



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
CITY OF SOUTH MIAMI, FLORIDA
FISCAL YEAR ENDING SEPTEMBER 30, 2018

City of South Miami, Florida

Table of Contents

Introductory Section

Letter of Transmittal	i-vii
Organizational Chart	viii
List of Principal Officials and Management Team	ix-x
Certificate of Achievement for Excellence in Financial Reporting	xi

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	15
Statement of Activities	16

Fund Financial Statements:

Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	22
Notes to the Basic Financial Statements	23-50

City of South Miami, Florida

Table of Contents (continued)

Required Supplementary Information

Budgetary Comparison Schedules:

General Fund	51-52
Stormwater Drain Trust Fund - Special Revenue Fund	53
Notes to Budgetary Comparison Schedules	54
Retirement System and Other Post Employment Benefit Schedules:	
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios	55
Schedule of Contributions	56
Schedule of Investment Returns	57
Schedule of Changes in Total Other Post Employment Benefits (OPEB) Liability	58

Other Financial Information

Combining and Individual Fund Financial Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	60
Budgetary Comparison Schedules	61-73
Combining Statement of Net Position – Fiduciary Funds	74
Combining Statement of Changes in Net Position – Fiduciary Funds	75

Statistical Section

Table 1 - Net Position by Component	76
Table 2 - Changes in Net Position	77
Table 3 - Fund Balances of Governmental Funds	78
Table 4 - Changes in Fund Balances of Governmental Funds	79
Table 5 - Assessed Value and Estimated Actual Value of Taxable Property	80
Table 6 - Property Tax Rates - Direct and Overlapping Governments	81
Table 7 - Principal Property Taxpayers	82
Table 8 - Property Tax Levies and Collections	83

City of South Miami, Florida

Table of Contents (continued)

Table 9 - Ratios of Outstanding Debt by Type	84
Table 10 – Direct and Overlapping Governmental Activities Debt	85
Table 11 - Demographic and Economic Statistics	86
Table 12 - Principal Employers- Miami Dade County, Florida	87
Table 13 - Full Time Equivalent City Government Employees by Function	88
Table 14 - Operating Indicators by Function	89
Table 15 - Capital Asset Statistics by Function/Program	90
 Compliance Section	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	91-92
Independent Auditor’s Report to City Management	93-94
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	95

INTRODUCTORY SECTION



March 25, 2019

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

Gentlemen:

The Comprehensive Annual Financial Report of the City of South Miami, for the fiscal year ended September 30, 2018, 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 four main sections; Introductory, Financial, Statistical and Compliance.

The contents of the report are 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 other component units discretely presented herein.

ECONOMIC OUTLOOK

The City of South Miami is primarily a residential community comprised of approximately 13,000 residents, as per the Bureau of Economics and 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 comprised 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.

During the last fiscal year, the City began the operating a public transportation circulator service running predominately in the business district and CRA area. The City is providing the service as a result of the terms from the Interlocal Agreement established with Miami-Dade County for Direct Transit funding.

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, of which 10% are 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 loan was paid in full in November of 2015.

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 planning of maintenance and future development 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). 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 landscaping, speed tables, pavement markings and signage. With the City Commission approved plan, the City shall continue with the design and construction of recommended improvements.

For the past few fiscal years, the City has been allocating funds for new citywide directional street signs and posts. The Miami-Dade County’s Peoples Transportation Plan (“PTP”) funded the project. The scope included the manufacturing of new signs, and the removal and replacement of existing traffic signs. The traffic sign replacement program was implemented in various phases. In FY 2013-14, the City funded a branding plan which established a new logo and new color scheme for the City. In the FY 2017-18 budget, the City Commission approved monies for the installation of two major entry signs using the new logo, which will welcome visitors to the City boundaries along Red Road and on US-1. The street signs, welcome signs, and many other features of the City will continue to incorporate to 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; Pinecrest Villas/Snapper Creek and Twin Lakes/Bird Estates. The City will continue working with Miami-Dade County in the ongoing improvement to our roadway, drainage, and traffic calming projects.

The continuing 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
Professional, scientific, management and administrative, 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 FOR ALL SECTORS	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 Keefe McCullough licensed Certified Public Accountants, audited the City’s financial statements dated March 25, 2019. 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, 2018, 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 auditors 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, 2018, 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, Keefe McCullough gained an understanding and performed tests of controls on the City’s comprehensive framework of controls as required by government auditing standards.

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 against appropriations. The annual budget provides details of the approved appropriation by specific purpose within each object of expense.

DEBT ADMINISTRATION

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 Refunding Revenue 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 FMLC 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 provided 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.

SUNTRUST BANK: 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 revenue bonds, (ii) the payment of the settlement amount owed to the IRS pursuant to the Settlement Agreement relating to the Municipal Parking Garage, and costs related thereto, and (iii) the payment of costs of issuance of the Series 2011 Note for a total \$ 7.575 million. The new 2011 SunTrust Loan was issued at a fixed interest rate of 4.55% and matures on October 1, 2026.

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.

Since the refinancing with BB&T, which absorbed some of the FMLC debt, the only remaining FMLC loan is the South Miami Parking Garage 2006, which 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 4.0% to 5.0% 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 through the SunTrust refinancing, hence reducing the required annual principal and interest contribution amount.

PUBLIC SAFETY – COMMUNICATIONS SYSTEMS: Previously the City entered into an inter-local agreement with Miami-Dade County for the acquisition and operation of certain communications system for use by the police department. The project cost was approximately \$ 247,000 and payable over ten-years. This loan was paid in full during the year ended September 30, 2018.

RETIREMENT BENEFITS

The City 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 must make to each pension plan to ensure that the plans are actuarially sound. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan, as determined by the actuary.

In general, 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, and are required to enter the plan, as of the date of employment.

All regular full-time general employees hired after October 1, 2011 were no longer eligible to enter the General Employees' Pension Fund. These employees must have elected a retirement contribution percentage of their salary, which is matched by the City up to 7% of their salary, to the 401(a)/457(b) 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 401(a)/457(b) retirement plan.

The City also provides a defined contribution Section 457 deferred compensation plan for all its employees. Effective October 1, 2016, the Commission approved Ordinance No. 22-16-2255 to allow for all general eligible employees, including members of management, to join the defined benefit pension plan. In general, the ordinance created new tiers of membership that allows employees hired on or after October 1, 2016 to participate in the plan. Also, these new tiers provide for employees hired prior October 1, 2016, and not previously members, to elect participation in the plan. Other general provisions of the plan were also amended as part of this ordinance.

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, 2017. 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, 2017. 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, 2017. 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 Keefe McCullough 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,

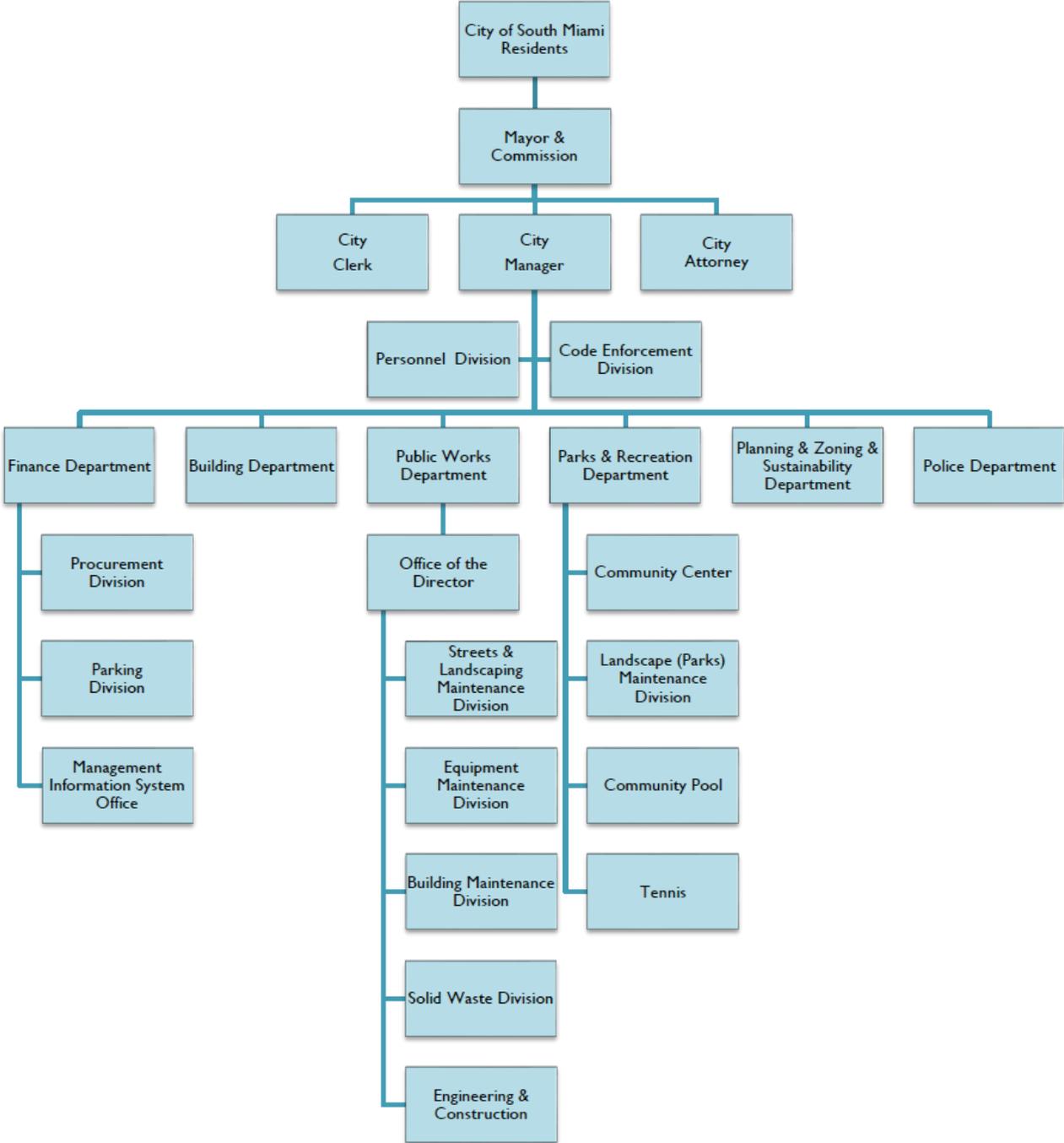


Steven J. Alexander
City Manager



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

CITY OF SOUTH MIAMI ORGANIZATIONAL CHART



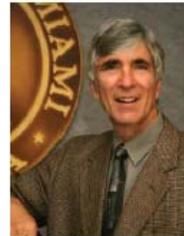


**COMMISSION – MANAGER FORM OF GOVERNMENT
LIST OF PRINCIPAL OFFICIALS**

ELECTED OFFICIALS



Mayor
Philip K. Stoddard, Ph.D.



Vice Mayor
Walter A. Harris



Commissioner
Luis Gil



Commissioner
Bob Welsh



Commissioner
Josh Liebman

CHARTERED OFFICIALS



City Clerk
Nkenga Payne, CMC



City Manager
Steven Alexander



City Attorney
Thomas Pepe, Esq.



MANAGEMENT TEAM

DEPUTY CITY MANAGER
Shari Kamali (2014)

PLANNING AND ZONING DIRECTOR
Jane K Tompkins (2016)

PERSONNEL MANAGER
Samantha Fraga-Lopez (2018)

POLICE CHIEF
Rene Landa (2013)

BUILDING DIRECTOR
Victor Citarella, PE (2008)

CHIEF FINANCIAL OFFICER
Alfredo Riverol, CPA CGFM, CGMA, CRFAC (2010)

CHIEF ADMINISTRATIVE OFFICER
Maria Virquez (2000)

CHIEF PROCUREMENT OFFICER
Steven Kulick, C.P.M. (2011)

PARKS AND RECREATION DIRECTOR
Quentin Pough (2014)

PUBLIC WORKS DIRECTOR
Vacant



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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 represent 2%, 2%, and 3%, respectively, of the assets, net position and total additions of the Fiduciary Funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers Retirement Trust Fund - Section 185 Plan, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Notes 11 and 15 to the financial statements, in 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* effective October 1, 2017, which resulted in the City restating beginning net position for recognition of the City's Postemployment Benefits Other Than Pensions related to activity prior to October 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the retirement system and other post-employment health care benefits schedules on pages 4 through 14 and pages 55 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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, budgetary comparison schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and combining and individual nonmajor fund financial statements 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 other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules, and budgetary comparison 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.

City of South Miami, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 25, 2019

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, 2018. 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 ending September 30, 2018:

- The assets of the City are \$ 73,303,933; and the deferred outflows of resources of the City are \$ 1,594,661.
- The liabilities of the City are \$ 14,917,335; and the deferred inflows of resources of the City are \$12,563,764.
- The assets and deferred outflows of the City of South Miami exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$ 47,417,495 (net position). Of this amount, \$ 11,836,267 is unrestricted.
- The City's \$ 22,441,650 in revenues exceeded the \$ 19,917,459 in expenses for governmental activities, providing a \$ 2,524,191 increase in total net position.
- At the end of the current year, fund balance for the General Fund was \$ 10,771,291, or 57% of total general fund operating revenues. Of this amount, \$ 6,220,475 is reserved for prepaid expenditures, subsequent year's budget, and contingencies.
- The current year's unassigned fund balance for the General Fund is \$ 4,550,816, or 24% of total general fund operating revenues.
- The General Fund's fund balance decreased by \$ 2,220,118 for the year ended September 30, 2018.
- The City's total debt, excluding compensated absences, decreased by \$ 836,397 and we continue to actuarially fund our defined benefit pension plan.

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 non-major 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.
- 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 non-major 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, deferred outflows, liabilities, and deferred inflows, with the difference between these components 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 government 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 contribution pension plans, 401(a) plans for the City Manager, Chief of Police, senior level staff, and all new general employees and a voluntary Section 457(b) defined contribution plan for all interested employees. The defined benefit 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 15 and 16 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.

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, the Stormwater Drain Trust Fund, and the Capital Improvements Program Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Budgetary comparison statement was provided for the General Fund and the Stormwater Drain Trust Fund to demonstrate compliance with the budget. The basic governmental funds financial statements can be found on pages 17 to 20 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 21 to 22 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 23 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 post-employment benefits to its employees pension, and budgetary comparison schedules for the General Fund and Stormwater Drain Trust – Special Revenue Fund.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund financial statements and budgetary comparison schedules can be found beginning on page 59 of this report.

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 net invested in capital assets.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and increase the net invested in capital assets.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase the net invested in capital assets.
- 6) **Reduction of capital assets through depreciation** will reduce the net invested in capital assets.

