



CITY OF  
**South Miami**  
THE CITY OF PLEASANT LIVING

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDING SEPTEMBER 30, 2019**

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

**Prepared By  
The Finance Department**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## INTRODUCTORY SECTION

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April 30, 2020

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of South Miami (the "City"), for the fiscal year ended September 30, 2019, 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.

In fiscal year 2017 the City began the operating a public transportation circulator service running predominately in the business district and CRA area. The City was providing the service as a result of the terms from the Interlocal Agreement established with Miami-Dade County for Direct Transit funding. On January 6, 2020 the City terminated the service do to lack of users over the course of the program.

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 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 CRA is scheduled to sunset on June 1, 2020 and the City Commission has decided to not extend the CRA and allow it to end.

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 2018-19 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. One of the two welcome signs was completed in fiscal year 2019, the second is scheduled to be completed in fiscal year in 2020. The street signs, welcome signs, and many other features of the City will incorporate the new look for the City as we prepare for the next great chapters in the life of South Miami.

The City is committed to completing multiple traffic calming projects throughout the City originally funded in last year's budget; 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.

To continue maintaining a safe and efficient vehicle fleet, in fiscal year 2018-2019, the City budgeted for the purchase of eight new police vehicles. 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.

<b><u>NUMBER OF BUSINESSES BY INDUSTRY</u></b>	<b><u>SECTOR ESTIMATE</u></b>
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
<b>TOTAL FOR ALL SECTORS</b>	<b>5,610</b>

[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 Caballero Fierman Llerena & Garcia, LLP licensed Certified Public Accountants, audited the City's financial statements dated April 30, 2020. 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, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019, 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, Caballero Fierman Llerena & Garcia, LLP 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 City's Charter is silent on the legal level of budget control, hence defaults to the Florida Statutes which is the fund level. 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 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.

## **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.

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

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

## AWARDS



The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. 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.

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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, 2018. 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, 2018. 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.

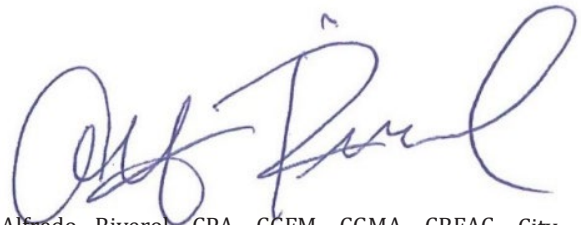
We express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report, and to the various Departments who contributed the necessary statistical data. Our thanks and appreciation is also extended to the accounting firm of Caballero Fierman Llerena & Garcia, LLP 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,



