	<u>285,000</u>	<u>304,674</u>	<u>8,540</u>	<u>296,134</u>
Total Expenditures	<u>285,000</u>	<u>304,674</u>	<u>8,540</u>	<u>296,134</u>
Excess (deficiency) of revenues over expenditures	<u>(208,871)</u>	<u>(228,545)</u>	<u>72,901</u>	<u>301,446</u>
Net change in fund balance	<u><u>\$ (208,871)</u></u>	<u><u>\$ (228,545)</u></u>	<u><u>\$ 72,901</u></u>	<u><u>\$ 301,446</u></u>

CITY OF SOUTH MIAMI, FLORIDA**BUDGETARY COMPARISON SCHEDULE – PEOPLES TRANSPORTATION TAX FUND****SPECIAL REVENUE FUND***YEAR ENDED SEPTEMBER 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Discretionary sales tax	\$ 418,395	\$ 418,395	\$ 536,214	\$ 117,819
Interest Income	11,000	11,000	13,509	2,509
Total Revenues	<u>429,395</u>	<u>429,395</u>	<u>549,723</u>	<u>120,328</u>
Expenditures:				
Capital outlay	<u>1,560,001</u>	<u>2,361,189</u>	<u>619,396</u>	<u>1,741,793</u>
Total Expenditures	<u>1,560,001</u>	<u>2,361,189</u>	<u>619,396</u>	<u>1,741,793</u>
Excess of revenues over expenditures	<u>(1,130,606)</u>	<u>(1,931,794)</u>	<u>(69,673)</u>	<u>1,862,121</u>
Net change in fund balance	<u>\$ (1,130,606)</u>	<u>\$ (1,931,794)</u>	<u>\$ (69,673)</u>	<u>\$ 1,862,121</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – STATE FORFEITURE FUND
SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 1,280	\$ 1,280
Interest Income	500	500	621	121
Total Revenues	<u>500</u>	<u>500</u>	<u>1,901</u>	<u>1,401</u>
Expenditures				
Current:				
Public safety	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess of revenues over expenditures	<u>(29,500)</u>	<u>(29,500)</u>	<u>1,901</u>	<u>31,401</u>
Net change in fund balance	<u>\$ (29,500)</u>	<u>\$ (29,500)</u>	<u>\$ 1,901</u>	<u>\$ 31,401</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – TREE TRUST FUND
SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 3,000	\$ 3,000
Total Revenues	-	-	3,000	3,000
Expenditures				
Current:				
Public works	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	3,000	3,000
Net change in fund balance	\$ -	\$ -	\$ 3,000	\$ 3,000

CITY OF SOUTH MIAMI, FLORIDA

**BUDGETARY COMPARISON SCHEDULE – HOMETOWN DISTRICT IMPROVEMENT TRUST
SPECIAL REVENUE FUND**

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Interest Income	55	55	-	(55)
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>-</u>
Other Financing Uses:				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – FEDERAL FORFEITURE FUND
SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 47,112	\$ 47,112
Interest income	15,000	15,000	15,756	756
Miscellaneous	80,000	80,000	18,524	(61,476)
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>81,392</u>	<u>(13,608)</u>
Expenditures:				
Current:				
Public safety	417,432	417,432	58,408	359,024
Capital outlay	470,000	477,256	167,941	309,315
Total Expenditures	<u>887,432</u>	<u>894,688</u>	<u>226,349</u>	<u>668,339</u>
Excess of revenues over expenditures	<u>(792,432)</u>	<u>(799,688)</u>	<u>(144,957)</u>	<u>654,731</u>
Net change in fund balance	<u>\$ (792,432)</u>	<u>\$ (799,688)</u>	<u>\$ (144,957)</u>	<u>\$ 654,731</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – COMMUNITY REDEVELOPMENT
AGENCY FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem	\$ 1,018,573	\$ 1,018,573	\$ 1,018,573	\$ -
Rents and royalties	25,000	25,000	25,842	842
Interest	5,000	5,000	3,594	(1,406)
Miscellaneous	-	-	5,182	5,182
Total Revenues	<u>1,048,573</u>	<u>1,048,573</u>	<u>1,053,191</u>	<u>4,618</u>
Expenditures:				
Current:				
Community services	947,350	887,885	683,447	204,438
Capital outlay	8,500	27,395	21,740	5,655
Debt Service:				
Principal	282,492	282,492	282,491	1
Interest and fiscal charges	15,280	15,280	15,282	(2)
Total Expenditures	<u>1,253,622</u>	<u>1,213,052</u>	<u>1,002,960</u>	<u>210,093</u>
Excess (deficiency) of revenues over expenditures	<u>(205,049)</u>	<u>(164,479)</u>	<u>50,231</u>	<u>214,711</u>
Other Financing Uses:				
Transfers out	-	(109,465)	(109,465)	-
Total Other Financing Uses	<u>-</u>	<u>(109,465)</u>	<u>(109,465)</u>	<u>-</u>
Net change in fund balance	<u>\$ (205,049)</u>	<u>\$ (273,944)</u>	<u>\$ (59,234)</u>	<u>\$ 214,711</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – PARKS IMPACT FEES FUND
SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 44,564	\$ 44,564
Interest	-	-	28	28
Total Revenues	-	-	44,592	44,592
Net change in fund balance	\$ -	\$ -	\$ 44,592	\$ 44,592