The City's net position was \$ 47,417,495 in fiscal year 2018 (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 75% of total net position. The largest portion of net position (62%) 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 (13%) is restricted for community service, public safety or capital projects. The remaining balance of unrestricted net position (\$ 11,836,267) may be used to meet government's ongoing obligations to citizens and creditors.

Table 1
City of South Miami
Net Position

	Governmental Activities	
	2018	2017
Current and other assets	\$ 33,742,546	\$ 32,929,403
Capital assets (net)	39,561,387	39,301,772
Total assets	73,303,933	72,231,175
Deferred outflows of resources	1,594,661	1,441,134
Current and other liabilities	3,732,322	5,035,377
Long term liabilities	11,185,013	12,200,115
Total liabilities	14,917,335	17,235,492
Deferred inflows of resources	12,563,764	11,543,513
Net position:		
Net invested in capital assets	29,407,135	28,360,318
Restricted	6,174,093	5,424,479
Unrestricted	11,836,267	11,108,507
Total net position	\$ 47,417,495	\$ 44,893,304

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 and the unrestricted governmental activities net position increased in 2018 by \$ 749,614, and \$ 727,760 respectively. Capital assets increased during the current year due to the completion of various infrastructure projects. The decrease in liabilities is mainly due to the continued reduction in long-term debt.

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 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.
- 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 2018 compared to 2017 with the resulting change in net position:

Table 2
 City of South Miami
 Changes in Net Position

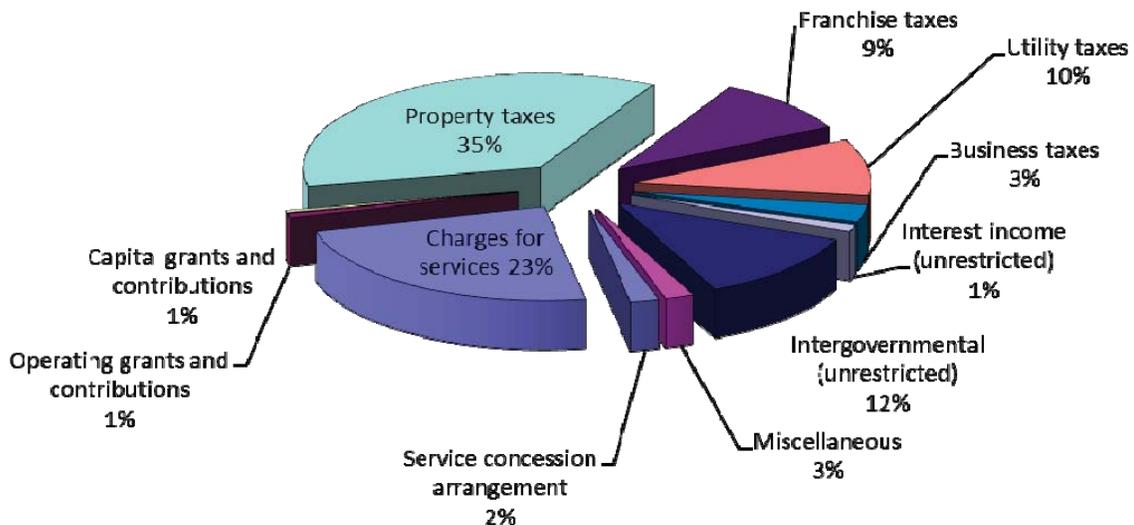
	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 5,248,059	\$ 5,085,099
Operating grants and contributions	172,887	259,943
Capital grants and contributions	110,175	113,781
General revenues:		
Property taxes	8,089,799	7,642,988
Franchise taxes	2,155,873	2,174,026
Utility taxes	2,180,279	2,111,106
Business taxes	666,807	678,671
Service concession arrangement	439,447	419,422
Interest income (unrestricted)	273,328	183,354
Intergovernmental (unrestricted)	2,665,912	2,742,730
Miscellaneous	439,084	575,721
Total revenues	<u>22,441,650</u>	<u>21,986,841</u>

Table 2
 City of South Miami
 Changes in Net Position
 (continued)

	Governmental Activities	
	2018	2017
Expenses:		
General government	\$ 4,682,936	\$ 5,028,007
Public safety	7,148,052	7,745,383
Public works	4,650,990	3,420,439
Community services	635,365	947,575
Culture and recreation	2,335,605	2,135,053
Interest on long-term debt	464,511	493,558
Total expenses	19,917,459	19,770,015
Excess (deficiency) of revenues over expenses before extraordinary item	2,524,191	2,216,826
Extraordinary item - judgment	-	1,025,000
Change in net position	2,524,191	1,191,826
Net position, beginning,	44,893,304	44,080,542
Restatements, Note 15	-	(379,064)
Net position, ending	\$ 47,417,495	\$ 44,893,304

The City's total revenues increased by 2.1%, to \$ 22,441,650 (see Table 2), mainly due to the increase in property tax revenues. Approximately 35% of the City's revenues come from property taxes, another 14% comes from intergovernmental and grants and contributions, and 23% from charges for services (see chart that follows). The City's management took major actions in 2018 to improve City revenues and to control expenses.

City of South Miami
 Program and General Revenues

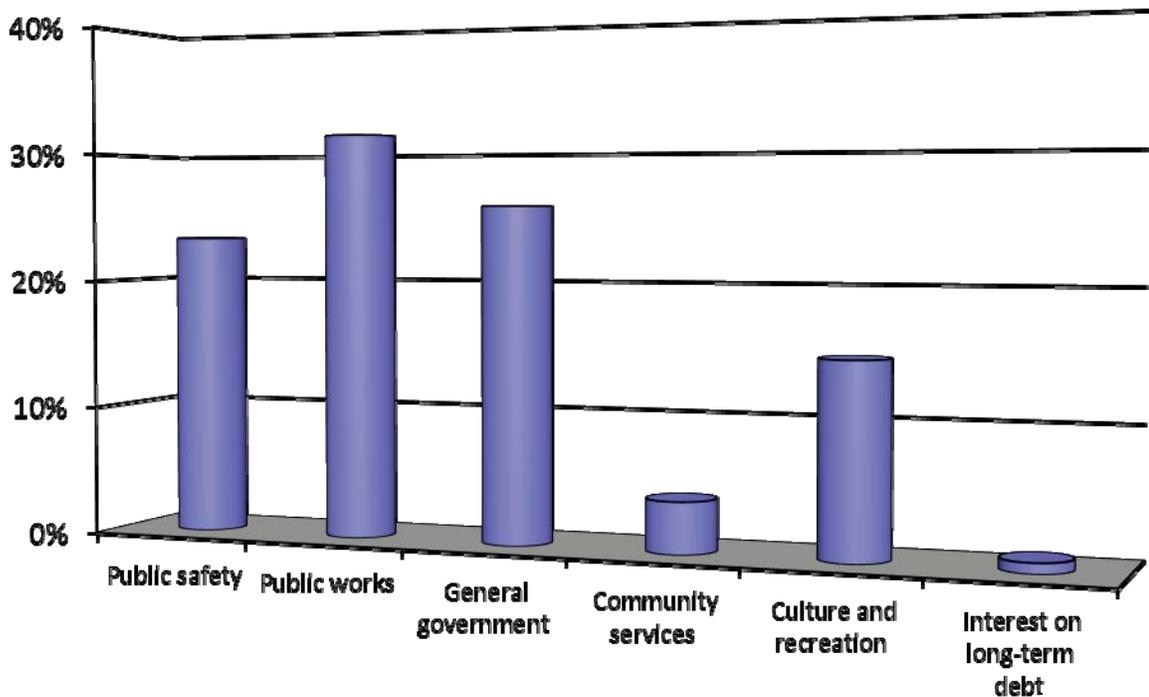


The total cost of all programs and services increased by \$ 147,444 or 1% (see Table 2). The City's expenses cover a range of services. As shown in Table 2 above, governmental expenses are largely weighted in three functions, namely the public safety, general government, and public works. At \$ 7,148,052, public safety expense represents 36% of the statement of activities' total expenses for the City in 2018. General government category expense total for 2018 was \$ 4,682,936, or 24% 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 \$ 4,650,990, or 23% of expenses. No business-type activities for the current year.

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:

City of South Miami
 Functional Expenses, Net
 Governmental Activities



The cost of all governmental activities this year, including \$ 464,511 in interest expense on long-term debt, was \$ 19,917,459. Some of that cost was financed by those who directly benefited from the programs through charges for services (\$ 5,248,059).

The City financed the remaining \$ 14,386,338 "public benefit" portion of governmental activities from property taxes, utility taxes and with other revenues, such as interest and unrestricted intergovernmental revenue.

Governmental Funds' Financial Analysis

As the City completed the year, its governmental funds reported combined fund balances of \$ 19,319,400, with the general fund representing \$ 10,771,291. Of the total fund balances; \$ 350,290 is non-spendable, \$ 6,174,093 is restricted, \$ 4,148,903 is committed, \$ 4,162,042 is assigned and \$ 4,484,072 is unassigned fund balance.

The General Fund's fund balance decreased by \$ 2,220,118 after transfers of a net -\$ 2,603,279. General fund revenues were fairly consistent for the years ended 2018 and 2017. Please refer to the General Fund Budget Highlights section below for further information.

In fiscal year 2018, the City's General Fund had a significant change in fund balance due to the settlement of an outstanding lawsuit and increased expenses from different departments due to a hurricane which occurred during the late part of last fiscal year.

The Stormwater fund had a positive change in fund balance due to the reduction of contributions to the General Fund as previously provided. This reduction helped improve the Stormwater's fund balance.

The City of South Miami Community Redevelopment Agency (CRA) had a significant change in fund balance due to the Agency's continued mission to have the Madison Square Project Built. Such a project requires a large funding amount and the CRA is saving monies for that purpose. Furthermore, the City's Capital Improvement Project Fund had a significant increase in fund balance due to certain project designs and engineering requirements taking longer than anticipated. Soon certain projects which were funded in fiscal year 2017-18 will be breaking ground and monies will be spent.

During the current year, the City's Debt balance decreased by \$ 836,397. There was approximately \$ 1,266,000 in principal and interest expenditures. Total Debt Service Fund expenditures of \$ 1,197,535 were mostly financed with rent and royalties revenues and General Fund transfers.

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 a lawsuit settlement, and for prior year encumbrances.

The base revenue budget for fiscal year 2018 was \$ 18,499,689. The difference between the estimated revenues, and the actual revenues, in the General Fund was \$170,682 for fiscal year 2018.

Actual revenues, at \$ 18,670,371 came in above the final budget of \$ 18,499,689.

Comparing the final budget to the actual expenditure amount for fiscal year 2018; the final expenditure budget of \$ 19,931,858 with actual expenditures being \$ 17,550,369, were below the final amended budget by \$ 2,381,489. All expenditures were in line with the projected expectations. Please refer to page 51 and 52 for further details.

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, 2018 and 2017, is detailed below:

City of South Miami, Florida
Management's Discussion and Analysis
September 30, 2018

	Governmental Activities	
	2018	2017
Land	\$ 14,569,480	\$ 14,569,480
Construction in progress	46,418	46,418
Building and improvements	14,955,991	15,307,884
Machinery and equipment	2,224,676	1,567,424
Land improvements	1,046,997	862,267
Infrastructure	6,717,825	6,948,299
	<u>\$ 39,561,387</u>	<u>\$ 39,301,772</u>

For fiscal year 2018 the City spent \$ 1,469,310 on capital programs primarily on 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 35 of this report.

Debt Administration: At year-end, the City had approximately \$ 10.6 million in outstanding debt, as noted below:

	Governmental Activities	
	2018	2017
Florida Municipal Loan Council		
Bonds, Series 2006	\$ 1,230,000	\$ 1,270,000
Taxable Revenue Note, Series 2011	5,140,000	5,625,000
Refunding Revenue Note, Series 2015	4,227,000	4,470,000
Notes payable	-	68,397
	<u>\$ 10,597,000</u>	<u>\$ 11,433,397</u>

Additional information on the City's outstanding debt can be found in Note 9 on pages 37 and 38 of this report.

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 and transfers in fiscal year 2019 General Fund budget are \$ 19,217,608, an increase of \$ 262,772 from actual revenues and transfers of \$ 18,954,836 for fiscal year 2018. 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 2019 General Fund budgeted expenditures and transfers are expected to be \$ 21,088,873 or a \$ 650,760 increase over fiscal year 2018 total actual expenditures and transfers of \$ 20,438,113, if estimates are realized. The City's budgetary General Fund balance is expected to decrease by the close of 2019.

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, 2018

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 20,461,268
Receivables	861,341
Prepaid expenses	350,290
Accrued interest receivable	161,482
Notes receivable	7,207,266
Guaranteed rent receivable	2,766,590
Net pension asset	1,934,309
Capital assets:	
Capital assets not being depreciated	14,615,898
Capital assets, net of accumulated depreciation	<u>24,945,489</u>
Total assets	<u>73,303,933</u>
Deferred outflows of resources:	
Deferred loss on bond refunding	442,748
Deferred outflows relating to pensions	<u>1,151,913</u>
Total deferred outflow of resources	<u>1,594,661</u>
Liabilities:	
Accounts payable	993,639
Accrued liabilities	181,501
Other liabilities	753,302
Unearned revenue	425,057
Accrued interest payable	194,498
Due within one year:	
Compensated absences payable	400,325
Debt, including bonds and notes payable	784,000
Due in more than one year:	
Compensated absences payable	978,469
Debt, including bonds and notes payable	9,813,000
Net other post employment benefits (OPEB) obligation	<u>393,544</u>
Total liabilities	<u>14,917,335</u>
Deferred inflows of resources:	
Service concession arrangement	9,973,856
Deferred inflows relating to pensions	2,291,298
Deferred inflows relating to other post employment benefits (OPEB)	<u>298,610</u>
Total deferred inflow of resources	<u>12,563,764</u>
Net position:	
Net investment in capital assets	29,407,135
Restricted for:	
Transportation projects	1,585,668
Law enforcement	1,621,250
Grant projects	640,227
Community services	1,871,213
Stormwater management	242,583
Park improvements	213,152
Unrestricted	<u>11,836,267</u>
Total net position	<u>\$ 47,417,495</u>