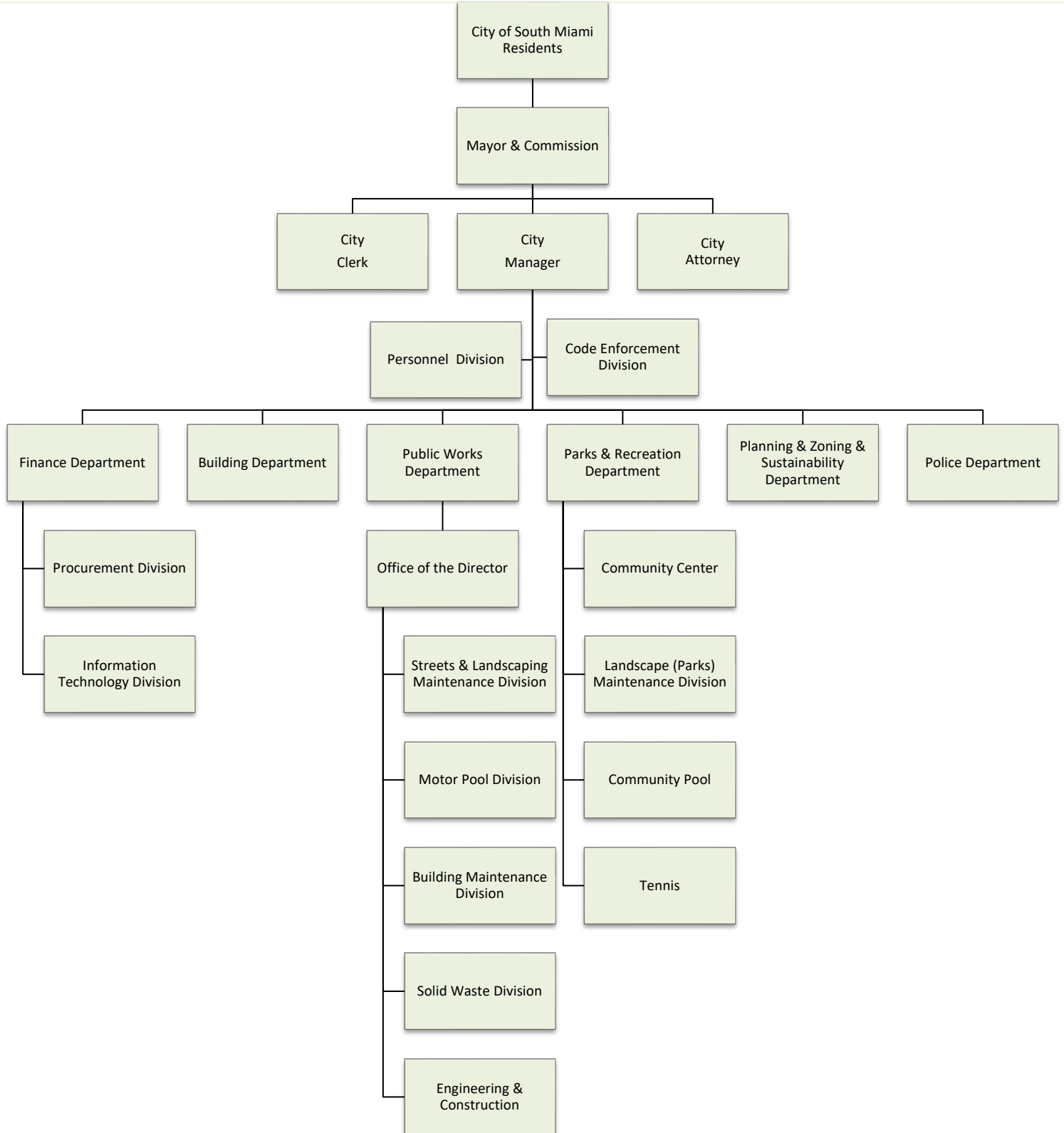
Steven J. Alexander  
Manager



Alfredo Riverol, CPA, CGFM, CGMA, CRFAC City  
Chief Financial Officer



# CITY OF SOUTH MIAMI ORGANIZATIONAL CHART





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

**ELECTED OFFICIALS**



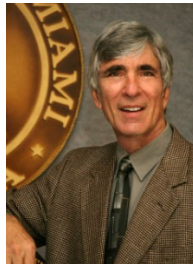
Mayor  
Sally B. Philips, EdD



Vice Mayor  
Bob Welsh



Commissioner  
Luis Gil



Commissioner  
Walter Harris



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 Virguez (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, 2018**

*Christopher P. Morill*

Executive Director/CEO

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**FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission  
City of 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 fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, 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 of South Miami, Florida, as of September 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules on pages 3-10 and 41-44, respectively, as well as the pension schedules and OPEB schedule on pages 46-48 and 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Miami, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Caballero Fierman Llerena & Garcia, LLP*

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

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**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 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, 2019. 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, 2019:

- The assets of the City are \$ 72,563,823; and the deferred outflows of resources of the City are \$ 2,148,543.
- The liabilities of the City are \$ 13,946,424; and the deferred inflows of resources of the City are \$12,323,072.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 48,442,870 (net position). Of this amount, \$ 12,453,924 is unrestricted.
- The City's \$ 23,049,500 in revenues exceeded the \$ 22,024,125 in expenses for governmental activities, providing a \$1,025,375 increase in total net position.
- At the end of the current year, fund balance for the General Fund was \$ 11,486,867, or 60% of total general fund operating revenues. Of this amount, \$ 4,675,056 is reserved for prepaid expenditures and contingencies.
- The current year's unassigned fund balance for the General Fund is \$ 6,811,993, or 35% of total general fund operating revenues.
- The General Fund's fund balance increased by \$ 715,576 for the year ended September 30, 2019.
- The City's total debt, excluding compensated absences, decreased by \$ 774,000 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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. 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 11 and 12 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, 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 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 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, Stormwater Drain Trust Fund, Community Redevelopment Agency 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, the Stormwater Drain Trust Fund, and the Community Redevelopment Agency Fund to demonstrate compliance with the budget. The basic governmental funds financial statements can be found on pages 13 to 16 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'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 17 to 18 of this report. Individual fund data for the Fiduciary Funds is provided in the form of combining statements elsewhere in this report.

**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

**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 19 to 40 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's pension and other post-employment benefits to its employees pension, and budgetary comparison schedules for the General Fund, Stormwater Drain Trust – Special Revenue Fund, and Community Redevelopment Agency 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 50 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 \$ 48,442,870 in fiscal year 2019 (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 (\$12,453,924) may be used to meet government's ongoing obligations to citizens and creditors.

**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

Table 1  
City of South Miami  
Net Position

	Governmental Activities	
	2019	2018
Current and other assets	\$ 33,364,348	\$ 33,742,546
Capital assets (net)	39,199,475	39,561,387
Total assets	<u>72,563,823</u>	<u>73,303,933</u>
Deferred outflows of resources	<u>2,148,543</u>	<u>1,594,661</u>
Current and other liabilities	3,608,240	3,732,322
Long term liabilities	<u>10,338,184</u>	<u>11,185,013</u>
Total liabilities	<u>13,946,424</u>	<u>14,917,335</u>
Deferred inflows of resources	<u>12,323,072</u>	<u>12,563,764</u>
Net position:		
Net investment in capital assets	29,928,570	29,407,135
Restricted	6,060,376	6,174,093
Unrestricted	<u>12,453,924</u>	<u>11,836,267</u>
Total net position	<u>\$ 48,442,870</u>	<u>\$ 47,417,495</u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position. The restricted governmental activities net position decreased by \$113,717 and the unrestricted net position increased in 2019 by \$ 617,657. 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.