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GRANTS FUND
SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 297,775	\$ 619,049	\$ -	\$ (619,049)
Interest Income	-	-	4,614	4,614
Total Revenues	<u>297,775</u>	<u>619,049</u>	<u>4,614</u>	<u>(614,435)</u>
Expenditures:				
Current:				
General government	238,549	238,549	-	238,549
Capital outlay	69,226	390,500	-	390,500
Total Expenditures	<u>307,775</u>	<u>629,049</u>	<u>-</u>	<u>629,049</u>
Deficiency of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>4,614</u>	<u>14,614</u>
Other Financing Uses:				
Transfers out	-	-	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ 4,614</u>	<u>\$ 14,614</u>

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – EMERGENCY RESERVE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest Income	\$ 14,000	\$ 14,000	\$ 26,544	\$ 12,544
Total Revenues	14,000	14,000	26,544	12,544
Expenditures	-	-	-	-
Other Financing Uses:				
Transfers in	2,694,919	2,694,919	2,694,919	-
Total Other Financing Uses	2,694,919	2,694,919	2,694,919	-
Net change in fund balance	\$ 14,000	\$ 14,000	\$ 2,721,463	\$ 12,544

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENTS PROGRAM FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	590,000	676,389	420,618	255,771
Capital outlay	738,439	713,439	363,817	349,622
Total Expenditures	<u>1,328,439</u>	<u>1,389,828</u>	<u>784,435</u>	<u>605,393</u>
Excess (deficiency) of revenues over expenditures	<u>(1,328,439)</u>	<u>(1,389,828)</u>	<u>(784,435)</u>	<u>(605,393)</u>
Other Financing Sources:				
Transfers in	<u>1,268,439</u>	<u>1,268,439</u>	<u>1,268,439</u>	<u>-</u>
Total Other Financing Sources	<u>1,268,439</u>	<u>1,268,439</u>	<u>1,268,439</u>	<u>-</u>
Net change in fund balance	<u>\$ (60,000)</u>	<u>\$ (121,389)</u>	<u>\$ 484,004</u>	<u>\$ (605,393)</u>

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Rents and royalties	\$ 727,754	\$ 727,754	\$ 462,145	\$ (265,609)
Interest Income	2,400	2,400	4,614	2,214
Miscellaneous	144,290	144,290	144,290	-
Total Revenues	<u>874,444</u>	<u>874,444</u>	<u>611,049</u>	<u>(263,395)</u>
Expenditures:				
Debt Service:				
Principal	615,000	5,495,750	5,481,720	14,030
Interest and fiscal charges	632,827	700,077	677,673	22,404
Total Expenditures	<u>1,247,827</u>	<u>6,195,827</u>	<u>6,159,393</u>	<u>36,434</u>
Excess of revenues over expenditures	<u>(373,383)</u>	<u>(5,321,383)</u>	<u>(5,548,344)</u>	<u>(226,961)</u>
Other Financing Sources:				
Debt proceeds	-	4,948,000	4,948,000	-
Total Other Financing Sources	<u>-</u>	<u>4,948,000</u>	<u>4,948,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (373,383)</u>	<u>\$ (373,383)</u>	<u>\$ (600,344)</u>	<u>\$ (226,961)</u>

TRUST AND AGENCY FUNDS

These funds account for assets held by the City in a trustee capacity or as an agent for employees, other governments and/or other funds.

PENSION TRUST FUNDS

General Employees' Pension Plan - This fund is used to account for the accumulation of resources for pension benefit payments to qualified City employees.

Police Officers' Pension Plan - This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety employees.

Section 185 Police Officers Pension Trust Fund - This fund is used to account for the accumulation of resources, under Chapter 185 of the *Florida Statutes*, for pension benefit payments to qualified public safety employees.

CITY OF SOUTH MIAMI, FLORIDA
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	General Employees and Police Officers Pension Plan	Section 185 Police Officers Pension Trust Fund	Total
Assets:			
Receivables:			
Employer contribution	\$ -	\$ -	\$ -
Employee contribution	20,579	-	20,579
Dividends and interest	74,554	-	74,554
Section 185 contribution	37,780	95,095	132,875
Pending trades	131,498	-	131,498
Total receivables	<u>264,411</u>	<u>95,095</u>	<u>359,506</u>
Investments, at fair value:			
Money markets	729,919	13,678	743,597
U.S. Government and agency securities	3,367,991	147,737	3,515,728
Corporate obligations	5,164,314	124,417	5,288,731
Common stock			
Domestic equity	4,256,111	440,516	4,696,627
International equity	270,416	-	270,416
Mutual funds			
Equity	13,359,435	-	13,359,435
International equity	4,894,482	-	4,894,482
Total investments	<u>32,042,668</u>	<u>726,348</u>	<u>32,769,016</u>
Other assets:			
Prepaid expenses	2,030	-	2,030
Total Assets	<u>32,309,109</u>	<u>821,443</u>	<u>33,130,552</u>
Liabilities:			
Accounts payable	78,111	9,299	87,410
Pending trades payable	128,234	-	128,234
Minimum funding liability	-	37,780	37,780
Total Liabilities	<u>206,345</u>	<u>47,079</u>	<u>253,424</u>
Net Position:			
Restricted for pension benefits	<u>\$ 32,102,764</u>	<u>\$ 774,364</u>	<u>\$ 32,877,128</u>