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

City of South Miami, Florida
Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Primary Government					
Governmental Activities:					
General government	\$ 4,682,936	\$ 965,693	\$ -	\$ -	\$ (3,717,243)
Public safety	7,148,052	3,685,767	111,855	1,914	(3,348,516)
Public works	4,650,990	29,063	3,275	108,261	(4,510,391)
Community services	635,365	35,606	29,349	-	(570,410)
Culture and recreation	2,335,605	185,340	28,408	-	(2,121,857)
Interest on long-term debt	464,511	346,590	-	-	(117,921)
Total governmental activities	\$ <u>19,917,459</u>	\$ <u>5,248,059</u>	\$ <u>172,887</u>	\$ <u>110,175</u>	<u>(14,386,338)</u>
General revenues:					
Property taxes					8,089,799
Utility taxes					2,180,279
Business taxes					666,807
Franchise taxes					2,155,873
Service concession arrangement					439,447
Interest income (unrestricted)					273,328
Intergovernmental (unrestricted)					2,665,912
Other					439,084
Total general revenues					<u>16,910,529</u>
Change in net position					2,524,191
Net position, beginning (As restated, Note 15)					<u>44,893,304</u>
Net position, ending					\$ <u><u>47,417,495</u></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, 2018

	Major Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Stormwater Drain Trust Fund	Capital Improvements Program Fund		
Assets:					
Cash and cash equivalents	\$ 16,024,831	\$ 668,814	\$ -	\$ 3,767,623	\$ 20,461,268
Receivables	576,299	98,026	2,200	184,816	861,341
Due from other funds	-	-	2,735,350	2,455,659	5,191,009
Prepaid expenditures	277,305	-	-	72,985	350,290
Total assets	<u>\$ 16,878,435</u>	<u>\$ 766,840</u>	<u>\$ 2,737,550</u>	<u>\$ 6,481,083</u>	<u>\$ 26,863,908</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 496,464	\$ 17,369	\$ 446,773	\$ 33,033	\$ 993,639
Accrued liabilities	181,249	252	-	-	181,501
Due to other funds	4,263,256	506,636	-	421,117	5,191,009
Unearned revenue	418,649	-	-	6,408	425,057
Other liabilities	747,526	-	-	5,776	753,302
Total liabilities	<u>6,107,144</u>	<u>524,257</u>	<u>446,773</u>	<u>466,334</u>	<u>7,544,508</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	277,305	-	-	72,985	350,290
Restricted for:					
Community services	-	-	-	1,871,213	1,871,213
Park improvements	-	-	-	213,152	213,152
Grant projects	-	-	-	640,227	640,227
Stormwater management	-	242,583	-	-	242,583
Transportation projects	-	-	-	1,585,668	1,585,668
Law enforcement	-	-	-	1,621,250	1,621,250
Committed to:					
Emergency and disaster recovery operating reserve	3,461,905	-	-	-	3,461,905
Revenue stabilization	60,000	-	-	-	60,000
Grant match	60,000	-	-	-	60,000
Insurance	60,000	-	-	-	60,000
Tax equalization	60,000	-	-	-	60,000
Building capital	60,000	-	-	-	60,000
City parks capital	310,000	-	-	-	310,000
Tree projects	-	-	-	40,685	40,685
Parking management	-	-	-	36,313	36,313
Assigned to:					
Capital projects	-	-	2,290,777	-	2,290,777
Subsequent year's budget	1,871,265	-	-	-	1,871,265
Unassigned (deficit)	4,550,816	-	-	(66,744)	4,484,072
Total fund balances	<u>10,771,291</u>	<u>242,583</u>	<u>2,290,777</u>	<u>6,014,749</u>	<u>19,319,400</u>
Total liabilities and fund balances	<u>\$ 16,878,435</u>	<u>\$ 766,840</u>	<u>\$ 2,737,550</u>	<u>\$ 6,481,083</u>	<u>\$ 26,863,908</u>

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, 2018

Fund Balances - Total Governmental Funds \$ 19,319,400

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:

Notes receivable	7,207,266
Guaranteed rent receivable	2,766,590
Accrued interest receivable	161,482
Net pension asset	1,934,309

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Cost of capital assets	55,567,070
Less accumulated depreciation	(16,005,683)

Certain deferred outflows of resources are not available to pay current period expenditures and therefore are not reported in the funds:

Deferred loss on bond refunding	442,748
Deferred outflows relating to pensions	1,151,913

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:

Bonds payable	(1,230,000)
Notes payable	(9,367,000)
Accrued interest payable	(194,498)
Deferred inflows relating to pensions	(2,291,298)
Deferred inflows from service concession arrangement	(9,973,856)
Net other post employment benefits (OPEB) obligation	(393,544)
Deferred inflows relating to other post employment benefits (OPEB)	(298,610)
Compensated absences payable	(1,378,794)

Net Position of Governmental Activities \$ 47,417,495

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
For the Year Ended September 30, 2018

	Major Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Stormwater Drain Trust Fund	Capital Improvements Program Fund		
Revenues:					
Taxes:					
Ad valorem	\$ 6,664,901	\$ -	\$ -	\$ 1,424,898	\$ 8,089,799
Utility taxes	2,176,125	4,154	-	-	2,180,279
Business taxes	666,807	-	-	-	666,807
Franchise taxes	1,063,814	-	-	-	1,063,814
Licenses and permits	878,540	-	-	60,212	938,752
Intergovernmental	1,686,014	376,815	-	746,377	2,809,206
Charges for services	3,434,529	-	-	29,063	3,463,592
Fines and forfeitures	1,260,995	-	-	141,672	1,402,667
Interest income	220,649	7,570	-	45,109	273,328
Rents and royalties	253,412	-	-	759,212	1,012,624
Miscellaneous	402,798	-	-	146,039	548,837
Total revenues	<u>18,708,584</u>	<u>388,539</u>	<u>-</u>	<u>3,352,582</u>	<u>22,449,705</u>
Expenditures:					
Current:					
General government	4,614,060	-	-	-	4,614,060
Public safety	8,358,673	-	-	47,938	8,406,611
Public works	3,176,827	135,145	-	369,787	3,681,759
Culture and recreation	2,107,466	-	-	10,340	2,117,806
Community services	-	-	-	615,570	615,570
Capital outlay	-	22,787	1,793,827	617,425	2,434,039
Debt service:					
Principal	68,397	-	-	768,000	836,397
Interest and fiscal charges	-	-	-	429,535	429,535
Total expenditures	<u>18,325,423</u>	<u>157,932</u>	<u>1,793,827</u>	<u>2,858,595</u>	<u>23,135,777</u>
Excess (deficiency) of revenues over expenditures	<u>383,161</u>	<u>230,607</u>	<u>(1,793,827)</u>	<u>493,987</u>	<u>(686,072)</u>
Other Financing Sources (Uses):					
Transfers in	284,465	-	2,497,717	390,027	3,172,209
Transfers out	<u>(2,887,744)</u>	<u>(150,000)</u>	<u>-</u>	<u>(134,465)</u>	<u>(3,172,209)</u>
Total other financing sources (uses)	<u>(2,603,279)</u>	<u>(150,000)</u>	<u>2,497,717</u>	<u>255,562</u>	<u>-</u>
Net change in fund balances	<u>(2,220,118)</u>	<u>80,607</u>	<u>703,890</u>	<u>749,549</u>	<u>(686,072)</u>
Fund balances - beginning	<u>12,991,409</u>	<u>161,976</u>	<u>1,586,887</u>	<u>5,265,200</u>	<u>20,005,472</u>
Fund balances - ending	<u>\$ 10,771,291</u>	<u>\$ 242,583</u>	<u>\$ 2,290,777</u>	<u>\$ 6,014,749</u>	<u>\$ 19,319,400</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
For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (686,072)

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 are depreciated over their estimated useful lives:

Expenditures for capital assets	1,469,310
Current year provision for depreciation	(1,206,420)

In the statement of activities, only a gain or loss on the sale/disposition of assets is reported, whereas, in the governmental funds, the entire proceeds from that sale/disposition increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of assets sold/disposed, less accumulated depreciation. (3,275)

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 position. (439,447)

Certain revenues do not provide current financial resources and, therefore, are not reported in the governmental funds:

Net revenues from service concession arrangement	439,447
Change in accrued interest receivable	(8,055)

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. 836,397

Certain changes related to pension and other post employment benefits (OPEB) assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows relating to pensions	202,722
Change in deferred inflows relating to pensions	(1,161,088)
Change in deferred inflows relating to other post employment benefits (OPEB)	(298,610)

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 bond refunding	(49,195)
Change in net other post employment benefits (OPEB) obligation	288,643
Change in net pension asset	2,060,259
Change in claims and judgement	1,025,000
Change in compensated absences payable	40,356
Change in accrued interest payable	14,219

Change in Net Position of Governmental Activities \$ 2,524,191

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, 2018

	Employee Retirement Funds
	<u> </u>
Assets:	
Receivables:	
Employee contribution	\$ 20,162
Dividends and interest	103,787
Section 185 contribution	148,199
Pending trades	6,209
	<u> </u>
Total receivables	<u>278,357</u>
Investments, at fair value:	
Money market funds	228,195
U.S. Government and agency securities	3,795,134
Corporate obligations	6,833,425
Real estate holdings	1,705,277
Common stocks:	
Domestic equity	6,385,996
International equity	765,233
Mutual funds:	
Equity	16,965,523
International equity	6,823,268
Fixed income	340,077
	<u> </u>
Total investments	<u>43,842,128</u>
Other assets:	
Prepaid expenses	1,808
	<u> </u>
Total assets	<u>44,122,293</u>
Liabilities:	
Accounts payable	64,558
Pending trades payable	16,830
Minimum funding liability	37,780
	<u> </u>
Total liabilities	<u>119,168</u>
Net Position:	
Restricted for pension benefits	\$ <u>44,003,125</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
For the Year Ended September 30, 2018

	Employee Retirement Funds
Additions:	
Contributions:	
Employer	\$ 652,852
Employees	536,473
Section 185 contributions	<u>148,199</u>
Total contributions	<u>1,337,524</u>
Investment income:	
Net appreciation in fair value of investments	3,411,817
Interest and dividends	<u>804,933</u>
Total investment income	4,216,750
Less investment expenses	<u>164,274</u>
Net investment income	<u>4,052,476</u>
Total additions	<u>5,390,000</u>
Deductions:	
Benefits paid	1,490,402
Refunds of contributions	101,276
Administrative expenses	172,376
Minimum benefit funding payment	<u>37,780</u>
Total deductions	<u>1,801,834</u>
Change in net position	3,588,166
Net position restricted for pension benefits, beginning	<u>40,414,959</u>
Net position restricted for pension benefits, ending	<u>\$ 44,003,125</u>

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

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 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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. Internally dedicated resources are reported as general revenues rather than as program revenues. 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 sixty days subsequent to year end; provided that amounts received pertain to billings through the fiscal year just ended. Intergovernmental revenues, franchise fees/taxes and utility service taxes are recorded in accordance with their legal or contractual requirements if collected in the current period or within sixty 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.

The *Stormwater Drain Trust 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.

Note 2 - Summary of Significant Accounting Policies (continued)

The Capital Improvements Program Fund is a capital projects fund, and 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.

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.

The City considers 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, various 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, 2018, there were no material 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 government-wide and fund financial statements. These costs are accounted under the consumption method.

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, 2018.

Note 2 - Summary of Significant Accounting Policies (continued)

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, Regional and other tax requirements. The millage rate assessed by the City for the year ended September 30, 2018 was 4.3 mills (\$ 4.3 mils 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of acquisition. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial, individual cost of more than the following established thresholds:

Buildings and improvements	\$	50,000
Machinery and equipment	\$	5,000
Land improvements	\$	25,000
Infrastructure	\$	250,000
Intangibles	\$	25,000

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

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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(s) 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 certain deferrals relating to pensions, which are discussed further in Note 12. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until then. The City has three items that meet this criterion; service concession arrangements, which are discussed further in Note 8, certain deferrals relating to pensions, which are discussed further in Note 12, and deferrals relating to other post employment benefits (OPEB), which are discussed further in Note 11.

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.

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 basis 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. Investments are reported at fair value.

Note 2 - Summary of Significant Accounting Policies (continued)

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 comprised 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.

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.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Emergency and Disaster Recovery Operating 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 no less than 10% of budgeted expenditures (\$ 3,461,905 committed at year-end). 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.

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 25, 2019, which is the date the financial statements were available to be issued.

Note 3 – Stewardship, Compliance and Accountability

The City has no funds with a total deficit fund balance at the end of the fiscal year.

Note 4 – Deposits and Investments

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

Note 4 – Deposits and Investments (continued)

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, 2018, the carrying amount of the City's book balance for deposits held with financial institutions totaled \$ 8,056,210 and the bank balance was \$ 8,199,783.

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, 2018, the City had the following cash equivalents:

Investment Type	Amortized Cost	Maturity Less than 1 Year
Repurchase agreement*	\$ 12,403,556	\$ 12,403,556
Total at amortized cost	\$ 12,403,556	

* Amortized cost approximates fair value.

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

Category	
Deposits	\$ 8,056,210
Petty cash	1,502
Cash equivalents	<u>12,403,556</u>
	<u>\$ 20,461,268</u>

Note 4 – Deposits and Investments (continued)

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, 2018 from a nationally recognized rating agency:

Standard and Poor's/ Moody's Investor Services Ratings	General Employees and Police Officers Pension Plan	Police Officers Retirement Trust Fund - Section 185	Total
AAA/Aaa	\$ 245,677	\$ 14,963	\$ 260,640
AA/Aa	3,974,561	12,583	3,987,144
A/A	2,526,017	38,429	2,564,446
BBB/Baa	3,882,304	58,493	3,940,797
Not rated	-	215,609	215,609
	<u>\$ 10,628,559</u>	<u>\$ 340,077</u>	<u>\$ 10,968,636</u>

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Although the Plan and Fund investment policy do not provide limitations as to maturities, the Plan and Fund minimizes risk of fair value losses in its fixed income portfolio due to rising interest rates by structuring its investment portfolio so that securities mature to meet ongoing cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or by cash flow projections.

Note 4 – Deposits and Investments (continued)

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

Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
Corporate obligations	\$ 6,833,425	\$ 589,353	\$ 3,901,280	\$ 1,819,155	\$ 523,637
U.S. Government and agency securities	3,795,134	7	522,865	2,936,687	335,575
Mutual fund, fixed income	340,077	1,020	142,492	134,331	62,234
Totals	\$ <u>10,968,636</u>	\$ <u>590,380</u>	\$ <u>4,566,637</u>	\$ <u>4,890,173</u>	\$ <u>921,446</u>

Concentration of Credit Risk:

In general, the investment policy of the Plan and Fund limits investments in the stock of any one issuing company to 5% of the Plan’s or Fund’s assets at cost and to 5% of the outstanding capital stock of that company. Furthermore, investments in domestic equities shall not exceed 60% of the Plan’s or Fund’s assets at market value, and international equity investments shall not exceed 20% of the Plan’s or Fund’s assets at market value. In general, for fixed income securities, not more than 5% of the Plan’s or Fund’s fixed income portfolio at cost shall be invested in the securities of any single corporate issuer. Furthermore, investments in domestic and international fixed income securities of the Plan’s or Fund’s assets at market value shall not exceed 40% - 45% and 0% - 10%, respectively. The Plan limits its real estate holdings between 2.5% - 10% of portfolio market value.