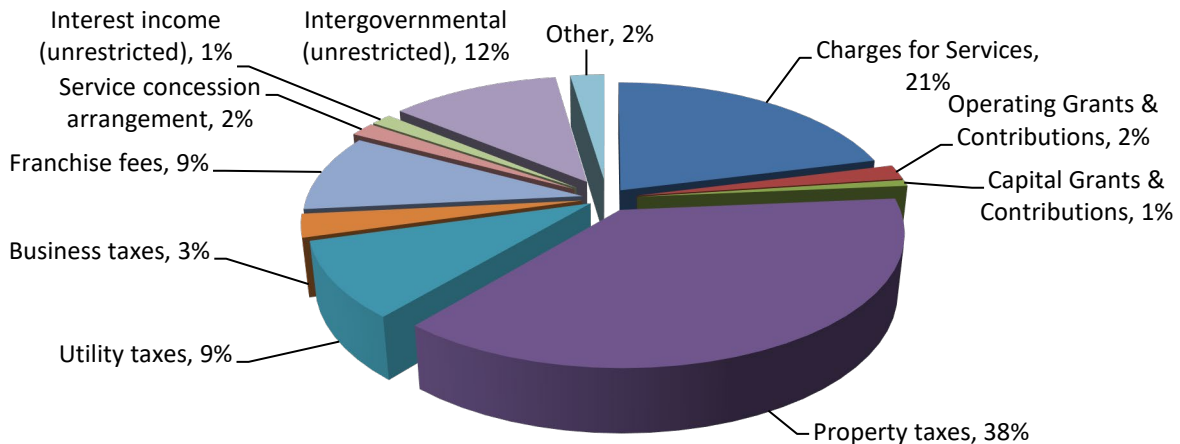
**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

**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 2019 compared to 2018 with the resulting change in net position:

Table 2  
City of South Miami  
Changes in Net Position

	Government Activities	
	2019	2018
<b>Revenues:</b>		
Charges for Services	\$ 4,917,996	\$ 5,248,059
Operating Grants & Contributions	417,208	172,887
Capital Grants & Contributions	176,329	110,175
<b>General revenues:</b>		
Property taxes	8,649,794	8,089,799
Utility taxes	2,170,245	2,180,279
Business taxes	656,815	666,807
Franchise fees	2,177,290	2,155,873
Service concession arrangement	323,580	439,447
Interest income (unrestricted)	328,783	273,328
Intergovernmental (unrestricted)	2,688,302	2,665,912
Miscellaneous	543,158	439,084
<b>Total Revenues</b>	<b>23,049,500</b>	<b>22,441,650</b>
<b>Expenses:</b>		
General Government	6,070,662	4,682,936
Police Safety	7,326,961	7,148,052
Public Works	4,370,995	4,650,990
Culture & Recreation	2,587,068	2,335,605
Community Service	1,221,278	635,365
Interest on Long-Term Debt	447,161	464,511
<b>Total Expenses</b>	<b>22,024,125</b>	<b>19,917,459</b>
Change in net asset	1,025,375	2,524,191
<b>Net position, October 1</b>	<b>47,417,495</b>	<b>44,893,304</b>
<b>Net position, September 30</b>	<b>\$ 48,442,870</b>	<b>\$ 47,417,495</b>

The City's total revenues increased by 2.7%, to \$ 23,049,500 (see Table 2), mainly due to the increase in property tax revenues. Approximately 38% of the City's revenues come from property taxes, another 15% comes from intergovernmental and grants and contributions, and 21% from charges for services (see chart that follows). The City's management took major actions in 2019 to improve City revenues and to control expenses.