CITY OF SOUTH MIAMI, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	General Employees and Police Officers Pension Plan	Section 185 Police Officers Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 796,471	\$ -	\$ 796,471
Employees	562,835	-	562,835
Section 185 contributions	37,780	94,645	132,425
Total contributions	<u>1,397,086</u>	<u>94,645</u>	<u>1,491,731</u>
Investments income:			
Net appreciation (depreciation) in fair value of investments	(569,823)	(17,939)	(587,762)
Interest and dividends	677,843	11,860	689,703
Total investment income	108,020	(6,079)	101,941
Less investment expenses	91,270	15,929	107,199
Net investment income	<u>16,750</u>	<u>(22,008)</u>	<u>(5,258)</u>
Other income	4,454	-	4,454
Total Additions	<u>1,418,290</u>	<u>72,637</u>	<u>1,490,927</u>
Deductions:			
Benefits paid	1,150,123	64,494	1,214,617
Refunds of contributions	267,463	-	267,463
Administrative expenses	135,093	18,095	153,188
Minimum benefit funding payment	-	37,780	37,780
Total Deductions	<u>1,552,679</u>	<u>120,369</u>	<u>1,673,048</u>
Changes in net position	(134,389)	(47,732)	(182,121)
Net position restricted for pension benefits, September 30, 2014	<u>32,237,153</u>	<u>822,096</u>	<u>33,059,249</u>
Net position restricted for pension benefits, September 30, 2015	<u>\$ 32,102,764</u>	<u>\$ 774,364</u>	<u>\$ 32,877,128</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of South Miami, Florida'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 City's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	74-77
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	78-81
Debt Capacity 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.	82-84
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	85-86
Operating Information 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.	87-89

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

CITY OF SOUTH MIAMI, FLORIDA
NET POSITION BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 1

	<u>2006</u>	<u>2007</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>
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 14,302	\$ 16,694	\$ 21,871	\$ 23,894	\$ 23,497	\$ 23,767	\$ 24,318	\$ 24,353	\$ 26,306	\$ 26,819
Restricted	4,165	4,304	4,249	4,692	4,589	4,680	6,719	6,353	5,963	5,279
Unrestricted	<u>7,661</u>	<u>10,003</u>	<u>9,167</u>	<u>8,931</u>	<u>7,011</u>	<u>8,324</u>	<u>7,956</u>	<u>8,324</u>	<u>9,730</u>	<u>10,290</u>
Total governmental activities net position	<u>\$ 26,128</u>	<u>\$ 31,001</u>	<u>\$ 35,287</u>	<u>\$ 37,517</u>	<u>\$ 35,097</u>	<u>\$ 36,771</u>	<u>\$ 38,993</u>	<u>\$ 39,030</u>	<u>\$ 41,999</u>	<u>\$ 42,388</u>

CITY OF SOUTH MIAMI, FLORIDA
CHANGES IN NET POSITION
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 2

	<u>2006</u>	<u>2007</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>
EXPENSES:										
Governmental activities:										
General government	\$ 5,868	\$ 6,970	\$ 8,155	\$ 8,413	\$ 7,304	\$ 3,912	\$ 3,598	\$ 4,032	\$ 4,512	\$ 3,492
Public safety	4,280	4,554	4,410	4,523	4,717	7,542	7,483	7,853	6,906	7,362
Public works	5,909	5,014	4,535	4,342	4,683	4,337	4,747	3,960	3,708	4,068
Community services	-	-	-	-	484	1,098	1,284	1,249	999	712
Culture and recreation	1,366	861	1,021	1,037	1,069	1,140	1,084	1,668	1,772	2,096
Interest on long-term debt	613	487	676	960	1,055	929	946	830	775	586
Total governmental activities expenses	<u>18,036</u>	<u>17,886</u>	<u>18,797</u>	<u>19,275</u>	<u>19,312</u>	<u>18,958</u>	<u>19,142</u>	<u>19,592</u>	<u>18,672</u>	<u>18,316</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	3,036	2,200	3,952	3,584	3,453	371	287	1,047	1,098	1,176
Public safety	748	457	459	407	476	4,608	5,917	1,750	3,913	3,882
Public works	316	343	399	466	408	574	525	22	36	28
Community services	-	-	-	-	-	34	31	2,896	-	-
Culture and recreation	161	182	1,229	296	242	199	234	-	-	-
Interest on long-term debt	-	-	-	-	493	244	446	-	406	390
Operating and capital grants and contributions	4,526	4,458	3,288	2,266	718	1,159	541	515	631	267
Total governmental activities program revenues	<u>8,787</u>	<u>7,640</u>	<u>9,327</u>	<u>7,019</u>	<u>5,790</u>	<u>7,189</u>	<u>7,981</u>	<u>6,230</u>	<u>6,084</u>	<u>5,743</u>
Net (expense)/revenue: Governmental activities	<u>(9,249)</u>	<u>(10,246)</u>	<u>(9,470)</u>	<u>(12,256)</u>	<u>(13,522)</u>	<u>(11,769)</u>	<u>(11,161)</u>	<u>(13,362)</u>	<u>(12,588)</u>	<u>(12,573)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:										
Governmental activities:										
Taxes:										
Property taxes	8,170	8,876	8,104	9,051	7,685	7,114	6,708	6,122	6,406	6,598
Utility taxes	1,776	1,829	1,965	2,092	2,087	2,070	2,052	2,073	2,167	2,182
Business taxes	-	553	552	581	630	606	641	620	613	676
Franchise taxes	1,008	1,116	1,116	1,197	1,101	1,066	1,048	1,574	1,641	1,896
Service concession arrangement	-	-	-	-	335	359	370	248	377	393
Intergovernmental (unrestricted)	1,310	1,297	1,282	1,200	2,051	1,980	2,198	2,279	154	131
Interest income (unrestricted)	594	809	396	226	218	140	181	331	3,770	2,683
Other	168	524	341	139	110	108	185	305	427	254
Total governmental activities	<u>13,026</u>	<u>15,004</u>	<u>13,756</u>	<u>14,486</u>	<u>14,217</u>	<u>13,443</u>	<u>13,383</u>	<u>13,552</u>	<u>15,555</u>	<u>14,813</u>
CHANGES IN NET POSITION:										
Governmental activities	<u>\$ 3,777</u>	<u>\$ 4,758</u>	<u>\$ 4,286</u>	<u>\$ 2,230</u>	<u>\$ 695</u>	<u>\$ 1,674</u>	<u>\$ 2,222</u>	<u>\$ 190</u>	<u>\$ 2,967</u>	<u>\$ 2,240</u>