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, 2018, 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 direct exposure to foreign credit risk.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - Unadjusted price quotations in active markets/exchanges for identical assets.
- Level 2 - Observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).
- Level 3 - Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Note 4 – Deposits and Investments (continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priorities to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

The Plan and Fund categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. Investments are recorded at fair value, and primarily uses the market approach to value each security. Security pricing is provided by a third-party and is generally reported daily to the Plan and Fund by its custodians.

The Plan and the Fund has the following recurring fair value measurements as of September 30, 2018:

Investment Type	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 24,128,868	\$ 24,128,868	\$ -	\$ -
Real estate holdings	1,705,277	-	-	1,705,277
Corporate obligations	6,833,425	-	6,833,425	-
Common stocks	7,151,229	7,151,229	-	-
U.S. Government and agency securities	3,795,134	1,883,695	1,911,439	-
	43,613,933	\$ 33,163,792	\$ 8,744,864	\$ 1,705,277
Investments measured at amortized cost:				
Money market funds	228,195			
Total	\$ 43,842,128			

Level 1 assets are valued in accordance with market quotation or valuation methods from services believed by the investment manager to be reliable. Level 2 assets, which are not publicly traded may reflect values from other external sources or special valuations prepared by the investment manager. Level 3 assets are valued at a discounted cash flow analysis, or other means, provided by the management of the fund.

The real estate holdings of the limited partnership have no current unfunded commitments. The final capital call was due by February 26, 2018. The limited partnership is expected to distribute the principal and earnings to the Plan over a period of approximately seven years from the date when substantially all capital commitments are invested, unless extended longer or terminated earlier, as provided in the Limited Partnership Agreement. The changes in investments in real estate holdings measured at estimated fair value, for which the Plan has used Level 3 inputs to determine fair value, are as follows:

Note 4 – Deposits and Investments (continued)

	<u>Real Estate Holdings</u>
Beginning balance, at October 1 st	\$ 671,614
Capital contributed during period	960,000
Investment income from operations	63,125
Total gains (realized and unrealized)	101,425
Distributions	(55,769)
Management fees and other	<u>(35,118)</u>
Ending balance, at September 30 th	<u>\$ 1,705,277</u>

Note 5 - Receivables

Receivables at September 30, 2018 were as follows:

	<u>Major Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Stormwater Drain Trust Fund</u>	<u>Capital Improvements Program Fund</u>	<u>Nonmajor Governmental Funds</u>	
Receivable type:					
Intergovernmental	\$ 178,609	\$ -	\$ 2,200	\$ 184,816	\$ 365,625
Franchise fees	199,893	-	-	-	199,893
Utility taxes	153,959	-	-	-	153,959
Accounts	<u>43,838</u>	<u>98,026</u>	<u>-</u>	<u>-</u>	<u>141,864</u>
Total	<u>\$ 576,299</u>	<u>\$ 98,026</u>	<u>\$ 2,200</u>	<u>\$ 184,816</u>	<u>\$ 861,341</u>

Note 6 - Interfund Balances and Transfers

Interfund balances at September 30, 2018 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>General Fund</u>	<u>Stormwater Drain Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	
Receivable fund:				
Capital Improvements Program Fund	\$ 2,735,350	\$ -	\$ -	2,735,350
Nonmajor Governmental Funds	<u>1,527,906</u>	<u>506,636</u>	<u>421,117</u>	<u>2,455,659</u>
	<u>\$ 4,263,256</u>	<u>\$ 506,636</u>	<u>\$ 421,117</u>	<u>\$ 5,191,009</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.

City of South Miami, Florida
Notes to the Basic Financial Statements
September 30, 2018

Note 6 - Interfund Balances and Transfers (continued)

During the year, \$ 2,497,717 and \$ 390,027 was transferred from the General Fund to the Capital Improvements Program Fund and the Debt Service Fund, respectively, to assist with capital improvement projects and debt service requirements. The remaining transfers were to the General Fund from the Stormwater Drain Trust Fund and nonmajor governmental funds to reimburse the General Fund for expenditures incurred.

Note 7 - Capital Assets

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

	Balance October 1, 2017	Increases	Decreases/ Transfers	Balance September 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 14,569,480	\$ -	\$ -	\$ 14,569,480
Construction in progress	46,418	-	-	46,418
Total capital assets, not being depreciated	<u>14,615,898</u>	<u>-</u>	<u>-</u>	<u>14,615,898</u>
Capital assets, being depreciated:				
Buildings and improvements	19,932,851	43,815	-	19,976,666
Machinery and equipment	7,592,329	1,157,055	742,576	8,006,808
Land improvements	1,712,260	268,440	-	1,980,700
Infrastructure	10,538,741	-	-	10,538,741
Intangible assets	448,257	-	-	448,257
Total capital assets, being depreciated	<u>40,224,438</u>	<u>1,469,310</u>	<u>742,576</u>	<u>40,951,172</u>
Less accumulated depreciation for:				
Buildings and improvements	4,624,967	395,708	-	5,020,675
Machinery and equipment	6,024,905	496,528	739,301	5,782,132
Land improvements	849,993	83,710	-	933,703
Infrastructure	3,590,442	230,474	-	3,820,916
Intangible assets	448,257	-	-	448,257
Total accumulated depreciation	<u>15,538,564</u>	<u>1,206,420</u>	<u>739,301</u>	<u>16,005,683</u>
Total capital assets, being depreciated, net	<u>24,685,874</u>	<u>262,890</u>	<u>3,275</u>	<u>24,945,489</u>
Governmental activities capital assets, net	<u>\$ 39,301,772</u>	<u>\$ 262,890</u>	<u>\$ 3,275</u>	<u>\$ 39,561,387</u>

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

General government	\$ 600,510
Public safety	306,142
Public works	176,621
Culture and recreation	94,198
Community services	28,949
Total depreciation expense - governmental activities	<u>\$ 1,206,420</u>

Note 8 - Service Concession Arrangement and Note Receivable

The City owns a municipal garage that started operations in January 2008. The City executed a lease agreement (the "Lease") with an outside party to operate and maintain the municipal 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 municipal 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 municipal garage. These amounts owed to the City by the lessee are shown as notes receivable in the statement of net position in the amount of \$ 7,207,266.
- (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 \$ 2,766,590.

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 municipal garage at fair value of approximately \$ 13 million. Additionally, \$ 9,973,856 is reflected 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 requires 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 municipal garage, a mortgage on certain land owned by the lessee and by a personal guarantee from the owner of the lessee. A portion of the notes receivable (original amount of \$ 700,000) requires quarterly payments, including interest at 4.23%, through April 2019.

Future principal and interest payments due to the City under the notes receivable, as of September 30, 2018, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2019	\$ 367,577	\$ 335,831	\$ 703,408
2020	320,936	318,836	639,772
2021	333,440	303,954	637,394
2022	354,280	288,314	642,594
2023	366,785	271,790	638,575
2024-2028	2,113,176	1,083,736	3,196,912
2029-2033	2,313,240	521,432	2,834,672
2034-2037	1,037,832	95,937	1,133,769
	<u>\$ 7,207,266</u>	<u>\$ 3,219,830</u>	<u>\$ 10,427,096</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, 2018.

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Governmental Activities:					
Florida Municipal Loan Council Bonds, Series 2006	\$ 1,270,000	\$ -	\$ (40,000)	\$ 1,230,000	\$ 40,000
Taxable Revenue Note, Series 2011	5,625,000	-	(485,000)	5,140,000	490,000
Refunding Revenue Note, Series 2015	4,470,000	-	(243,000)	4,227,000	254,000
Notes payable	68,397	-	(68,397)	-	-
Compensated absences	1,419,150	598,460	(638,816)	1,378,794	400,325
Totals	\$ 12,852,547	\$ 598,460	\$ (1,475,213)	\$ 11,975,794	\$ 1,184,325

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

Florida Municipal Loan Council (FMLC Bonds): The City previously borrowed \$ 5,625,000 from the FMLC’s debt issue of \$ 22,365,000 Revenue Bonds, Series 2006, to assist with the financing of 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 a lessee in conjunction with the notes receivable (Note 8), future municipal 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 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 estimated to be as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 40,000	\$ 52,919	\$ 92,919
2020	45,000	51,019	96,019
2021	45,000	49,191	94,191
2022	50,000	47,231	97,231
2023	50,000	45,169	95,169
2024-2028	290,000	191,288	481,288
2029-2033	360,000	120,825	480,825
2034-2037	350,000	32,625	382,625
	\$ 1,230,000	\$ 590,267	\$ 1,820,267

Revenue Notes: Previously, the City issued a \$ 7,575,000 Taxable Revenue Note, Series 2011, primarily to partially advance refund \$ 1,725,000 and \$ 3,775,000 of the then 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 defeased. Effective October 2016, the FMLC Series 2006 partially advanced refunded portion was considered defeased.

Note 9 - Long Term Liabilities of Governmental Activities (continued)

Annual principal and semi-annual interest payments are due through October 2026 at a fixed rate of 4.55%; secured by a pledge of all non-ad valorem revenues of the City.

In May 2015, the City issued a \$ 4,948,000 Refunding Revenue Note, Series 2015, to refund \$ 1,640,000 and \$ 3,308,000 of the then remaining balance of FMLC 2001A and 2002A revenue bonds, respectively. Semi-annual principal and interest payments are due through May 2032 at a fixed rate of 2.80%; secured by a pledge of all non-ad valorem revenues of the City.

Annual debt service requirements to maturity for the Revenue Notes are estimated to be as follows:

Year Ending September 30,	Series 2011		Series 2015		Total
	Principal	Interest	Principal	Interest	
2019	\$ 490,000	\$ 225,616	\$ 254,000	\$ 116,592	\$ 1,086,208
2020	495,000	203,652	259,000	109,438	1,067,090
2021	520,000	179,717	264,000	102,158	1,065,875
2022	540,000	155,268	276,000	94,682	1,065,950
2023	565,000	129,782	280,000	86,926	1,061,708
2024-2028	2,530,000	240,291	1,515,000	312,508	4,597,799
2029-2032	-	-	1,379,000	87,920	1,466,920
Total	\$ 5,140,000	\$ 1,134,326	\$ 4,227,000	\$ 910,224	\$ 11,411,550

Notes Payable: The City previously entered into Inter-Local agreements with Miami-Dade County for the purchase of police radios. The cost for the radios was approximately \$ 247,000 and payable in ten years. During the year ended September 30, 2018, the balance relating to the police radios was fully paid.

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.

On December 28, 2017, the Baptist Health South Florida ("BHSF") Obligated Group issued through the City of South Miami Health Facilities Authority \$809,565,000 of its Hospital Refunding Revenue Bonds, Series 2017 ("2017 Bonds"). The 2017 Bonds bear interest at rates ranging from 3.00% to 5.00%, payable semiannually each February 15 and August 15, and mature annually on August 15 through 2047. Payment of principal and interest on the 2017 Bonds is wholly dependent on the credit of the BHSF Obligated Group. Proceeds of the 2017 Bonds, together with other available funds, were used to refund outstanding bonds and pay issue costs incurred in connection with the issuance of the 2017 Bonds. As of September 30, 2018, the outstanding principal amount payable was \$ 871,383,825, net of unaccreted bond premium of \$ 81,638,138 and deferred issuance costs of \$ 5,684,313.

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.

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.

Note 10 - Commitments and Contingencies (continued)

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 (OPEB)

During fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45. See Note 15 for information on the effect of implementation on beginning net position in the government wide statements.

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 in full all blended costs of coverage by the specified due date. The City pays the full blended cost of coverage for the surviving spouse, until remarried, and dependents, up to age 26, of any police officer who dies in the line of duty. If the police officer is catastrophically injured, the City will pay the full blended cost of insurance for the member, spouse, until remarried, and dependents, up to age 26.

The following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>123</u>
Total plan members	<u><u>124</u></u>

Currently, the City’s OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay as you go funding policy, therefore, only those amounts necessary to provide for the City’s reporting of current year benefit costs and expenses have been contributed from the General Fund. Contribution rates are determined by the City. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

Actuarial Methods and Assumptions: The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Note 11 - Other Post-Employment Benefits (OPEB) (continued)

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

The total OPEB liability at September 30, 2018 was based on an actuarial valuation dated October 1, 2017 with a measurement date of October 1, 2017, using the following actuarial assumptions:

Actuarial cost method	Entry age, level percent of pay
Inflation	2.75%
Discount rate	3.50%
Projected salary increases	3.75% - 5.25%
Healthcare cost trend rates:	Based on the Getzen Model starting at 6.0% gradually decreasing to an ultimate rate of 4% in 2040 and thereafter.
Retirees' share of benefit -related costs	100% of blended health insurance premium rates except where 0% is required by law for certain Police Officer death and disability provisions.
Mortality:	Healthy members based on various RP-2000 mortality tables with varying Collar adjustments - generational mortality, separate for males and females.

Changes in assumptions and other inputs include the following for as of the beginning of the measurement period, October 1, 2017: the discount rate increased from 3.10% to 3.50%, the excise tax load increased from 3.6% to 4.3%, and the health care trend decreased from (7.5% to 5.0% in 2020+) to (6.0% to 4.0% in 2040+). These changes are reflected in the Schedule of Changes in Total OPEB Liability. Mortality tables and rates of retirement were also updated. For the October 1, 2017 measurement date, eligibility for benefits was changed to reflect the new pension benefit eligibilities added to the Plan.

Discount Rate: The discount rate used to measure the total OPEB liability at October 1, 2017 was 3.50%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 3.10% as of the beginning of the measurement year.

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2018, are as follows:

Total OPEB liability	\$	393,544
OPEB Plan fiduciary net position		-
City's net OPEB liability	\$	393,544
OPEB Plan fiduciary net position as a percentage of total OPEB liability		0.00%

Note 11 - Other Post-Employment Benefits (OPEB) (continued)

Schedule of Changes in Total OPEB Liability

Measurement year ended September 30, 2017

Total OPEB liability:	
Service cost	\$ 48,182
Interest on total OPEB liability	22,481
Benefit changes	(10,435)
Difference between actual and expected experience	(337,400)
Assumption changes	(1,025)
Benefit payments	<u>(10,446)</u>
Net change in total OPEB liability	(288,643)
Total OPEB liability, beginning	<u>682,187</u>
Total OPEB liability, ending	<u>\$ 393,544</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ <u>455,392</u>	\$ <u>393,544</u>	\$ <u>343,246</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease (5.0% to 3.4%)	Current Trend Rates (6.0% to 4.4%)	1% Trend Increase (7.0% to 5.4%)
Total OPEB liability	\$ <u>331,357</u>	\$ <u>393,544</u>	\$ <u>474,107</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2018 the City recognized OPEB expense of \$ 20,749. At September 30, 2018, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 297,706
Changes in assumptions and other inputs	<u>-</u>	<u>904</u>
Total	<u>\$ -</u>	<u>\$ 298,610</u>

Note 11 - Other Post-Employment Benefits (OPEB) (continued)

The deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Deferred Inflows of Resources
2019	\$ (39,815)
2020	(39,815)
2021	(39,815)
2022	(39,815)
2023	(139,350)
	\$ <u>(298,610)</u>

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. Through September 30, 2018, the most recent amendment to the Plan occurred on January 17, 2017.