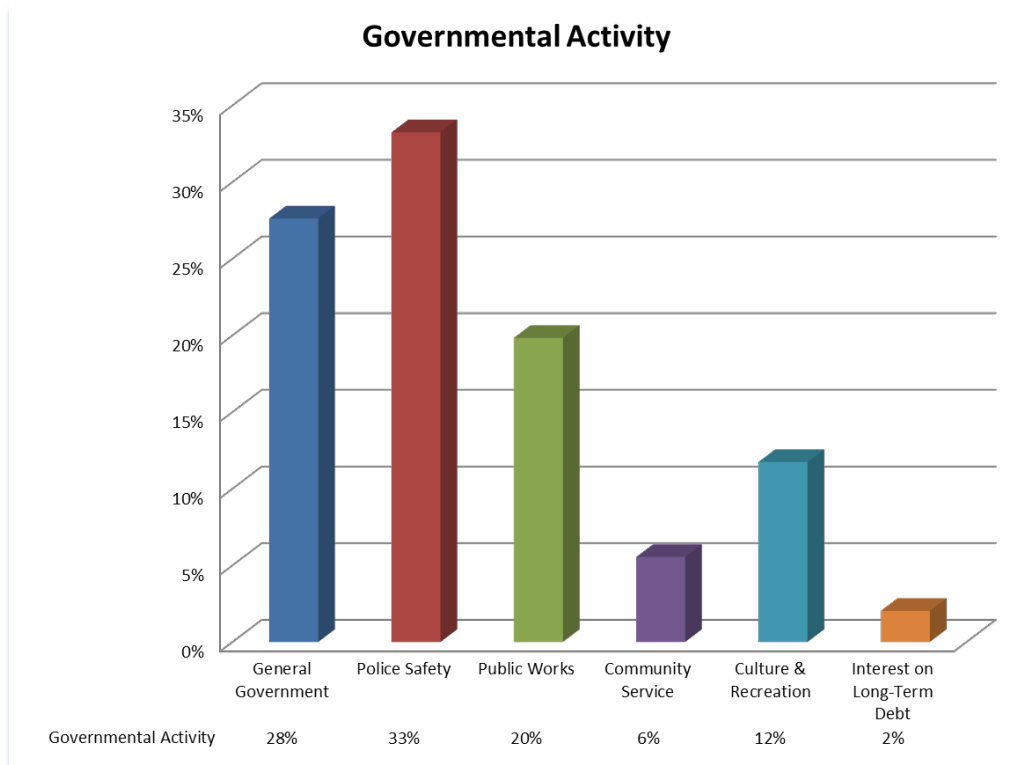


**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

The total cost of all programs and services increased by \$ 2,106,666 or 10.6% (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 \$ 7,326,961, public safety expense represents 33% of the statement of activities' total expenses for the City in 2019. General government category expense total for 2019 was \$ 6,070,662 or 28% 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 \$ 4,370,995, or 20% 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:



The cost of all governmental activities this year, including \$ 447,161 in interest expense on long-term debt, was \$ 22,024,125. Some of that cost was financed by those who directly benefited from the programs through charges for services (\$ 4,917,996).

The City financed the remaining \$ 17,537,967 "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 \$ 18,653,350, with the general fund representing \$ 11,486,867. Of the total fund balances; \$ 357,368 is non-spendable, \$ 6,060,376 is restricted, \$ 4,441,662 is committed, \$ 1,043,597 is assigned and \$ 6,750,347 is unassigned fund balance.

The General Fund's fund balance increased by \$ 715,576 after transfers of a net -\$ 1,362,772. General fund revenues were fairly consistent for the years ended 2019 and 2018. Please refer to the General Fund Budget Highlights section below for further information.

In fiscal year 2019, the City's General Fund had an increase change in fund balance due to the efficient and effective operation of the City's operations and thankfully, no unforeseen emergency events.

**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

The Stormwater fund has a change in fund balance due to certain critical capital improvements and the change from utility billing to non-ad valorem collection process. These two changes helped balance the Stormwater's fund balance.

The City of South Miami Community Redevelopment Agency (the "SMCRA") change in fund balance is due to the SMCRA's continued mission to have the Madison Square Project Built. Such a project requires a large funding amount and the SMCRA is spending to accomplish that purpose. Furthermore, the City's Capital Improvement Project Fund had a significant decrease as expected due to certain project designs and engineering requirements that were scheduled for the prior year finally being completed.

During the current year, the City's Debt balance decreased. There was approximately \$ 1,200,000 in principal and interest expenditures. Total Debt Service Fund expenditures of \$ 1,171,966 were mostly financed with rent and royalties revenues and General Fund transfers.

**General Fund Budgetary Highlights**

The base revenue budget for fiscal year 2019 was \$ 18,931,642. The difference between the estimated revenues, and the actual revenues, in the General Fund was \$200,601 for fiscal year 2019.

Actual revenues, at \$ 18,778,723 came in above the final budget of \$ 18,931,642.

Comparing the final budget to the actual expenditure amount for fiscal year 2019; the final expenditure budget of \$ 19,382,482 with actual expenditures being \$ 16,805,957, were below the final amended budget by \$ 4,276,565. All expenditures were in line with the projected expectations. Please refer to pages 50 and 51 for further details.

**Capital Assets and Debt Administration**

**Capital assets:** The City's investment in capital assets for its governmental activities as of September 30, 2019 and 2018, is detailed below:

	Government Activities	
	2019	2018
Land	\$ 13,606,196	\$ 14,569,480
Construction in progress	264,956	46,418
Building & improvements	15,538,338	14,955,991
Machinery	2,244,230	2,224,676
Land improvements	1,058,404	1,046,997
Infrastructure	6,487,351	6,717,825
	\$ 39,199,475	\$ 39,561,387

For fiscal year 2019 the City spent \$ 2,640,849 on capital programs primarily on acquisition of park space, vehicles and equipment, and street and park improvements. Furthermore, the City transferred a large amount of land to the developer of the Madison Square project, located within the South Miami Community Redevelopment Area. Additional information on the City's capital assets can be found in Note 7 on pages 28 and 29 of this report.

**Debt Administration:** At year-end, the City had approximately \$ 9.8 million in outstanding debt, as noted below:

	Government Activities	
	2019	2018
Florida Municipal Loan Council Bonds	\$ 1,190,000	\$ 1,230,000
Taxable Revenue Note, Series 2011	4,660,000	5,140,000
Taxable Revenue Note, Series 2015	3,973,000	4,227,000
	\$ 9,823,000	\$ 10,597,000

Additional information on the City's outstanding debt can be found in Note 9 on pages 30 and 31 of this report.

**CITY OF SOUTH MIAMI, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

**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 2020 General Fund budget are \$ 20,724,349, an increase of \$ 350,054 from actual revenues and transfers of \$ 20,374,295 for fiscal year 2019, if estimates are realized. With these revenues the City will be able to fund current services and any expected impact of inflation on fuel, salaries and benefits.

As discussed in Note 14 on page 40 of this report, in December 2019, the emergence of the COVID-19 pandemic caused business and social disruption to the global economy. The financial impact of this pandemic on the global economy is not readily determinable as of the date of issuance of this CAFR. The extent to which the COVID-19 may financially impact the City will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 and the actions required to contain it or treat its impact.