CITY OF SOUTH MIAMI, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 3

	<u>2006</u>	<u>2007</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>
General Fund:										
Reserved	\$ 5,130	\$ 5,720	\$ 6,476	\$ 4,462	\$ 2,160	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,796	5,268	3,523	6,251	6,325	-	-	-	-	-
Nonspendable	-	-	-	-	-	186	204	209	242	251
Committed	-	-	-	-	-	1,785	1,689	1,704	1,717	4,579
Assigned	-	-	-	-	-	1,982	622	1,064	3,957	1,628
Unassigned	-	-	-	-	-	5,546	6,144	6,359	4,867	5,444
Total General Fund	<u>\$ 9,926</u>	<u>\$ 10,988</u>	<u>\$ 9,999</u>	<u>\$ 10,713</u>	<u>\$ 8,485</u>	<u>\$ 9,499</u>	<u>\$ 8,659</u>	<u>\$ 9,336</u>	<u>\$ 10,783</u>	<u>\$ 11,902</u>
All other governmental funds:										
Reserved	\$ 1,854	\$ 1,986	\$ 2,313	\$ 1,921	\$ 215	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	750	2,612	2,460	2,472	4,075	-	-	-	-	-
Nonspendable	-	-	-	-	-	4	-	72	71	4
Restricted	-	-	-	-	-	4,676	6,720	6,353	5,963	5,324
Committed	-	-	-	-	-	10	9	22	22	28
Assigned	-	-	-	-	-	-	510	180	355	839
Total all other governmental funds	<u>\$ 2,604</u>	<u>\$ 4,598</u>	<u>\$ 4,773</u>	<u>\$ 4,393</u>	<u>\$ 4,290</u>	<u>\$ 4,690</u>	<u>\$ 7,239</u>	<u>\$ 6,627</u>	<u>\$ 6,411</u>	<u>\$ 6,113</u>

Note: Information for fiscal years 2006 through 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