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 service for benefits accrued at September 30, 2011. Attainment of age 60 and completion of 10 years of credited service 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 2.25% to 2.75% of their final monthly compensation ("FMC") based on years of credited service.

General Employees - Second Tier Members: Attainment of age 65 and completion of 10 years of credited service or completion of 33 years of credited service regardless of age. Second Tier Members are categorized as general employees who are hired on or after October 1, 2016 who elect to join the South Miami Pension Plan, and general employees who were hired prior to October 1, 2016 and not participating in the Plan as of October 1, 2016 and have elected to join. Second Tier Members are entitled to retirement benefits of 1.60% of FMC based on years of credited service.

Note 12 - Defined Benefit Pension Plan (continued)

Administration Management Service Class ("AMSC"): Attainment of age 65 and completion of 3 years of credited service or completion of 33 years of credited services regardless of age. AMSC Members are select personnel holding administrative/managerial level positions as defined by ordinance including, but not limited to, City Manager, City Attorney, City Clerk, and Chief of Police. The AMSC Members are entitled to retirement benefits of 3.00% of 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.

Final Monthly Compensation:

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 it 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.

Effective October 1, 2016, final average compensation for members covered under the Miami-Dade County Police Benevolent Association Upper-Collective Bargaining Union (Lieutenants & Captains), collective bargaining agreements, is the best 5 years of basic compensation, provided it is not less than the final average compensation as of September 30, 2016 based on the definition above.

Final average compensation for Second Tier Members and AMSC members shall be the average of the highest 8 years of credit service.

Supplemental Benefit:

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 and ASMC members, accrued benefits from October 1, 2011 and thereafter are not subject to the cost-of-living supplemental benefit adjustment. No cost-of-living supplemental benefits is provided to Second Tier Members.

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. General employees and AMSC members may elect early retirement at any age 55 after 10 years of credited service. Benefits shall be based upon FMC and credited service as of early retirement date, reduced by $1/15^{\text{th}}$ for each of the first five years and $1/30^{\text{th}}$ for the next five years that the benefit commencement date precedes normal retirement.

Note 12 - Defined Benefit Pension Plan (continued)

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 commencement.

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: The Plan is 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.

General Employees - Second Tier Members: Second Tier Members are categorized as full-time general employees who are hired on or after October 1, 2016 who elect to join or fail to make any election within ninety days from the date of hire; and full-time general employees who were hired or on after October 1, 2011 and not participating in the Plan as of October 1, 2016 and who elect to join or fail to make any election within ninety days from the effective date of the ordinance creating this tier.

Administration Management Service Class: As of October 1, 2016, and thereafter, AMSC members are offered a one-time irrevocable election to either join the Plan or a defined contribution plan of the City.

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, 2017:

	General and AMSC Employees	Police Officers
Active plan members	57	44
Terminated vested	3	5
Receiving benefits	28	20
	<u>88</u>	<u>69</u>

Note 12 - Defined Benefit Pension Plan (continued)

Contributions: 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 provided by the Plan. For the year ended September 30, 2018, Plan participant contribution requirements were as follows: 7% for general employees – first tier members and AMSC; 3.0% for general employees – second tier members; and 10.4% for police officers. For the year ended September 30, 2017, City contribution requirements were as follow: 6.6% for general employees – first tier members; 4.6% for general employees – second tier members; 7.6% for AMSC members; and 14.3% for police officers. In accordance with a City ordinance, should the aggregate participant’s and City’s contribution be actuarially determined to exceed, not including expenses, 14% and 15%, for general employees (other than second tier members and AMSC participants) and police officers, respectively, both participants and the City shall share equally in such excess percentage. Notwithstanding the above, the maximum general employees and police officers (lieutenants and captains) contributions is capped at 10% and 12%, respectively, for fiscal years beginning on or after October 1, 2016.

The Police Officers Pension Plan also receives contributions from the State of Florida. During the fiscal year ended September 30, 2018, the City received \$ 110,419 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.

Net Pension Liability: The City’s net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as of October 1, 2016.

Actuarial Assumptions:

The total pension liability in the October 1, 2016 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	10/1/2016
Actuarial cost method	Entry age normal
Amortization method	Level Percentage of payroll, closed
Amortization period	25 years for general employees and AMSC; 30 years for Police Officers
Asset valuation method	5-year smoothed
Actuarial assumptions:	
Investment rate of return	7.375%
Projected salary increases	3.75% - 5.25%
Includes inflation at	2.75%
Cost-of-living adjustment	3% / 0.0%

Note 12 - Defined Benefit Pension Plan (continued)

Mortality rates for general employees and AMSC members were based on the RP-2000 Mortality Tables, separate for males and females. Mortality rates for police officers were based on RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment, separate for males and females. Mortality rates for disabled members were based on RP-2000 Disabled Mortality Tables, separate for males and females. These tables provide fully generational mortality improvements projected to each future payment date with Scale AA.

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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	30%	5.7%
Smaller Mid Cap	15%	8.7%
Foreign Equity	15%	4.3%
Real estate	10%	6.4%
Fixed Income	30%	4.6%
	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 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.

Note 12 - Defined Benefit Pension Plan (continued)

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of September 30, 2016	\$ 35,175,084	\$ 35,049,134	\$ 125,950
Service cost	846,884	-	846,884
Interest	2,630,646	-	2,630,646
Benefit changes	(20,122)	-	(20,122)
Differences between expected and actual experience	(112,807)	-	(112,807)
Assumption changes	566,118	-	566,118
Contributions - employer and state	-	681,713	(681,713)
Contributions - employees	-	910,127	(910,127)
Net investment income	-	4,542,693	(4,542,693)
Benefits payments, including refunds	(1,570,751)	(1,570,751)	-
Administrative expenses	-	(163,555)	163,555
Net changes	<u>2,339,968</u>	<u>4,400,227</u>	<u>(2,060,259)</u>
Balances as of September 30, 2017	<u>\$ 37,515,052</u>	<u>\$ 39,449,361</u>	<u>\$ (1,934,309)</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 (asset)	\$ <u>3,156,524</u>	\$ <u>(1,934,309)</u>	\$ <u>(6,308,390)</u>

Pension Plan Fiduciary Net Position:

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Relating to Pensions: For the year ended September 30, 2018, the City recognized pension expense (credit) of (\$ 411,261). At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

Note 12 - Defined Benefit Pension Plan (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made between measurement date and the reporting date	\$ 690,632	\$ -
Changes of assumptions or other inputs	461,281	-
Net difference between projected and actual earnings on Plan investments	-	1,391,245
Differences between expected and actual experience on liabilities	<u>-</u>	<u>900,053</u>
	<u>\$ 1,151,913</u>	<u>\$ 2,291,298</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, 2019. Other amounts reported as deferred outflows/inflows of resources relating to pensions will be recognized in pension expense in future years as follows:

<u>Year Ending September 30,</u>	
2019	\$ (542,477)
2020	(306,713)
2021	(668,565)
2022	(345,840)
2023	<u>33,578</u>
	<u>\$ (1,830,017)</u>

Note 13 – Defined Contributions 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.

Note 13 – Defined Contributions Plans (continued)

The sum of \$37,780 is paid from the Fund to the City of South Miami Police Officers Pension Plan each year, regardless of the growth or diminution in future Chapter 185 funds, to partially fund additional benefits.

401(a) and 457(b) Deferred Compensation Plans: The City is a single employer that contributes to four (4) defined contribution pension plans based upon employee classification. The City Commission executed a resolution for the City to make contributions of up to 7% of participating members' earnings into the plans.

The City contributes into a pension plan established under the Internal Revenue Code Section 401(a) that is available to all eligible employees with the designated contributions of up to 7% of earnings. The City provided contributions to the plan for the year ended September 30, 2018 of approximately \$ 8,400.

For employees hired after October 1, 2016 and choosing not to enroll in the defined benefit plan, the City created a mandatory 401(a) plan with a City contribution of 7% and employee contribution of 3%. The City contribution to this plan during the year ended September 30, 2018 was approximately \$ 54,400.

Also available to eligible employees, the City contributes to a 401(a) plan as a matching contribution to an existing employer elected 457(b) plan. Those City contributions to this plan during the year ended September 30, 2018 were approximately \$ 12,400.

Lastly, the City established a deferred compensation pension plan created in accordance with the Internal Revenue Service Code Section 457(b). Eligible employees can contribute into the plan with a City match up to the 7% limitation as adopted by City Commission. The City provided contributions to this plan for the year ended September 30, 2018 of approximately \$ 7,400.

The 401(a) and 457(b) plans mentioned above are administered by ICMA Retirement Corporation. The City does not exercise any control nor have fiduciary responsibility over the 401(a) and 457(b) plan assets. Therefore, the assets, liabilities, and transactions are not included in the City's financial statements.

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, except as noted below, have not exceeded the City's retention and excess coverage in force for each of the past three years.

The City Commission approved Resolution No. 002-18-15034 on January 4, 2018 to settle on a litigation with a former employee, including trial and appellate attorney fees and costs for \$1,025,000. The settlement was negotiated by the City upon final judgment affirmed by an appellate court without opinion, in exchange for a Joint General Release of claims for all parties involved. This expenditure is included in public safety in the accompanying statement of revenues, expenditures, and changes in fund balances.

Note 15— Restatement

The net position of the Governmental Activities has been adjusted due to the adoption of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018.

	<u>Governmental Activities</u>
Net Position, September 30, 2017, as previously reported	\$ 45,272,368
Cumulative Affect of Application of GASB 75, Net Pension Liability	<u>(379,064)</u>
Net Position, September 30, 2017, as restated	\$ <u><u>44,893,304</u></u>

REQUIRED SUPPLEMENTARY
INFORMATION

City of South Miami, Florida
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Ad valorem	\$ 6,671,944	\$ 6,671,944	\$ 6,664,901	\$ (7,043)
Utility taxes	2,042,148	2,042,148	2,176,125	133,977
Business taxes	700,000	700,000	666,807	(33,193)
Franchise taxes	1,296,920	1,296,920	1,063,814	(233,106)
Licenses and permits	942,750	942,750	878,540	(64,210)
Intergovernmental	1,595,434	1,595,434	1,686,014	90,580
Charges for services	3,287,670	3,287,670	3,434,529	146,859
Fines and forfeitures	1,497,000	1,497,000	1,260,995	(236,005)
Rents and royalties	247,496	247,496	253,412	5,916
Interest income	93,500	93,500	182,436	88,936
Miscellaneous	124,827	124,827	402,798	277,971
Total revenues	18,499,689	18,499,689	18,670,371	170,682
Expenditures:				
Current:				
General government:				
City commission	135,923	135,923	91,295	44,628
City manager	2,045,220	2,049,386	1,626,241	423,145
City clerk	497,561	539,562	455,619	83,943
Legal	493,049	493,049	312,353	180,696
Finance	1,445,555	1,445,555	1,353,498	92,057
Total general government	4,617,308	4,663,475	3,839,006	824,469
Public safety:				
Police	6,781,502	7,762,112	6,944,217	817,895
Building, zoning and community development	1,485,244	1,546,077	1,414,456	131,621
Total public safety	8,266,746	9,308,189	8,358,673	949,516
Public works	3,556,335	3,531,335	3,176,827	354,508
Culture and recreation	2,323,658	2,360,459	2,107,466	252,993
Debt Service:				
Principal	20,000	68,400	68,397	3
Total expenditures	18,784,047	19,931,858	17,550,369	2,381,489
Excess (deficiency) of revenues over expenditures	(284,358)	(1,432,169)	1,120,002	2,552,171
Other Financing Sources (Uses):				
Transfers in	284,465	284,465	284,465	-
Transfers out	(4,157,744)	(4,157,744)	(2,887,744)	1,270,000
Total other financing sources (uses)	(3,873,279)	(3,873,279)	(2,603,279)	1,270,000
Net change in fund balance	\$ (4,157,637)	\$ (5,305,448)	\$ (1,483,277)	\$ 3,822,171

See required supplementary information – notes to budgetary comparison schedules.

City of South Miami, Florida
Budgetary Comparison Schedule - General Fund
(continued)
For the Year Ended September 30, 2018

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

Net change in fund balance - budget to actual - General Fund	\$ (1,483,277)
--	----------------

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 Balances -
 Governmental Funds:

Net change in fund balance - Emergency Reserve Fund ⁽¹⁾	(736,841)
Net change in fund balance - City Parks Acquisition, Development, Operations and Maintenance Fund ⁽²⁾	-
	-

General Fund - net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>(2,220,118)</u></u>
---	------------------------------

- (1) See budget to actual comparison schedule on page 72.
- (2) See budget to actual comparison schedule on page 73.

City of South Miami, Florida
Budgetary Comparison Schedule - Stormwater Drain Trust Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Utility taxes	\$ 10,000	\$ 10,000	\$ 4,154	\$ (5,846)
Intergovernmental	375,000	375,000	376,815	1,815
Interest income	1,850	1,850	7,570	5,720
Total revenues	386,850	386,850	388,539	1,689
Expenditures:				
Current:				
Public works	175,863	191,978	135,145	56,833
Capital outlay	180,000	183,952	22,787	161,165
Debt Service:				
Principal	27,036	27,036	-	27,036
Interest and fiscal charges	1,500	1,500	-	1,500
Total expenditures	384,399	404,466	157,932	246,534
Excess (deficiency) of revenues over expenditures	2,451	(17,616)	230,607	248,223
Other Financing Sources (Uses):				
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	(150,000)	(150,000)	(150,000)	-
Net change in fund balance	\$ (147,549)	\$ (167,616)	\$ 80,607	\$ 248,223

See required supplementary information – notes to budgetary comparison schedules.

Note 1 - Budgets and Budgetary Accounting

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). All governmental funds adopted a budget, with the exception of the Parks Impact Fees 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 not expended nor specifically designated to be carried over, lapse at the end of the fiscal year.

Note 2 – Excess of Expenditures Over Appropriations

For the year ended September 30, 2018, expenditures exceeded appropriations in the following fund:

Emergency Reserve Fund general government expenditures exceeded appropriations by \$ 775,054. This unfavorable variance was caused by costs related to Hurricane Irma which were incurred prior to the end of the fiscal year.