**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, CRFAC, Chief Financial Officer, City of South Miami, 6130 Sunset Drive Miami, Florida 33143.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SOUTH MIAMI, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 19,623,811
Receivables	957,620
Prepaid items	357,368
Accrued interest receivable	154,043
Notes receivable	6,839,689
Guaranteed rent receivable	2,696,104
Net pension asset	2,735,713
Capital assets:	
Capital assets not being depreciated	13,871,152
Capital assets, net of accumulated depreciation	25,328,323
Total assets	72,563,823
 <b>Deferred outflows of resources:</b>	
Deferred loss on bond refunding	393,553
Deferred outflows relating to pensions	1,754,990
Total deferred outflows of resources	2,148,543
 <b>Liabilities:</b>	
Accounts payable	766,512
Accrued liabilities	522,391
Unearned revenue	488,060
Other liabilities	508,486
Accrued interest payable	194,498
Due within one year:	
Compensated absences payable	354,923
Debt, including bonds and notes payable	809,000
Due in more than one year	
Compensated absences payable	865,329
Debt, including bonds and notes payable	9,014,000
Total other post employment benefits (OPEB) liability	423,225
Total liabilities	13,946,424
 <b>Deferred inflows of resources:</b>	
Service concession arrangement	9,535,793
Deferred inflows relating to pensions	2,510,435
Deferred inflows relating to other post employment benefits (OPEB)	276,844
Total deferred inflows of resources	12,323,072
 <b>Net position:</b>	
Net investment in capital assets	29,928,570
Restricted for:	
Community services	2,141,270
Park improvements	43,867
Grant projects	645,246
Stormwater management	229,455
Transportation projects	1,447,397
Law enforcement	1,553,141
Unrestricted	12,453,924
Total net position	\$ 48,442,870

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 FISCAL YEAR ENDED SEPTEMBER 30, 2019**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expenses) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
General government	\$ 6,070,662	\$ 765,644	\$ 171,438	\$ -	\$ (5,133,580)
Public safety	7,326,961	3,468,150	107,843	-	(3,750,968)
Public works	4,370,995	4,250	-	-	(4,366,745)
Culture and recreation	2,587,068	223,250	106,044	176,329	(2,081,445)
Community services	1,221,278	26,078	31,883	-	(1,163,317)
Interest on long-term debt	447,161	430,624	-	-	(16,537)
Total governmental activities	<u>\$ 22,024,125</u>	<u>\$ 4,917,996</u>	<u>\$ 417,208</u>	<u>\$ 176,329</u>	<u>\$ (16,512,592)</u>
General revenues:					
Property taxes				\$ 8,649,794	
Utility taxes				2,170,245	
Business taxes				656,815	
Franchise taxes				2,177,290	
Service concession arrangement				323,580	
Interest income (unrestricted)				328,783	
Intergovernmental (unrestricted)				2,688,302	
Other				543,158	
Total general revenues				<u>17,537,967</u>	
Change in net position					1,025,375
<b>Net position, beginning</b>					<u>47,417,495</u>
<b>Net position, ending</b>					<u>\$ 48,442,870</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, 2019**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Stormwater Drain Trust Fund</b>	<b>Capital Improvements Program Fund</b>	<b>Community Redevelopment Agency Fund</b>	<b>Other Nonmajor Governmental Funds</b>	
<b>Assets:</b>						
Cash and cash equivalents	\$ 12,482,298	\$ 422,459	\$ 1,252,429	\$ 1,599,032	\$ 3,867,593	\$ 19,623,811
Receivables	566,698	1,998	-	-	388,924	957,620
Due from other funds	643,217	-	-	586,496	-	1,229,713
Prepaid items	<u>284,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,780</u>	<u>357,368</u>
Total assets	<u>13,976,801</u>	<u>424,457</u>	<u>1,252,429</u>	<u>2,185,528</u>	<u>4,329,297</u>	<u>22,168,512</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	406,515	26,350	208,832	39,656	85,159	766,512
Accrued liabilities	522,139	252	-	-	-	522,391
Due to other funds	586,496	168,400	-	-	474,817	1,229,713
Unearned revenue	470,900	-	-	-	17,160	488,060
Other liabilities	<u>503,884</u>	<u>-</u>	<u>-</u>	<u>4,602</u>	<u>-</u>	<u>508,486</u>
Total liabilities	<u>2,489,934</u>	<u>195,002</u>	<u>208,832</u>	<u>44,258</u>	<u>577,136</u>	<u>3,515,162</u>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Prepaid items	284,588	-	-	-	72,780	357,368
<b>Restricted for:</b>						
Community services	-	-	-	2,141,270	-	2,141,270
Park improvements	-	-	-	-	43,867	43,867
Grant projects	-	-	-	-	645,246	645,246
Stormwater management	-	229,455	-	-	-	229,455
Transportation projects	-	-	-	-	1,447,397	1,447,397
Law enforcement	-	-	-	-	1,553,141	1,553,141
<b>Committed to:</b>						
Emergency and disaster recovery operating reserve	4,090,286	-	-	-	-	4,090,286
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
Tree projects	-	-	-	-	35,631	35,631
Parking management	-	-	-	-	15,563	15,563
<b>Assigned to:</b>						
Capital projects	-	-	1,043,597	-	-	1,043,597
Unassigned (deficit)	<u>6,811,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,464)</u>	<u>6,750,529</u>
Total fund balances	<u>11,486,867</u>	<u>229,455</u>	<u>1,043,597</u>	<u>2,141,270</u>	<u>3,752,161</u>	<u>18,653,350</u>
 Total liabilities and fund balances	 <u>\$ 13,976,801</u>	 <u>\$ 424,457</u>	 <u>\$ 1,252,429</u>	 <u>\$ 2,185,528</u>	 <u>\$ 4,329,297</u>	 <u>\$ 22,168,512</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 TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