CITY OF SOUTH MIAMI, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 4

	<u>2006</u>	<u>2007</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>
REVENUES:										
Taxes and franchise fees	\$ 9,178	\$ 9,992	\$ 9,772	\$ 10,829	\$ 9,416	\$ 8,787	\$ 8,397	\$ 8,316	\$ 8,660	\$ 9,170
Charges for services	2,532	2,197	2,818	3,063	3,175	3,968	4,089	2,918	2,857	2,949
Utility taxes	1,776	1,829	1,965	2,092	2,087	2,070	2,052	2,074	2,167	2,183
Intergovernmental	5,686	5,593	4,419	3,315	2,471	3,091	2,614	2,702	4,309	2,836
Licenses and permits	1,202	1,102	1,137	495	470	964	667	1,047	1,099	1,176
Fines and forfeitures	442	349	330	326	415	483	1,944	926	849	995
Interest income	594	809	396	226	219	140	181	153	145	157
Rents and royalties	-	-	-	-	1,129	1,007	1,026	1,072	1,026	768
Other	403	774	2,246	1,159	268	495	439	397	519	349
Total Revenues	<u>21,813</u>	<u>22,645</u>	<u>23,083</u>	<u>21,505</u>	<u>19,650</u>	<u>21,005</u>	<u>21,409</u>	<u>19,605</u>	<u>21,631</u>	<u>20,583</u>
EXPENDITURES:										
General government	5,745	6,660	7,238	6,759	6,709	3,217	2,838	3,250	3,684	3,638
Public safety	4,194	4,253	4,333	4,358	4,572	7,242	7,071	7,532	6,564	7,043
Public works	5,409	5,109	5,284	5,100	4,329	4,148	3,822	3,338	3,252	3,242
Community services	-	-	-	-	484	1,065	1,232	1,220	970	683
Culture and recreation	1,339	837	977	979	1,035	1,089	1,034	1,607	1,674	1,994
Debt service:										
Principal	612	2,183	2,444	1,284	1,038	2,599	802	1,105	1,078	6,064
Interest and fiscal charges	614	614	920	909	887	1,167	660	750	695	645
Capital outlay	7,538	8,827	4,654	2,320	1,412	1,100	2,241	737	2,484	1,401
Total Expenditures	<u>25,451</u>	<u>28,483</u>	<u>25,850</u>	<u>21,709</u>	<u>20,466</u>	<u>21,627</u>	<u>19,700</u>	<u>19,539</u>	<u>20,401</u>	<u>24,710</u>
Excess (deficiency) of revenues over expenditures	<u>(3,638)</u>	<u>(5,838)</u>	<u>(2,767)</u>	<u>(204)</u>	<u>(816)</u>	<u>(622)</u>	<u>1,709</u>	<u>66</u>	<u>1,230</u>	<u>(4,127)</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	641	485	820	2,359	543	1,008	1,653
Transfers out	-	-	-	(641)	(485)	(820)	(2,359)	(543)	(1,008)	(1,653)
Issuance of debt	3,277	8,679	1,953	538	228	748	-	-	-	-
Proceeds from refunding debt	-	-	-	-	-	7,575	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	(6,287)	-	-	-	4,948
Total Other Financing Sources (Uses)	<u>3,277</u>	<u>8,679</u>	<u>1,953</u>	<u>538</u>	<u>228</u>	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,948</u>
Net change in fund balances	<u>\$ (361)</u>	<u>\$ 2,841</u>	<u>\$ (814)</u>	<u>\$ 334</u>	<u>\$ (588)</u>	<u>\$ 1,414</u>	<u>\$ 1,709</u>	<u>\$ 66</u>	<u>\$ 1,230</u>	<u>\$ 821</u>
Debt service as a percentage of noncapital expenditures (a)	<u>6.8%</u>	<u>14.2%</u>	<u>15.9%</u>	<u>11.8%</u>	<u>10.0%</u>	<u>18.3%</u>	<u>7.8%</u>	<u>9.5%</u>	<u>8.7%</u>	<u>27.7%</u>

(a) Debt service as a percent of noncapital expenditures is calculated by dividing debt service by total expenditures net of capital outlay reported in the reconciliation on page 19 of CAFR.

CITY OF SOUTH MIAMI, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEAR (AMOUNTS EXPRESSED IN THOUSANDS)

Table 5

Fiscal Year (2)	Real Property	Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value (1)
2006	\$ 1,363,371	\$ 82,658	\$ 1,446,029	5.8810	\$ 1,446,029	100.00%
2007	\$ 1,578,948	\$ 86,150	\$ 1,665,098	4.8180	\$ 1,665,098	100.00%
2008	\$ 1,621,815	\$ 69,137	\$ 1,690,952	5.2790	\$ 1,690,952	100.00%
2009	\$ 1,455,867	\$ 78,411	\$ 1,534,278	4.9526	\$ 1,534,278	100.00%
2010	\$ 1,350,917	\$ 71,712	\$ 1,422,629	4.9526	\$ 1,422,629	100.00%
2011	\$ 1,347,024	\$ 66,751	\$ 1,413,775	4.6662	\$ 1,413,775	100.00%
2012	\$ 1,362,014	\$ 64,823	\$ 1,426,837	4.3639	\$ 1,426,837	100.00%
2013	\$ 1,372,600	\$ 60,743	\$ 1,433,343	4.3639	\$ 1,433,343	100.00%
2014	\$ 1,411,443	\$ 69,158	\$ 1,480,601	4.3639	\$ 1,480,601	100.00%
2015	\$ 1,500,767	\$ 69,981	\$ 1,570,748	4.3639	\$ 1,570,748	100.00%

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

(1) Includes tax exempt property.

(2) Year of levy.

Source: Miami-Dade County Department of Property Appraisal - DR-420.

CITY OF SOUTH MIAMI, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Table 6

Fiscal Year (2)	City of South Miami		Overlapping Rates (1)											Total City-Wide
	Basic Direct Rate	Debt Service Rate	School Millages		Regional Millages			County Wide Millages				Other		
			MDC School Board - Operating	School Board - Debt Service	Everglades Project	South Florida Water Management District	Florida Inland Navigation District	County Wide - Operating	County Wide - Debt Service	Fire & Rescue - Operating	Fire & Rescue - Debt Service	MDC Library District	Childrens Trust Authority	
2006	5.8810	-	7.6910	0.4140	0.1000	0.5970	0.0385	5.6150	0.2850	2.6090	0.0420	0.4860	0.4223	24.1808
2007	4.8180	-	7.5700	0.3780	0.0894	0.5346	0.0345	4.5796	0.2850	2.2067	0.0420	0.3842	0.4223	21.3443
2008	5.2790	-	7.5330	0.2640	0.0894	0.5346	0.0345	4.8379	0.2850	2.1851	0.0420	0.3822	0.4212	21.8879
2009	4.9526	-	7.6980	0.2970	0.0894	0.5346	0.0345	4.8379	0.2850	2.1851	0.0420	0.3822	0.5000	21.8383
2010	4.9526	-	7.8640	0.3850	0.0894	0.5346	0.0345	5.4275	0.4450	2.5753	0.0200	0.2840	0.5000	23.1119
2011	4.6662	-	7.7650	0.2400	0.0624	0.3739	0.0345	4.8050	0.2850	2.4496	0.0131	0.1795	0.5000	21.3742
2012	4.3639	-	7.7650	0.2330	0.0613	0.3676	0.0345	4.7035	0.2850	2.4496	0.0131	0.1725	0.5000	20.9490
2013	4.3639	-	7.6440	0.3330	0.0587	0.3523	0.0345	4.7035	0.4220	2.4496	0.0127	0.1725	0.5000	21.0467
2014	4.3639	-	7.7750	0.1990	0.0548	0.3294	0.0345	4.6669	0.4500	2.4207	0.0114	0.2840	0.5000	21.0896
2015	4.3000	-	7.4130	0.1990	0.0506	0.3045	0.0320	4.6669	0.4500	2.4207	0.0086	0.2840	0.5000	20.6293