City of South Miami, Florida
Required Supplementary Information
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
General Employees and Police Officers Pension Plan - Pension Trust Fund
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:					
Service cost	\$ 796,141	\$ 846,884	\$ 697,537	\$ 686,435	\$ 669,181
Interest	2,816,362	2,630,646	2,460,415	2,381,731	2,299,340
Benefit changes	-	(20,122)	-	-	-
Differences between expected and actual experience	658,417	(112,807)	(656,677)	(502,259)	(598,374)
Assumption changes	-	566,118	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,563,305)</u>	<u>(1,570,751)</u>	<u>(1,293,782)</u>	<u>(1,417,586)</u>	<u>(1,315,113)</u>
Net change in total pension liability	2,707,615	2,339,968	1,207,493	1,148,321	1,055,034
Total pension liability - beginning	<u>37,515,052</u>	<u>35,175,084</u>	<u>33,967,591</u>	<u>32,819,270</u>	<u>31,764,236</u>
Total pension liability - ending (a)	<u>\$ 40,222,667</u>	<u>\$ 37,515,052</u>	<u>\$ 35,175,084</u>	<u>\$ 33,967,591</u>	<u>\$ 32,819,270</u>
Plan Fiduciary Net Position:					
Contributions - employer and state	\$ 690,632	\$ 681,713	\$ 570,154	\$ 834,251	\$ 878,217
Contributions - employees	536,473	910,127	490,452	562,835	593,396
Net investment income	3,984,542	4,542,693	3,306,002	16,750	3,054,164
Benefit payments, including refunds of employee contributions	(1,563,305)	(1,570,751)	(1,293,782)	(1,417,586)	(1,315,113)
Administrative expenses	(139,324)	(163,555)	(129,291)	(135,093)	(100,780)
Other	-	-	2,835	4,454	6,784
Net change in plan fiduciary net position	3,509,018	4,400,227	2,946,370	(134,389)	3,116,668
Plan fiduciary net position - beginning	<u>39,449,361</u>	<u>35,049,134</u>	<u>32,102,764</u>	<u>32,237,153</u>	<u>29,120,485</u>
Plan fiduciary net position - ending (b)	<u>\$ 42,958,379</u>	<u>\$ 39,449,361</u>	<u>\$ 35,049,134</u>	<u>\$ 32,102,764</u>	<u>\$ 32,237,153</u>
Net pension (asset) liability - ending (a) -(b)	<u>\$ (2,735,712)</u>	<u>\$ (1,934,309)</u>	<u>\$ 125,950</u>	<u>\$ 1,864,827</u>	<u>\$ 582,117</u>
Plan fiduciary net position as a percentage of total pension liability	106.80%	105.16%	99.64%	94.51%	98.23%
Covered payroll	\$ 6,447,564	\$ 6,368,739	\$ 4,861,991	\$ 4,086,300	\$ 4,902,128
Net pension liability as a percentage of covered payroll	-42.43%	-30.37%	2.59%	45.64%	11.87%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of South Miami, Florida
Required Supplementary Information
Schedule of Contributions
General Employees and Police Officers Pension Plan - Pension Trust Fund
(Unaudited)

Fiscal Year Ended 9/30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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	\$ 878,217	\$ 878,217	\$ -	\$ 4,902,128	17.92%
2015	\$ 834,251	\$ 834,251	\$ -	\$ 4,086,300	20.42%
2016	\$ 570,154	\$ 570,154	\$ -	\$ 4,861,991	11.73%
2017	\$ 680,568	\$ 681,713	\$ (1,145)	\$ 6,368,739	10.70%
2018	\$ 690,632	\$ 690,632	\$ -	\$ 6,447,564	10.71%

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 employees and AMSC; 30 years for police officers
- Asset valuation method: 5-year smoothed
- Inflation: 2.75%
- Salary increases: 3.75% - 5.25%
- Investment rate of return: 7.375%, net of investment expenses
- Payroll growth assumption: 4.0% per year, but limited to average annual increase over most recent ten years (0.7%) for Police Officers. None for general employees or AMSC.
- Retirement age: Experience - based tables of rates that are specific to the type of eligibility condition.
- Mortality: RP 2000 Annuitant Mortality Tables, RP 2000 Combined Healthy/Participant Mortality Tables with Blue/White Collar Adjustment, and RP 2000 Disabled Mortality Tables, as applicable. Separate rates for males and females.
- Cost-of-living increases: 3.0% / 0%

City of South Miami, Florida
Required Supplementary Information
Schedule of Investment Returns
General Employees and Police Officers Pension Plan - Pension Trust Fund
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.3%	13.1%	10.4%	0.0%	11.4%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of South Miami, Florida
Required Supplementary Information
Schedule of Changes in Total Other Post Employment Benefits (OPEB) Liability
and Related Ratios
Last Fiscal Year *
(Unaudited)

Fiscal Year:	9/30/2018
Measurement Date:	<u>10/1/2017</u>
Total OPEB liability	
Service cost	\$ 48,182
Interest	22,481
Benefit changes	(10,435)
Difference between actual and expected experience	(337,400)
Assumption changes	(1,025)
Benefits payments	<u>(10,446)</u>
Net change in total OPEB liability	(288,643)
Total OPEB liability - beginning	682,187
Total OPEB liability - ending	<u>\$ <u>393,544</u></u>
Covered payroll	\$ 7,142,019
Total OPEB liability as a percentage of covered payroll	5.5%

Notes to Schedule:

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Changes in assumptions and other inputs include the following for as of the beginning of the measurement period, October 1, 2017: the discount rate increased from 3.10% to 3.50%, the excise tax load increased from 3.6% to 4.3%, and the health care trend decreased from (7.5% to 5.0% in 2020+) to (6.0% to 4.0% in 2040+). Mortality tables and rates of retirement were also updated for October 1, 2017 measurement date.

Plan Assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

OTHER FINANCIAL INFORMATION

SPECIAL REVENUE FUNDS

Community Redevelopment Agency Fund - The South Miami Community Redevelopment Agency Fund (the "CRA") is a dependent special district created to prevent the spread of and eliminate the existence of slum and blighted conditions within the redevelopment area.

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

Peoples Transportation Tax - This fund is used to account for eighty-percent of the revenues and expenditures associated with the Miami-Dade County's Peoples Transportation Plan. This revenue share is used towards the development, construction, operation and maintenance of roads and bridges throughout the City. Funds can also be used for the payment of principal and interest of debt issued in connection with these projects.

Peoples Transportation Tax, Direct Transit – This fund is used to account for twenty-percent of the revenues and expenditures associated with Miami-Dade County's People Transportation Plan. This revenue share is used towards transit, such as bus services, bus pullout bays, shelters, and any other direct transit related infrastructure.

State Forfeiture Fund - To account for proceeds obtained through the sale of confiscated and unclaimed property turned over to the City through court judgments in accordance with the Florida Contraband Forfeiture Act. 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 - 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. Monies collected in this fund can also be used to improve pedestrian environment.

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

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

Parks Impact Fees Fund – This fund accounts for parks impact fees assessed on new residential developments during permitting. Proceeds are to be used solely for land acquisition for parks, facility maintenance and new park construction, retirement of debt issued to finance park improvements, and any administrative costs incurred during the fee collection process.

DEBT SERVICE FUND

Debt Service Fund –This 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, 2018**

	Special Revenue Funds											Total Nonmajor Governmental Funds
	Community Agency Fund	Local Option Gas Tax	Peoples Transportation Tax	Peoples Transportation Direct Transit	State Forfeiture Fund	Tree Trust Fund	Hometown District Improvement Trust	Federal Forfeiture Fund	Grants Fund	Parks Impact Fees Fund	Debt Service Fund	
Assets:												
Cash and cash equivalents	\$ 193,650	\$ 189,835	\$ 793,592	\$ -	\$ 68,806	\$ -	\$ -	\$ 1,584,116	\$ 412,889	\$ 213,152	\$ 311,583	\$ 3,767,623
Receivables	-	-	130,828	-	-	-	-	-	53,988	-	-	184,816
Due from other funds	1,693,798	77,172	-	427,933	-	40,685	36,313	-	179,758	-	-	2,455,659
Prepaid expenditures	4,188	-	-	-	-	-	-	-	-	-	68,797	72,985
Total assets	\$ 1,891,636	\$ 267,007	\$ 924,420	\$ 427,933	\$ 68,806	\$ 40,685	\$ 36,313	\$ 1,584,116	\$ 646,635	\$ 213,152	\$ 380,380	\$ 6,481,083
Liabilities and Fund Balances:												
Liabilities:												
Accounts payable	\$ 10,459	\$ 1,986	\$ 17,542	\$ 260	\$ -	\$ -	\$ -	\$ 2,786	\$ -	\$ -	\$ -	\$ 33,033
Unearned revenue	-	-	-	-	-	-	-	-	6,408	-	-	6,408
Due to other funds	-	-	13,904	-	-	-	-	28,886	-	-	378,327	421,117
Other liabilities	5,776	-	-	-	-	-	-	-	-	-	-	5,776
Total liabilities	16,235	1,986	31,446	260	-	-	-	31,672	6,408	-	378,327	466,334
Fund Balances:												
Nonspendable:												
Prepaid expenditures	4,188	-	-	-	-	-	-	-	-	-	68,797	72,985
Restricted for:												
Community services	1,871,213	-	-	-	-	-	-	-	-	-	-	1,871,213
Park improvements	-	-	-	-	-	-	-	-	-	213,152	-	213,152
Grant projects	-	-	-	-	-	-	-	-	640,227	-	-	640,227
Transportation projects	-	265,021	892,974	427,673	-	-	-	-	-	-	-	1,585,668
Law enforcement	-	-	-	-	68,806	-	-	1,552,444	-	-	-	1,621,250
Committed to:												
Tree projects	-	-	-	-	-	40,685	-	-	-	-	-	40,685
Parking management	-	-	-	-	-	-	36,313	-	-	-	-	36,313
Assigned to:												
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	(66,744)	(66,744)
Total fund balances (deficit)	1,875,401	265,021	892,974	427,673	68,806	40,685	36,313	1,552,444	640,227	213,152	2,053	6,014,749
Total liabilities and fund balances	\$ 1,891,636	\$ 267,007	\$ 924,420	\$ 427,933	\$ 68,806	\$ 40,685	\$ 36,313	\$ 1,584,116	\$ 646,635	\$ 213,152	\$ 380,380	\$ 6,481,083

**City of South Miami, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	Special Revenue Funds											Total Nonmajor Governmental Funds
	Community Redevelopment Agency Fund	Local Option Gas Tax	Peoples Transportation Tax	Peoples Transportation Direct Transit	State Forfeiture Fund	Tree Trust Fund	Hometown District Improvement Trust	Federal Forfeiture Fund	Grants Fund	Parks Impact Fees Fund	Debt Service Fund	
Revenues:												
Taxes:												
Ad valorem	\$ 1,424,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,424,898
Intergovernmental	-	77,172	435,183	108,796	-	-	-	-	125,226	-	-	746,377
Licenses and permits	-	-	-	-	-	19,842	-	-	-	40,370	-	60,212
Fines and forfeitures	-	-	-	-	-	-	141,672	-	-	-	-	141,672
Charges for services	-	-	-	-	-	-	29,063	-	-	-	-	29,063
Rents and royalties	35,606	-	-	-	-	-	-	-	-	723,606	-	759,212
Interest income	4,724	2,155	10,935	-	734	-	16,702	4,392	1,853	3,614	-	45,109
Miscellaneous	-	-	-	-	-	-	1,914	-	-	144,125	-	146,039
Total revenues	1,465,228	79,327	446,118	108,796	734	19,842	160,288	129,618	42,223	871,345	871,345	3,352,582
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	44,588	3,350	-	-	-	47,938
Public works	-	-	-	251,051	-	7,200	-	111,536	-	-	-	369,787
Culture and recreation	-	-	-	-	-	-	-	10,340	-	-	-	10,340
Community services	615,570	-	-	-	-	-	-	-	-	-	-	615,570
Capital outlay	26,220	43,547	455,699	-	-	-	91,959	-	-	-	-	617,425
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	768,000	-	768,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	429,535	-	429,535
Total expenditures	641,790	43,547	455,699	251,051	-	7,200	136,547	125,226	-	1,197,535	1,197,535	2,858,595
Excess (deficiency) of revenues over expenditures	823,438	35,780	(9,581)	(142,255)	734	12,642	23,741	4,392	42,223	(326,190)	(326,190)	493,987
Other Financing Sources (Uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	390,027	390,027
Transfers out	(109,465)	-	-	-	-	-	(25,000)	-	-	-	-	(134,465)
Total other financing sources (uses)	(109,465)	-	-	-	-	-	(25,000)	-	-	-	390,027	255,562
Net changes in fund balances	713,973	35,780	(9,581)	(142,255)	734	12,642	23,741	4,392	42,223	63,837	63,837	749,549
Fund balances, beginning	1,161,428	229,241	902,555	569,928	68,072	28,043	1,528,703	635,835	170,929	(61,784)	(61,784)	5,265,200
Fund balances, ending	\$ 1,875,401	\$ 265,021	\$ 892,974	\$ 427,673	\$ 68,806	\$ 40,685	\$ 1,552,444	\$ 640,227	\$ 213,152	\$ 2,053	\$ 2,053	\$ 6,014,749

City of South Miami, Florida
Budgetary Comparison Schedule - Community Redevelopment Agency Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Incremental tax receipts	\$ 1,424,898	\$ 1,424,898	\$ 1,424,898	\$ -
Rents and royalties	45,000	45,000	35,606	(9,394)
Interest income	3,594	3,594	4,724	1,130
Total revenues	1,473,492	1,473,492	1,465,228	(8,264)
Expenditures:				
Current:				
Community services	811,888	839,925	615,570	224,355
Capital outlay	1,660,788	1,660,788	26,220	1,634,568
Total expenditures	2,472,676	2,500,713	641,790	1,858,923
Excess (deficiency) of revenues over expenditures	(999,184)	(1,027,221)	823,438	1,850,659
Other Financing Sources (Uses):				
Transfers out	(109,465)	(109,465)	(109,465)	-
Total other financing sources (uses)	(109,465)	(109,465)	(109,465)	-
Net change in fund balance	\$ (1,108,649)	\$ (1,136,686)	\$ 713,973	\$ 1,850,659

City of South Miami, Florida
Budgetary Comparison Schedule - Local Option Gas Tax
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 78,243	\$ 78,243	\$ 77,172	\$ (1,071)
Interest income	2,400	2,400	2,155	(245)
Total revenues	80,643	80,643	79,327	(1,316)
Expenditures:				
Capital outlay	100,000	126,675	43,547	83,128
Total expenditures	100,000	126,675	43,547	83,128
Net change in fund balance	\$ (19,357)	\$ (46,032)	\$ 35,780	\$ 81,812