**Fund balances - total governmental funds (see page 13)** **\$ 18,653,350**

Amounts reported for governmental activities in the statement of net position are different as a result of:

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

Notes receivable	6,839,689
Guaranteed rent receivable	2,696,104
Accrued interest receivable	154,043
Net pension assets	2,735,713

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

Cost of capital assets	56,470,040
Less accumulated depreciation	(17,270,565)

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	393,553
Deferred outflows relating to pensions	1,754,990

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	(1,190,000)
Notes payable	(8,633,000)
Accrued interest payable	(194,498)
Deferred inflows relating to pensions	(2,510,435)
Deferred inflows from service concession arrangement	(9,535,793)
Net other post employment benefits (OPEB) obligation	(423,225)
Deferred inflows relating to other post employment benefits (OPEB)	(276,844)
Compensated absences payable	<u>(1,220,252)</u>

**Net position of governmental activities (see page 11)** **\$ 48,442,870**

**CITY OF SOUTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Stormwater Drain Trust Fund</b>	<b>Capital Improvements Program Fund</b>	<b>Community Redevelopment Agency Fund</b>	<b>Other Nonmajor Governmental Funds</b>	
<b>Revenues:</b>						
Taxes:						
Ad valorem	\$ 7,109,103	\$ -	\$ -	\$ 1,540,691	\$ -	\$ 8,649,794
Utility taxes	2,170,006	239	-	-	-	2,170,245
Business taxes	656,815	-	-	-	-	656,815
Franchise taxes	1,112,140	-	-	-	-	1,112,140
Licenses and permits	691,726	-	-	-	40,657	732,383
Intergovernmental	1,829,057	413,581	-	-	899,475	3,142,113
Charges for services	3,432,605	-	-	-	4,250	3,436,855
Fines and forfeitures	1,169,094	-	-	-	-	1,169,094
Rents and royalties	278,229	-	-	26,078	703,409	1,007,716
Interest income	273,197	8,852	-	6,819	39,915	328,783
Miscellaneous	472,515	-	-	264	178,222	651,001
Total revenues	<u>19,194,487</u>	<u>422,672</u>	<u>-</u>	<u>1,573,852</u>	<u>1,865,928</u>	<u>23,056,939</u>
<b>Expenditures:</b>						
Current:						
General government	3,960,548	-	-	-	-	3,960,548
Public safety	7,663,188	-	-	-	120,829	7,784,017
Public works	2,925,930	171,563	-	-	564,024	3,661,517
Culture and recreation	2,256,473	-	-	-	-	2,256,473
Community services	-	-	-	576,859	-	576,859
Capital outlay	310,000	114,237	2,566,572	620,159	700,641	4,311,609
Debt service:						
Principal	-	-	-	-	774,000	774,000
Interest and fiscal charges	-	-	-	-	397,966	397,966
Total expenditures	<u>17,116,139</u>	<u>285,800</u>	<u>2,566,572</u>	<u>1,197,018</u>	<u>2,557,460</u>	<u>23,722,989</u>
Excess (deficiency) of revenues over expenditures	<u>2,078,348</u>	<u>136,872</u>	<u>(2,566,572)</u>	<u>376,834</u>	<u>(691,532)</u>	<u>(666,050)</u>
<b>Other financing sources (uses):</b>						
Transfer in	508,765	-	1,319,392	-	329,345	2,157,502
Transfer out	(1,871,537)	(150,000)	-	(110,965)	(25,000)	(2,157,502)
Total other financing sources (uses)	<u>(1,362,772)</u>	<u>(150,000)</u>	<u>1,319,392</u>	<u>(110,965)</u>	<u>304,345</u>	<u>-</u>
<b>Net change in fund balance</b>	715,576	(13,128)	(1,247,180)	265,869	(387,187)	(666,050)
<b>Fund balances, beginning</b>	<u>10,771,291</u>	<u>242,583</u>	<u>2,290,777</u>	<u>1,875,401</u>	<u>4,139,348</u>	<u>19,319,400</u>
<b>Fund balances, ending</b>	<u>\$ 11,486,867</u>	<u>\$ 229,455</u>	<u>\$ 1,043,597</u>	<u>\$ 2,141,270</u>	<u>\$ 3,752,161</u>	<u>\$ 18,653,350</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**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Net change in fund balances - total government funds (see page 15)** \$ (666,050)

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	4,311,609
Current year provision for depreciation	(1,312,316)
Amounts reported as capital outlay not included in capital assets (not capitalized)	(1,691,622)