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of South Miami.

(2) Year of levy.

Additional information:

- Property tax rates are assessed per \$ 1,000 of taxable assessed valuation.
- City property tax rates above (all inclusive) do not have a debt service millage component.
- MDC - Miami Dade County

Tax rate limits:

City	10.000 mills	10.000 mills
County	10.000 mills	10.000 mills
SFWMD*	10.000 mills	10.000 mills

Source: Miami-Dade County Department of Property Appraisal

* South Florida Water Management District

**CITY OF SOUTH MIAMI, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND TEN YEARS AGO (AMOUNTS EXPRESSED IN THOUSANDS)

Table 7

2015				2006			
Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation
Bakery Associates, Ltd.	\$ 88,800	1	5.65%	Bakery Associates, Ltd.	\$ 101,000	1	7.0%
RRC 57th Avenue LLC	48,212	2	3.26%	South Miami Corp.	15,651	2	1.1%
Larkin Community Hospital	25,105	3	1.70%	Health South Doctor's Hospital	14,234	3	1.0%
JW Advance LLC	18,900	4	1.28%	J.W. Advance Development Corp.	13,928	4	1.0%
S Miami Hospital Dev Fund Inc.	18,800	5	1.27%	Sunset Associates, Ltd.	7,844	5	0.5%
South Miami Corp	15,013	6	1.01%	John Hancock-Gannon Joint Venture	7,440	6	0.5%
KIMCO South Miami	14,646	7	0.99%	Larkin Community Hospital	7,054	7	0.5%
Florida Power & Light Company	13,866	8	0.94%	Harvey Amster & W. Ellen	6,495	8	0.4%
Capstone Capital Trust INC	12,140	9	0.82%	KIMCO South Miami	6,486	9	0.4%
HTA Sunset LLC	11,719	10	0.79%	A. Grover Matheney	5,844	10	0.4%
	<u>\$ 267,201</u>		<u>17.70%</u>		<u>\$ 185,976</u>		<u>12.9%</u>

Source: Miami-Dade County Tax Assessors' Office 2015 & 2006 Tax Rolls

CITY OF SOUTH MIAMI, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 8

Fiscal Year Ended September 30,	Total Taxes Levied For Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections	
		Amount (2)	Percent of Levy		Amount (2)	Percent of Levy
2006	\$ 7,936	\$ 6,886	86.8%	\$ 64	\$ 6,950	87.6%
2007	\$ 8,367	\$ 7,185	85.9%	\$ 92	\$ 7,277	87.0%
2008	\$ 7,764	\$ 6,582	84.8%	\$ 42	\$ 6,624	85.3%
2009	\$ 8,616	\$ 7,535	87.5%	\$ 54	\$ 7,589	88.1%
2010	\$ 7,119	\$ 6,763	95.0%	\$ 45	\$ 6,808	95.6%
2011	\$ 6,628	\$ 6,402	96.6%	\$ 53	\$ 6,455	97.4%
2012	\$ 6,596	\$ 6,049	91.7%	\$ 148	\$ 6,197	94.0%
2013	\$ 6,226	\$ 5,373	86.3%	\$ 228	\$ 5,601	90.0%
2014	\$ 6,254	\$ 5,842	93.4%	\$ 26	\$ 5,868	93.8%
2015	\$ 6,855	\$ 5,912	86.2%	\$ 159	\$ 6,071	88.6%

(1) Data from Form DR-420 provided to Florida Department of Revenue

(2) Provided by City of South Miami Finance Dept.

CITY OF SOUTH MIAMI, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 9

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Notes Payable	Capital Leases			
2006	\$ 8,115	\$ 3,432	\$ 608	\$ 12,155	16.31%	\$ 1
2007	\$ 16,133	\$ 1,850	\$ 645	\$ 18,628	23.25%	\$ 2
2008	\$ 15,727	\$ 2,039	\$ 526	\$ 18,292	21.27%	\$ 2
2009	\$ 15,303	\$ 2,116	\$ 212	\$ 17,631	20.51%	\$ 2
2010	\$ 14,847	\$ 1,658	\$ 316	\$ 16,821	18.91%	\$ 2
2011	\$ 14,896	\$ 1,135	\$ 227	\$ 16,258	17.88%	\$ 1
2012	\$ 14,524	\$ 840	\$ 141	\$ 15,505	16.04%	\$ 1
2013	\$ 13,767	\$ 587	\$ 96	\$ 14,450	14.35%	\$ 1
2014	\$ 12,625	\$ 387	\$ 49	\$ 13,061	12.51%	\$ 1
2015	\$ 12,815	\$ 178	\$ -	\$ 12,993	11.65%	\$ 1

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

(1) See Table 13 - Demographic and Economic Statistics.