City of South Miami, Florida
Budgetary Comparison Schedule - Peoples Transportation Tax
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 440,000	\$ 440,000	\$ 435,183	\$ (4,817)
Interest income	10,000	10,000	10,935	935
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>446,118</u>	<u>(3,882)</u>
Expenditures:				
Capital outlay	<u>655,000</u>	<u>1,349,559</u>	<u>455,699</u>	<u>893,860</u>
Total expenditures	<u>655,000</u>	<u>1,349,559</u>	<u>455,699</u>	<u>893,860</u>
Net change in fund balance	<u>\$ (205,000)</u>	<u>\$ (899,559)</u>	<u>\$ (9,581)</u>	<u>\$ 889,978</u>

City of South Miami, Florida
Budgetary Comparison Schedule - Peoples Transportation Tax, Direct Transit
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 108,796	\$ (1,204)
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>108,796</u>	<u>(1,204)</u>
Expenditures:				
Current:				
Public works	<u>277,748</u>	<u>277,748</u>	<u>251,051</u>	<u>26,697</u>
Total expenditures	<u>277,748</u>	<u>277,748</u>	<u>251,051</u>	<u>26,697</u>
Net change in fund balance	<u>\$ (167,748)</u>	<u>\$ (167,748)</u>	<u>\$ (142,255)</u>	<u>\$ 25,493</u>

City of South Miami, Florida
Budgetary Comparison Schedule - State Forfeiture Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Interest income	\$ 500	\$ 500	\$ 734	\$ 234
Total revenues	500	500	734	234
Expenditures:				
Current:				
Public safety	30,000	30,000	-	30,000
Total expenditures	30,000	30,000	-	30,000
Net change in fund balance	\$ (29,500)	\$ (29,500)	\$ 734	\$ 30,234

City of South Miami, Florida
Budgetary Comparison Schedule - Tree Trust Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 19,842	\$ 19,842
Total revenues	-	-	19,842	19,842
Expenditures:				
Current:				
Public works	25,000	25,000	7,200	17,800
Total expenditures	25,000	25,000	7,200	17,800
Net change in fund balance	\$ (25,000)	\$ (25,000)	\$ 12,642	\$ 37,642

City of South Miami, Florida
Budgetary Comparison Schedule - Hometown District Improvement Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 28,000	\$ 28,000	\$ 29,063	\$ 1,063
Interest income	55	55	-	(55)
Total revenues	28,055	28,055	29,063	1,008
Expenditures:				
	-	-	-	-
Excess (deficiency) of revenues over expenditures	28,055	28,055	29,063	1,008
Other Financing Sources (Uses):				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	(25,000)	(25,000)	(25,000)	-
Net change in fund balance	\$ 3,055	\$ 3,055	\$ 4,063	\$ 1,008

City of South Miami, Florida
Budgetary Comparison Schedule - Federal Forfeiture Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 141,672	\$ 141,672
Interest income	16,000	16,000	16,702	702
Miscellaneous	50,000	50,000	1,914	(48,086)
Total revenues	66,000	66,000	160,288	94,288
Expenditures:				
Current:				
Public safety	227,000	227,000	44,588	182,412
Capital outlay	145,800	145,800	91,959	53,841
Total expenditures	372,800	372,800	136,547	236,253
Net change in fund balance	\$ (306,800)	\$ (306,800)	\$ 23,741	\$ 330,541

City of South Miami, Florida
Budgetary Comparison Schedule - Grants Fund
Special Revenue Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 642,786	\$ 125,226	\$ (517,560)
Interest income	-	-	4,392	4,392
Total revenues	-	642,786	129,618	(513,168)
Expenditures:				
Current:				
Public safety	-	5,114	3,350	1,764
Public works	-	112,536	111,536	1,000
Culture and recreation	-	29,715	10,340	19,375
Capital outlay	-	495,421	-	495,421
Total expenditures	-	642,786	125,226	517,560
Net change in fund balance	\$ -	\$ -	\$ 4,392	\$ 4,392

City of South Miami, Florida
Budgetary Comparison Schedule - Capital Improvements Program Fund
Capital Projects Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	3,507,000	4,249,049	1,793,827	2,455,222
Total expenditures	3,507,000	4,249,049	1,793,827	2,455,222
Excess (deficiency) of revenues over expenditures	(3,507,000)	(4,249,049)	(1,793,827)	2,455,222
Other Financing Sources (Uses):				
Transfers in	2,497,717	2,497,717	2,497,717	-
Total other financing sources (uses)	2,497,717	2,497,717	2,497,717	-
Net change in fund balance	\$ (1,009,283)	\$ (1,751,332)	\$ 703,890	\$ 2,455,222

City of South Miami, Florida
 Budgetary Comparison Schedule - Debt Service Fund
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Rents and royalties	\$ 723,606	\$ 723,606	\$ 723,606	\$ -
Interest income	2,000	2,000	3,614	1,614
Miscellaneous	144,125	144,125	144,125	-
Total revenues	<u>869,731</u>	<u>869,731</u>	<u>871,345</u>	<u>1,614</u>
Expenditures:				
Debt service:				
Principal	2,038,000	2,038,000	768,000	1,270,000
Interest and fiscal charges	429,450	429,450	429,535	(85)
Total expenditures	<u>2,467,450</u>	<u>2,467,450</u>	<u>1,197,535</u>	<u>1,269,915</u>
Excess (deficiency) of revenues over expenditures	<u>(1,597,719)</u>	<u>(1,597,719)</u>	<u>(326,190)</u>	<u>1,271,529</u>
Other Financing Sources (Uses):				
Transfers in	<u>1,660,027</u>	<u>1,660,027</u>	<u>390,027</u>	<u>(1,270,000)</u>
Total other financing sources (uses)	<u>1,660,027</u>	<u>1,660,027</u>	<u>390,027</u>	<u>(1,270,000)</u>
Net change in fund balance	<u>\$ 62,308</u>	<u>\$ 62,308</u>	<u>\$ 63,837</u>	<u>\$ 1,529</u>

City of South Miami, Florida
 Budgetary Comparison Schedule - Emergency Reserve Fund
 For the Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ <u>36,504</u>	\$ <u>36,504</u>	\$ <u>38,213</u>	\$ <u>1,709</u>
Total revenues	<u>36,504</u>	<u>36,504</u>	<u>38,213</u>	<u>1,709</u>
Expenditures:				
Current:				
General government	<u>-</u>	<u>-</u>	<u>775,054</u>	<u>(775,054)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>775,054</u>	<u>(775,054)</u>
Net change in fund balance	\$ <u><u>36,504</u></u>	\$ <u><u>36,504</u></u>	\$ <u><u>(736,841)</u></u>	\$ <u><u>(773,345)</u></u>

City of South Miami, Florida
Budgetary Comparison Schedule - City Parks Acquisition, Development,
Operations and Maintenance Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	250,000	250,000	-	250,000
Total expenditures	(250,000)	(250,000)	-	250,000
Net change in fund balance	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ 250,000</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 and Police Officers Pension Plan - This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety employees and other City 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
September 30, 2018

	<u>General Employees and Police Officers Pension Plan</u>	<u>Section 185 Police Officers Pension Trust Fund</u>	<u>Total</u>
Assets:			
Receivables:			
Employee contribution	\$ 20,162	\$ -	\$ 20,162
Dividends and interest	102,988	799	103,787
Section 185 contribution	37,780	110,419	148,199
Pending trades	6,209	-	6,209
	<u>167,139</u>	<u>111,218</u>	<u>278,357</u>
Investments, at fair value:			
Money market funds	228,195	-	228,195
Real estate holdings	1,705,277	-	1,705,277
U.S. Government and agency securities	3,795,134	-	3,795,134
Corporate obligations	6,833,425	-	6,833,425
Common stocks:			
Domestic equity	6,385,996	-	6,385,996
International equity	765,233	-	765,233
Mutual funds:			
Equity	16,321,157	644,366	16,965,523
International equity	6,823,268	-	6,823,268
Fixed income	-	340,077	340,077
	<u>42,857,685</u>	<u>984,443</u>	<u>43,842,128</u>
Other assets:			
Prepaid expenses	1,808	-	1,808
	<u>43,026,632</u>	<u>1,095,661</u>	<u>44,122,293</u>
Liabilities:			
Accounts payable	51,423	13,135	64,558
Pending trades payable	16,830	-	16,830
Minimum funding liability	-	37,780	37,780
	<u>68,253</u>	<u>50,915</u>	<u>119,168</u>
Net Position:			
Restricted for pension benefits	\$ <u>42,958,379</u>	\$ <u>1,044,746</u>	\$ <u>44,003,125</u>

City of South Miami, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2018

	<u>General Employees and Police Officers Pension Plan</u>	<u>Section 185 Police Officers Pension Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 652,852	\$ -	\$ 652,852
Employees	536,473	-	536,473
Section 185 contributions	<u>37,780</u>	<u>110,419</u>	<u>148,199</u>
Total contributions	<u>1,227,105</u>	<u>110,419</u>	<u>1,337,524</u>
Investment income:			
Net appreciation in fair value of investments	3,358,647	53,170	3,411,817
Interest and dividends	<u>782,494</u>	<u>22,439</u>	<u>804,933</u>
Total investment income	4,141,141	75,609	4,216,750
Less investment expenses	<u>156,599</u>	<u>7,675</u>	<u>164,274</u>
Net investment income	<u>3,984,542</u>	<u>67,934</u>	<u>4,052,476</u>
Total additions	<u>5,211,647</u>	<u>178,353</u>	<u>5,390,000</u>
Deductions:			
Benefits paid	1,462,029	28,373	1,490,402
Refunds of contributions	101,276	-	101,276
Administrative expenses	139,324	33,052	172,376
Minimum benefit funding payment	<u>-</u>	<u>37,780</u>	<u>37,780</u>
Total deductions	<u>1,702,629</u>	<u>99,205</u>	<u>1,801,834</u>
Change in net assets	3,509,018	79,148	3,588,166
Net position, restricted for pension benefits, beginning	<u>39,449,361</u>	<u>965,598</u>	<u>40,414,959</u>
Net position, restricted for pension benefits, ending	<u>\$ 42,958,379</u>	<u>\$ 1,044,746</u>	<u>\$ 44,003,125</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.	76-79
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	80-83
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.	84-85
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.	86-87
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.	88-89

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
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(amounts expressed in thousands)**

Table 1

	Fiscal Year									
	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017 (3)	2018
Governmental Activities:										
Net investment in capital assets	\$ 23,894	\$ 23,497	\$ 23,767	\$ 24,318	\$ 24,353	\$ 26,306	\$ 26,819	\$ 27,343	\$ 28,360	\$ 29,407
Restricted	4,692	4,589	4,680	6,719	6,353	5,963	5,279	5,208	5,424	6,174
Unrestricted	8,931	7,011	8,324	7,956	8,324	9,708	10,290	11,529	11,109	11,836
Total governmental activities net position	\$ 37,517	\$ 35,097	\$ 36,771	\$ 38,993	\$ 39,030	\$ 41,977	\$ 42,388	\$ 44,080	\$ 44,893	\$ 47,417

(1) Fiscal year 2013, beginning total net position has been restated due to the implementation of GASB 65.

(2) Fiscal year 2015, beginning total net position has been restated due to the implementation of GASB 68 and 71.

(3) Fiscal year 2017, total net position has been restated due to the implementation of GASB 75 during 2018.

**City of South Miami, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(amounts expressed in thousands)**

Table 2

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 8,413	\$ 7,304	\$ 3,912	\$ 3,598	\$ 4,032	\$ 4,534	\$ 3,492	\$ 4,373	\$ 5,028	\$ 4,683
Public safety	4,523	4,717	7,542	7,483	7,853	6,906	7,362	7,613	7,745	7,148
Public works	4,342	4,683	4,337	4,747	3,960	3,708	4,068	4,166	3,420	4,651
Community services	-	484	1,098	1,284	1,249	999	712	985	948	635
Culture and recreation	1,037	1,069	1,140	1,084	1,668	1,772	2,096	2,082	2,135	2,336
Interest on long-term debt	960	1,055	929	946	830	774	586	531	494	464
Total governmental activities expenses	19,275	19,312	18,958	19,142	19,592	18,693	18,316	19,750	19,770	19,917
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	3,584	3,453	371	287	1,047	1,098	1,176	1,210	949	966
Public safety	407	476	4,608	5,917	1,750	3,913	3,882	3,808	3,544	3,686
Public works	466	408	574	525	22	36	28	32	30	29
Community services	-	-	34	31	2,896	-	-	35	40	36
Culture and recreation	296	242	199	234	-	-	-	209	158	185
Interest on long-term debt	-	493	244	446	-	406	390	284	365	346
Operating and capital grants and contributions	2,266	718	1,159	541	515	2,218	267	492	373	283
Total governmental activities program revenues	7,019	5,790	7,189	7,981	6,230	7,671	5,743	6,070	5,459	5,531
Net (expense)/revenue: Governmental activities	(12,256)	(13,522)	(11,769)	(11,161)	(13,362)	(11,022)	(12,573)	(13,680)	(14,311)	(14,386)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	9,051	7,685	7,114	6,708	6,122	6,406	6,598	6,989	7,643	8,090
Utility taxes	2,092	2,087	2,070	2,052	2,073	2,167	2,182	2,112	2,111	2,180
Business taxes	581	630	606	641	620	613	676	705	679	667
Franchise taxes	1,197	1,101	1,066	1,048	1,574	1,642	1,896	1,951	2,174	2,156
Service concession arrangement	-	335	359	370	248	377	393	405	419	439
Intergovernmental (unrestricted)	1,200	2,051	1,980	2,198	2,279	2,183	2,683	2,710	2,743	2,666
Interest income (unrestricted)	226	218	140	181	331	154	131	162	183	273
Other	139	110	108	185	305	427	254	338	576	439
Extraordinary item	-	-	-	-	-	-	-	-	(1,025)	-
Total governmental activities	14,486	14,217	13,443	13,383	13,552	13,969	14,813	15,372	15,503	16,910
Changes in Net Position:										
Governmental activities	\$ 2,230	\$ 695	\$ 1,674	\$ 2,222	\$ 190	\$ 2,947	\$ 2,240	\$ 1,692	\$ 1,192	\$ 2,524