In the statement of activities, only a gain or loss on the sale/disposition/contribution of assets is reported, whereas, in the governmental funds, the entire proceeds from that sale/disposition/contribution increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of assets sold/disposed/contributed, less accumulated depreciation. (1,669,583)

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 reduction of assets in the statement of net position. (438,063)

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

Net revenues from service concession arrangement	438,063
Change in accrued interest receivable	(7,439)

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. 774,000

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 pension	603,077
Change in deferred inflows relating to pensions	(219,137)
Change in deferred inflows relating to other post employment benefits (OPEB)	21,766

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 government funds:

Amortization of deferred loss on bond refunding	(49,195)
Change in net other post employment benefits (OPEB) obligation	(29,681)
Change in net pension asset	801,404
Change in compensated absences payable	158,542

**Change in net position of governmental activities (see page 12)** **\$ 1,025,375**

**CITY OF SOUTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2019**

	<u><b>Employee Retirement Funds</b></u>
<b>Assets:</b>	
Receivables:	
Employee contribution	\$ 46,572
Employer contribution	201,119
Dividends and interest	79,077
Section 185 contribution	145,623
Pending trades	74,331
Total receivables	<u>546,722</u>
Investments at fair value:	
Money market funds	901,184
Real estate holdings	1,673,342
U.S. Government and agency securities	5,361,846
Corporate obligations	6,241,036
Common stocks:	
Domestic equity	5,728,437
International equity	828,979
Mutual funds:	
Equity	16,617,718
International equity	6,590,324
Fixed income	362,748
Total investments	<u>44,305,614</u>
Other assets:	
Prepaid expenses	1,899
Total assets	<u>44,854,235</u>
<b>Liabilities:</b>	
Accounts payable	42,685
Pending trades payable	100,972
Minimum funding liability	37,780
Total liabilities	<u>181,437</u>
<b>Net Position:</b>	
Restricted for pension benefits	<u>\$ 44,672,798</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**  
**SEPTEMBER 30, 2019**

	<u><b>Employee Retirement Funds</b></u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 667,149
Employees	594,753
Section 185 contributions	<u>145,623</u>
Total contributions	<u>1,407,525</u>
Other income	<u>4,722</u>
Investment income:	
Net appreciation in fair value of investments	236,262
Interest and dividends	<u>853,894</u>
Total investment earnings	1,090,156
Less investment expense	<u>(184,295)</u>
Net investment earnings	<u>905,861</u>
Total additions	<u>2,318,108</u>
<b>Deductions:</b>	
Benefits paid	1,549,078
Refunds of contributions	161,892
Administrative expenses	173,818
Minimum benefit funding payment	<u>37,780</u>
Total deductions	<u>1,922,568</u>
Change in net position	395,540
Net position, restricted for pension	
benefits, beginning - as previously reported	44,264,124
Prior period adjustment	<u>13,134</u>
<b>Net position, restricted for pension</b>	
<b>benefits, beginning - as restated</b>	<u>44,277,258</u>
<b>Net position, restricted for pension</b>	
<b>benefits, ending</b>	<u>\$ 44,672,798</u>

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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 "SMCRA") 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 SMCRA, the SMCRA is determined to be a component unit of the City. The SMCRA 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 SMCRA 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.

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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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.

The *Community Redevelopment Agency Fund*, which is the City's sole blended component unit, accounts for the revenues and expenditures dedicated to the redevelopment and recreational programs within certain areas of the City. The CRA's primary source of revenue is tax-increment funds from Miami Dade County and the City.

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, 2019, 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.



**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the Laws of Florida. There were no material delinquent property taxes in the fiscal year ended September 30, 2019.

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, 2019 was 4.3 mills (\$ 4.3 mills per \$1,000 of the taxable value).

**Capital Assets:** Capital assets, which include land, construction in progress, buildings and improvements, machinery and equipment, land improvements, infrastructure assets (e.g., roads, sidewalks, culverts, pump stations, stormwater lines, catch basins, and similar items), and intangibles, are reported in the governmental activities columns in the government-wide financial statements. 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:

Building 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:

Building 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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Compensated Absences: (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.

**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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Equity Classifications: (continued)**

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.

**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 (\$ 3,867,486 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.

**Note 3 - Stewardship, Compliance and Accountability**

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

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 4 -Deposits and Investments**

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

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

As of September 30, 2019, the carrying amount of the City's book balance for deposits held with financial institutions totaled \$14,088,099 and the bank balance was \$ 19,623,811.

**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, 2019, the City had the following cash equivalents:

Investment Type	Amortized Cost	Maturity Less than 1 Year
Repurchase agreement*	\$ 10,304,840	\$ 10,304,840
Total at amortized cost	\$ 10,304,840	

\* Amortized cost approximates fair value.

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

Category	
Deposits	\$ 9,317,469
Petty cash	1,502
Cash equivalents	10,304,840
Total deposits and investments	\$ 19,623,811

**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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 4 -Deposits and Investments (continued)**

**Investments – Pension Plan: (continued)**

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, 2019 from a nationally recognized rating agency:

Standard and Poor's/Moody's Investor Service Ratings	General Employees and Police Officers Pension Plan	Police Officers Retirement Trust Fund - Section 185	Total
AAA/Aaa	\$ 59,692	\$ 14,075	\$ 73,767
AA/Aa	172,412	12,696	185,108
A/A	2,311,433	40,519	2,351,952
BBB/Baa	3,427,547	65,186	3,492,733
Not rated	5,631,798	230,272	5,862,070
	<u>\$ 11,602,882</u>	<u>\$ 362,748</u>	<u>\$ 11,965,630</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.