CITY OF SOUTH MIAMI, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 10

Fiscal Year	Revenue Bonds	Less: Amounts Available in Debt Service Reserves	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2006	\$ 8,115	\$ 160	\$ 7,955	0.55%	\$ 1
2007	\$ 16,133	\$ 165	\$ 15,968	0.96%	\$ 2
2008	\$ 15,727	\$ 275	\$ 15,452	0.91%	\$ 1
2009	\$ 15,303	\$ 229	\$ 15,074	0.98%	\$ 1
2010	\$ 14,847	\$ 250	\$ 14,597	1.03%	\$ 1
2011	\$ 14,896	\$ 279	\$ 14,617	1.03%	\$ 1
2012	\$ 14,524	\$ 1,086	\$ 13,438	0.94%	\$ 1
2013	\$ 13,767	\$ 803	\$ 12,964	0.90%	\$ 1
2014	\$ 12,625	\$ 451	\$ 12,174	0.82%	\$ 1
2015	\$ 12,815	\$ -	\$ 12,815	0.82%	\$ 1

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

Note: Total adjusted tax levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal Office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

(1) See Table 5 - Assessed Value and Estimated Actual Value of Taxable Property.

(2) See Table 13 - Demographic and Economic Statistics.

CITY OF SOUTH MIAMI, FLORIDA
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Table 11

	<u>2006</u>	<u>2007</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>
Debt limit	\$ 216,904	\$ 249,765	\$ 253,643	\$ 229,116	\$ 213,394	\$ 212,066	\$ 214,026	\$ 215,001	\$ 222,090	\$ 235,612
Total net debt applicable to limit (1)	<u>8,115</u>	<u>16,133</u>	<u>15,727</u>	<u>15,303</u>	<u>14,847</u>	<u>14,896</u>	<u>14,524</u>	<u>13,767</u>	<u>12,625</u>	<u>12,815</u>
Legal debt margin	<u>\$ 208,789</u>	<u>\$ 233,632</u>	<u>\$ 237,916</u>	<u>\$ 213,813</u>	<u>\$ 198,547</u>	<u>\$ 197,170</u>	<u>\$ 199,502</u>	<u>\$ 201,234</u>	<u>\$ 209,465</u>	<u>\$ 222,797</u>
Total net debt applicable to the limit as a percentage of debt limit	3.74%	6.46%	6.20%	6.68%	6.96%	7.02%	6.79%	6.40%	5.68%	5.44%

(1) Revenue Bonds were issued in fiscal year 2002 and 2007. In November 2006, the City through its Community Development Agency issued \$ 2,730,000 of Taxable Redevelopment Revenue Bonds.

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed valuation of taxable real and personal property	<u>\$ 1,570,748</u>
Bonded debt limit - 15% of assessed value	\$ 235,612
Total ad valorem debt - Revenue Bonds	<u>\$ 12,815</u>
Amount of debt applicable	<u>12,815</u>
Legal debt margin	<u>\$ 222,797</u>

CITY OF SOUTH MIAMI, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Table 12

Fiscal Year	Population (1)	Personal Income (Amounts Expressed in Thousands) (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2006	10,891	\$ 74,534	\$ 31,347	37.4	1,708	3.8
2007	10,528	\$ 80,112	\$ 33,712	37.8	6,123	3.8
2008	11,183	\$ 85,979	\$ 36,081	38.2	5,957	5.8
2009	10,678	\$ 85,979	\$ 29,689	40.7	5,701	11.8
2010	10,678	\$ 88,955	\$ 29,689	40.7	3,500	12.1
2011	11,657	\$ 90,915	\$ 36,357	40.7	3,450	12.3
2012	13,576	\$ 96,658	\$ 37,834	36.7	3,397	8.8
2013	13,778	\$ 100,689	\$ 38,860	36.7	3,420	6.7
2014	13,623	\$ 104,373	\$ 39,880	37.1	3,372	6.5
2015	13,656	\$ 111,528	\$ 41,883	37.7	3,440	6.3

- Source: (1) Bureau of Economic and Business Research - University of Florida
(2) U.S. Department of Commerce, Bureau of Economic Analysis and Bestplaces.net/city/South_Miami.
(3) Miami-Dade County Public Schools Registrar's Office (does not include private schools).
(4) Miami Dade County Labor Market Report

CITY OF SOUTH MIAMI, FLORIDA
PRINCIPAL EMPLOYERS – MIAMI-DADE COUNTY, FLORIDA

CURRENT YEAR AND SIX YEARS AGO

Table 13

Employer	2015		Percentage of Total County Employment	2009		Percentage of Total County Employment
	Employees	Rank		Employees	Rank	
Miami-Dade County Public Schools	31,000	1	2.62%	50,000	1	4.27%
Miami-Dade County, Florida	24,692	2	2.09%	32,000	2	2.73%
Federal Government	19,300	3	1.63%	20,400	3	1.74%
Florida State government	19,200	4	1.62%	17,000	4	1.45%
University of Miami	13,864	5	1.17%	9,874	8	0.84%
Baptist Health South Florida	13,369	6	1.13%	10,826	6	0.92%
American Airlines	11,773	7	1.00%	9,000	9	0.90%
Jackson Health System	8,163	8	0.69%	10,500	7	0.94%
City of Miami	3,820	9	0.32%	-	-	0.00%
Miami Dade College	2,572	10	0.22%	6,500	10	0.55%
Publix Super Markets	-		0.00%	11,000	5	0.77%
	<u>147,753</u>		<u>12.50%</u>	<u>177,100</u>		<u>15.11%</u>

Source: The Beacon Council.