**City of South Miami, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 4,462	\$ 2,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,251	6,325	-	-	-	-	-	-	-	-
Nonspendable	-	-	186	204	209	242	251	248	294	277
Committed	-	-	1,785	1,689	1,704	1,717	4,579	4,893	4,809	4,072
Assigned	-	-	1,982	622	1,065	3,957	1,628	2,361	4,158	1,871
Unassigned	-	-	5,546	6,144	6,359	4,867	5,444	5,644	3,730	4,551
Total General Fund	\$ 10,713	\$ 8,485	\$ 9,499	\$ 8,659	\$ 9,337	\$ 10,783	\$ 11,902	\$ 13,146	\$ 12,991	\$ 10,771
All other governmental funds:										
Reserved	\$ 1,921	\$ 215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	2,472	4,075	-	-	-	-	-	-	-	-
Nonspendable	-	-	4	-	72	71	71	75	74	73
Restricted	-	-	4,676	6,720	5,812	5,963	5,324	5,208	5,425	6,174
Committed	-	-	10	9	22	22	28	48	60	77
Assigned	-	-	-	510	721	355	839	816	1,587	2,291
Unassigned	-	-	-	-	-	-	(149)	(134)	(132)	(67)
Total all other governmental funds	\$ 4,393	\$ 4,290	\$ 4,690	\$ 7,239	\$ 6,627	\$ 6,411	\$ 6,113	\$ 6,013	\$ 7,014	\$ 8,548

Note: Information for fiscal years 2009 and 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

Table 4

**City of South Miami, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes, including business and franchise taxes	\$ 10,829	\$ 9,416	\$ 8,787	\$ 8,397	\$ 8,316	\$ 8,660	\$ 9,171	\$ 9,646	\$ 10,496	\$ 9,820
Charges for services	3,063	3,175	3,968	4,089	2,918	2,857	2,949	2,809	2,536	3,464
Utility taxes	2,092	2,087	2,070	2,052	2,074	2,167	2,182	2,112	2,111	2,180
Intergovernmental	3,315	2,471	3,091	2,614	2,702	4,309	2,836	3,069	2,972	2,809
Licenses and permits	495	470	964	667	1,047	1,099	1,176	1,194	927	939
Fines and forfeitures	326	415	483	1,944	926	849	995	1,076	1,104	1,403
Interest income	226	219	140	181	153	145	157	162	183	273
Rents and royalties	-	1,129	1,007	1,026	1,072	1,026	768	1,057	1,000	1,013
Other	1,159	268	495	439	397	519	349	386	665	549
Total revenues	21,505	19,650	21,005	21,409	19,605	21,631	20,583	21,511	21,994	22,450
Expenditures:										
Current:										
General government	6,759	6,709	3,217	2,838	3,250	3,684	3,638	3,720	4,317	4,614
Public safety	4,358	4,572	7,242	7,071	7,532	6,564	7,043	7,089	7,547	8,407
Public works	5,100	4,329	4,148	3,822	3,338	3,252	3,242	3,318	3,211	3,682
Community services	-	484	1,065	1,232	1,220	970	683	636	594	615
Culture and recreation	979	1,035	1,089	1,034	1,607	1,674	1,994	1,973	2,027	2,118
Debt service:										
Principal	1,284	1,038	2,599	802	1,105	1,078	6,015	853	742	836
Interest and fiscal charges	909	887	1,167	660	750	695	694	484	458	430
Capital outlay	2,320	1,412	1,100	2,241	737	2,484	1,401	2,294	2,252	2,434
Total expenditures	21,709	20,466	21,627	19,700	19,539	20,401	24,710	20,367	21,148	23,136
Excess (deficiency) of revenues over expenditures	(204)	(816)	(622)	1,709	66	1,230	(4,127)	1,144	846	(686)
Other Financing Sources (Uses):										
Transfers in	641	485	820	2,359	543	1,008	1,653	1,800	2,629	3,172
Transfers out	(641)	(485)	(820)	(2,359)	(543)	(1,008)	(1,653)	(1,800)	(2,629)	(3,172)
Issuance of debt	538	228	748	-	-	-	-	-	-	-
Proceeds from refunding debt	-	-	7,575	-	-	-	4,948	-	-	-
Payment to bond escrow agent	-	-	(6,287)	-	-	-	-	-	-	-
Total other financing sources (uses)	538	228	2,036	-	-	-	4,948	-	-	-
Net change in fund balances	\$ 334	\$ (588)	\$ 1,414	\$ 1,709	\$ 66	\$ 1,230	\$ 821	\$ 1,144	\$ 846	\$ (686)
Debt service as a percentage of noncapital expenditures	11.84%	10.03%	18.26%	7.88%	9.68%	9.77%	28.02%	6.93%	6.11%	5.84%

City of South Miami, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Table 5

Fiscal Year (1)	Real Property	Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value (2)
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	4.3000	\$ 1,570,748	100.00%
2016	\$ 1,624,996	\$ 67,414	\$ 1,692,410	4.3000	\$ 1,692,410	100.00%
2017	\$ 1,727,379	\$ 65,832	\$ 1,793,211	4.3000	\$ 1,793,211	100.00%
2018	\$ 1,843,033	\$ 75,134	\$ 1,918,167	4.3000	\$ 1,918,167	100.00%

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

(1) Year of levy.

(2) Includes tax exempt property.

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

Table 6

City of South Miami, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year (2)	City of South Miami										Overlapping Rates (1)									
	School Millages					Regional Millages					County Wide Millages					Other				
	Debt Service Rate	MDC School Board - Operating	MDC 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	Children's Trust Authority	Total Direct and Overlapping							
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						
2016	4.3000	-	7.1380	0.1840	0.0471	0.2836	0.0320	4.6669	0.4000	2.4207	0.0075	0.2840	0.5000	20.2638						
2017	4.3000	-	6.7740	0.2200	0.0441	0.2659	0.0320	4.6669	0.4000	2.4207	0.0075	0.2840	0.4673	19.8824						
2018	4.3000	-	6.5040	0.2290	0.0417	0.2519	0.0320	4.6669	0.4644	2.4207	0.0000	0.2840	0.4415	19.6361						

Notes: (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
- County 10.000 mills
- SFWMD 10.000 mills

Source: Miami-Dade County Department of Property Appraisal

Table 7

**City of South Miami, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)**

	2018				2009			
	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation
Frit Shops at Sunset Place	\$ 86,329	1	4.50%	Bakery Associates, Ltd.	\$ 96,000	1	6.26%	
SCG Red Road Commons LLC	70,489	2	3.67%	South Miami Corp.	27,246	2	1.78%	
US RV VI Sunset Drive LLC	31,900	3	1.66%	Valencia South Miami LLC	22,754	3	1.48%	
Larkin Community Hospital	22,730	4	1.18%	S. Miami Hospital Dev Fund Inc.	18,800	4	1.23%	
South Miami Corp.	20,294	5	1.06%	J.W. Advance Development Corp.	17,929	5	1.17%	
S. Miami Hospital Dev Fund Inc.	19,500	6	1.02%	Kimco South Miami 634 Inc.	14,908	6	0.97%	
Capstone Capital Trust Inc.	16,613	7	0.87%	Capstone Capital Trust Inc.	14,204	7	0.93%	
MHS Real Estate Capital LLC	15,341	8	0.80%	Promed Sunset LLC	13,056	8	0.85%	
Kimco South Miami 634 Inc.	14,766	9	0.77%	John Hancock-Gannon Joint Venture	12,305	9	0.80%	
Florida Power & Light Company	14,473	10	0.75%	5850 SW 73 Street LLC	11,343	10	0.74%	
	<u>\$ 312,435</u>		<u>16.28%</u>		<u>\$ 248,545</u>		<u>16.21%</u>	

Source: Miami-Dade County Tax Assessors' Office 2018 & 2009 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			Total Collections to Date	
		Amount (2)	Percent of Levy	Collections in Subsequent Years (2)	Amount	Percent of Levy
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%
2016	\$ 7,277	\$ 6,362	87.4%	\$ 29	\$ 6,391	87.8%
2017	\$ 7,711	\$ 6,905	89.5%	\$ 53	\$ 6,958	90.2%
2018	\$ 8,248	\$ 7,326	88.8%	\$ 22	\$ 7,348	89.1%

- (1) Data from Form DR-420 provided to Florida Department of Revenue.
- (2) Provided by City of South Miami Finance Department.

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)	Debt Per Capita (1)
	Non-Ad Valorem Revenue Bonds	Community Redevelopment Bonds	Notes Payable	Capital Leases				
2009	\$ 12,970	\$ 2,333	\$ 2,116	\$ 212	\$ 17,631	20.51%	\$ 1.65	
2010	\$ 12,685	\$ 2,162	\$ 1,658	\$ 316	\$ 16,821	18.91%	\$ 1.58	
2011	\$ 14,570	\$ 1,113	\$ 1,135	\$ 227	\$ 17,045	18.75%	\$ 1.46	
2012	\$ 14,385	\$ 877	\$ 840	\$ 141	\$ 16,243	16.80%	\$ 1.20	
2013	\$ 13,830	\$ 626	\$ 587	\$ 96	\$ 15,139	15.04%	\$ 1.10	
2014	\$ 13,265	\$ 360	\$ 387	\$ 49	\$ 14,061	13.47%	\$ 1.03	
2015	\$ 12,773	\$ 77	\$ 178	\$ -	\$ 13,028	11.68%	\$ 0.95	
2016	\$ 12,087	\$ -	\$ 88	\$ -	\$ 12,175	10.45%	\$ 0.94	
2017	\$ 11,365	\$ -	\$ 68	\$ -	\$ 11,433	9.27%	\$ 0.90	
2018	\$ 10,597	\$ -	\$ -	\$ -	\$ 10,597	8.36%	\$ 0.84	

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

(1) See Table 11 - Demographic and Economic Statistics.

City of South Miami, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2018
(amounts expressed in thousands)

Table 10

Government Unit:	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to Primary Government
Miami-Dade Board of County Commissioners (2)	\$ 4,109,893	0.661%	\$ 27,176
Miami-Dade County School Board (2)	<u>3,620,088</u>	0.661%	<u>23,937</u>
Subtotal overlapping debt	7,729,981		51,113
City of South Miami direct debt	<u>10,597</u>	100.00%	<u>10,597</u>
Total direct and overlapping debt	<u><u>\$ 7,740,578</u></u>		<u><u>\$ 61,710</u></u>

Notes: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

Source: (2) Miami-Dade County & Miami-Dade County Public Schools, Finance Department.

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)
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
2016	12,912	\$ 116,553	\$ 43,278	38.3	3,434	5.4
2017	12,645	\$ 123,276	\$ 45,440	39.0	3,259	4.6
2018	12,664	\$ 126,716	\$ 46,048	38.9	3,140	4.6

- Sources: (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 Nine Years Ago**

Table 12

Employer	2018		Percentage of Total County Employment	2009		Percentage of Total County Employment
	Employees	Rank		Employees	Rank	
Miami-Dade County Public Schools	33,477	1	2.83%	50,000	1	4.27%
Miami-Dade County, Florida	25,502	2	2.16%	32,000	2	2.73%
Federal Government	19,200	3	1.62%	20,400	3	1.74%
Florida State Government	17,100	4	1.45%	17,000	4	1.45%
University of Miami	12,818	5	1.08%	9,874	8	0.84%
Baptist Health South Florida	11,353	6	0.96%	10,826	6	0.92%
American Airlines	11,031	7	0.93%	9,000	9	0.77%
Jackson Health System	9,797	8	0.83%	10,500	7	0.90%
City of Miami	3,997	9	0.34%	-	-	-
Florida International University	3,534	10	0.30%	-	-	-
Miami Dade College	-	-	-	6,500	10	0.55%
Publix Super Markets	-	-	-	11,000	5	0.94%
	<u>147,809</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 13

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
General government	30	28	25	18	21	21	21	31	31	27
Public safety:										
Police:										
Officers	49	49	51	51	48	50	52	54	52	52
Civilians	8	7	9	9	8	9	9	7	7	8
Building and zoning	18	16	17	14	12	4	4	4	4	4
Public works	24	26	23	25	24	17	17	19	20	17
Recreation and social services	14	13	10	10	10	10	10	18	13	14
Sanitation	10	9	9	9	9	11	11	10	10	10
Total	153	148	144	136	132	122	124	143	137	132

Source: City of South Miami Finance Department.

**City of South Miami, Florida
Operating Indicators By Function
Last Ten Fiscal Years**

Table 14

Function/Program:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police:										
Number of calls answered	11,274	10,893	11,609	11,744	10,409	10,409	10,416	12,964	13,265	15,259
Number of arrests	765	616	591	383	459	463	413	419	352	293
Number of uniformed officers	49	49	51	51	48	50	52	54	52	52
Building and zoning:										
Number of building permits issued	1,158	1,141	1,261	1,293	1,403	1,447	1,258	1,610	1,480	1,484
License/permit revenue generated	\$ 1,075,710	\$ 1,099,963	\$ 1,570,045	\$ 1,307,269	\$ 1,666,666	\$ 1,710,597	\$ 1,852,375	\$ 1,898,843	\$ 1,605,602	\$ 1,605,559
Occupational licenses issued	3,132	3,450	3,750	3,335	3,356	3,372	3,381	3,301	3,201	3,255
Culture and recreation:										
Number of senior meals served	35,776	28,420	27,300	27,612	27,732	24,968	25,269	25,109	26,432	27,024
Recreation revenues collected	\$ 184,196	\$ 241,919	\$ 199,147	\$ 233,624	\$ 200,700	\$ 260,017	\$ 194,363	\$ 209,745	\$ 548,961	\$ 597,131
Sanitation:										
Refuse collected (tons per month)	777	722	751	798	843	840	886	914	945	984

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 15

Function/Program:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	67	62	62	64	64	64	64	65	68	62
Public works:										
Streets (miles-paved)	46.80	46.80	46.80	46.80	46.80	46.80	46.80	46.80	46.80	46.80
Culture and recreation:										
Parks	10	12	12	12	11	14	14	15	15	15
Tennis courts	10	10	10	10	10	10	10	10	10	10
Baseball/football fields	7	7	7	7	7	7	7	7	7	7
Sanitation:										
Number of collection trucks	14	14	14	14	14	14	14	14	14	14

Sources: Various City departments.
 Note: Indicators are not available for the general government function.

COMPLIANCE SECTION

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

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2019. Our report includes a reference to other auditors 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 auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 25, 2019

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

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 City of South Miami, Florida (the "City"), as of and for the year ended September 30, 2018, and have issued our report thereon dated March 25, 2019.

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; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 25, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the basic financial statements. The City of South Miami, Florida was incorporated by Chapter 5799, Laws of Florida, Acts of 1907, as amended. The City of South Miami, Florida included the following blended component unit: The South Miami Community Redevelopment Agency, which 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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate 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 to identify of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 25, 2019

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined City of South Miami, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with those requirements based on our examination.

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

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 25, 2019



City of South Miami
6130 Sunset Drive
Miami, FL 33143

305-663-6343

www.southmiamifl.gov