Miami Dade County Labor Market Report

CITY OF SOUTH MIAMI, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Table 14

	<u>2006</u>	<u>2007</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>
FUNCTION:										
General government	20	27	29	30	28	25	18	21	21	21
Public safety:										
Police:										
Officers	49	51	45	49	49	51	51	48	50	52
Civilians	6	7	8	8	7	9	9	8	9	9
Building and zoning	18	17	16	18	16	17	14	12	4	4
Public works	24	26	25	24	26	23	25	24	17	17
Recreation and social services	25	9	15	14	13	10	10	10	10	10
Sanitation	10	10	10	10	9	9	9	9	11	11
Total	<u>152</u>	<u>147</u>	<u>148</u>	<u>153</u>	<u>148</u>	<u>144</u>	<u>136</u>	<u>132</u>	<u>122</u>	<u>124</u>

Source: City of South Miami Finance Department

CITY OF SOUTH MIAMI, FLORIDA
OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Table 15

	<u>2006</u>	<u>2007</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>
FUNCTION/PROGRAM:										
Public safety:										
Police:										
Number of calls answered	11,526	11,136	10,655	11,274	10,893	11,609	11,744	10,409	10,409	10,416
Number of arrests	2,530	650	551	765	616	591	383	459	463	413
Number of uniformed officers	49	51	45	49	49	51	50	48	50	52
Building and zoning:										
Number of building permits issued	1,927	1,629	1,350	1,158	1,141	1,261	1,293	1,403	1,447	1,258
License/permit revenue generated	\$ 1,201,948	\$ 1,102,083	\$ 1,689,241	\$ 1,075,710	\$ 1,099,963	\$ 1,570,045	\$ 1,307,269	\$ 1,666,666	\$ 1,710,597	\$ 1,852,375
Occupational licenses issued	3,024	3,112	3,076	3,132	3,450	3,750	3,335	3,356	3,372	3,381
Culture and recreation:										
Number of senior meals served	42,949	38,522	30,712	35,776	28,420	27,300	27,612	27,732	24,968	25,269
Recreation revenues collected	\$ 76,129	\$ 94,176	\$ 138,456	\$ 184,196	\$ 241,919	\$ 199,147	\$ 233,624	\$ 200,700	\$ 260,017	\$ 194,363
Sanitation:										
Refuse collected (tons per month)	1,348	808	839	777	722	751	798	843	840	886

Sources: Various City departments

Note: Indicators are not available for the general government function

CITY OF SOUTH MIAMI, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Table 16

	<u>2006</u>	<u>2007</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>
FUNCTION/PROGRAM:										
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	69	62	62	67	62	62	64	64	64	64
Public works:										
Streets (miles-paved)	47.41	47.41	47.41	46.80	46.80	46.80	46.80	46.80	46.80	46.80
Culture and recreation:										
Parks	10	10	10	10	12	12	12	11	14	14
Tennis courts	10	10	10	10	10	10	10	10	10	10
Baseball/football fields	6	7	7	7	7	7	7	7	7	7
Sanitation:										
Number of collection trucks	18	15	14	14	14	14	14	14	14	14

Sources: Various City departments

Note: Indicators are not available for the general government function

N/A: Information not available for these years.

COMPLIANCE SECTION

**Report of Independent Auditor on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Mayor,
Members of the City Commission and City Manager
City of South Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Miami, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2016. Our report includes a reference to another auditor who audited the financial statements of the Police Officers Retirement Trust Fund – Section 185 Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Cherry Behant LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 31, 2016

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

To the Honorable Mayor,
Members of the City Commission and City Manager
City of South Miami, Florida

Report on the Financial Statements

We have audited the financial statements of the City of South Miami, Florida (the “City”), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 31, 2016. Our report includes a reference to another auditor who audited the financial statements of the Police Officers Retirement Trust Fund – Section 185 Plan, as described in our report on the City’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Auditor’s Responsibility

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

Other Reports

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in those reports, which are dated March 31, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Refer to Note 1 in the notes to the financial statements regarding the creation of the City of South Miami, Florida. The City of South Miami, Florida included the following component unit: the South Miami Community Redevelopment Agency was established under the authority granted by the Florida Statute 163, Section III. It was created by the City of South Miami Ordinance Number 12-97-1633 on April 15, 1997.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

Other Matters

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

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

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Behant LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 31, 2016

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

To the Honorable Mayor,
Members of the City Commission and City Manager
City of South Miami, Florida

Report on Compliance

We have examined the City of South Miami, Florida's (the "City") compliance with the local government investment policy requirements of 218.415, *Florida Statutes*, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.



Orlando, Florida
March 31, 2016



City of South Miami
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