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	\$ 6,241,036	\$ 344,358	\$ 3,014,129	\$ 2,011,563	\$ 870,986
U.S. Government and agency securities	5,361,846	1,058,131	-	1,618,863	2,684,852
Mutual fund, fixed income	362,748	2,866	183,732	106,648	69,503
Totals	<u>\$ 11,965,630</u>	<u>\$ 1,405,355</u>	<u>\$ 3,197,861</u>	<u>\$ 3,737,074</u>	<u>\$ 3,625,341</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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 4 -Deposits and Investments (continued)**

**Investments – Pension Plan: (continued)**

*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, 2019, 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

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, 2019:

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	\$ 23,570,790	\$ 23,570,790	\$ -	\$ -
Real estate holdings	1,673,342	-	-	1,673,342
Corporate obligations	6,241,036	-	6,241,036	-
Common stocks	6,557,416	6,557,416	-	-
U.S. Government and agency securities	5,361,846	2,753,577	2,608,269	-
	43,404,430	\$ 32,881,783	\$ 8,849,305	\$ 1,673,342
Investments measured at amortized cost:				
Money market funds	901,184			
Total	\$ 44,305,614			

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 4 - Deposits and Investments (continued)**

**Fair Value Hierarchy: (continued)**

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:

	Real Estate Holdings
Beginning balance, at October 1	\$ 1,705,277
Capital contributed during period	-
Investment income from operations	83,471
Total gains (realized and unrealized)	177,144
Distributions	(236,569)
Management fees and other	(55,981)
Ending balance, at September 30	\$ 1,673,342

**Note 5 - Receivables**

Receivables at September 30, 2019 were as follows:

	Major Funds			
	General Fund	Stormwater Drain Trust Fund	Nonmajor Governmental Funds	
Intergovernmental	\$ 271,958	\$ -	\$ 388,924	\$ 660,882
Franchise fees	98,710	-	-	98,710
Utility taxes	137,292	-	-	137,292
Accounts	58,738	1,998	-	60,736
Total	\$ 566,698	\$ 1,998	\$ 388,924	\$ 957,620

**Note 6 - Interfund Balances and Transfers**

Interfund balances at September 30, 2019 and the amount of interfund transfers for the fiscal year ended are summarized as follows:

	Payable fund:			
	General Fund	Stormwater Drain Trust Fund	Nonmajor Governmental Funds	
General Fund	-	168,400	474,817	643,217
Community Redevelopment Agency Fund	586,496	-	-	586,496
Total	\$ 586,496	\$ 168,400	\$ 474,817	\$ 1,229,713

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, 2019**

**Note 6 - Interfund Balances and Transfers (continued)**

During the year, \$ 1,319,392 and \$ 329,345 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, 2019 was as follows:

	Balance October 1, 2018	Increases	Decreases/ Transfers	Balance September 30, 2019
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,569,480	\$ 584,325	\$ 1,547,609	\$ 13,606,196
Construction in progress	46,418	264,956	46,418	264,956
Total capital assets, not being depreciated	<u>14,615,898</u>	<u>849,281</u>	<u>1,594,027</u>	<u>13,871,152</u>
 Capital assets, being depreciated:				
Buildings and improvements	19,976,666	1,157,925	169,408	20,965,183
Machinery and equipment	8,006,808	559,076	-	8,565,884
Land improvements	1,980,700	100,123	-	2,080,823
Infrastructure	10,538,741	-	-	10,538,741
Intangible assets	448,257	-	-	448,257
Total capital assets, being depreciated	<u>40,951,172</u>	<u>1,817,124</u>	<u>169,408</u>	<u>42,598,888</u>
 Less accumulated depreciation for:				
Buildings and improvements	5,020,675	453,604	47,434	5,426,845
Machinery and equipment	5,782,132	539,522	-	6,321,654
Land improvements	933,703	88,716	-	1,022,419
Infrastructure	3,820,916	230,474	-	4,051,390
Intangible assets	448,257	-	-	448,257
Total accumulated depreciation	<u>16,005,683</u>	<u>1,312,316</u>	<u>47,434</u>	<u>17,270,565</u>
Total capital assets, being depreciated, net	<u>24,945,489</u>	<u>504,808</u>	<u>121,974</u>	<u>25,328,323</u>
Governmental activities capital assets, net	<u>\$ 39,561,387</u>	<u>\$ 1,354,089</u>	<u>\$ 1,716,001</u>	<u>\$ 39,199,475</u>



**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

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

General government	\$	577,408
Public safety		286,605
Public works		276,915
Culture and recreation		142,439
Community services		<u>28,949</u>
Total depreciation expense - governmental activities	\$	<u><u>1,312,316</u></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 \$ 6,839,689.
- (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 \$ 2,696,104.

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, \$ 9,535,793 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, 2019, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 321,094	\$ 318,678	\$ 639,772
2021	333,605	303,790	637,395
2022	354,282	288,311	642,593
2023	366,966	271,608	638,574
2024	389,017	252,972	641,989
2025-2029	2,200,508	992,229	3,192,737
2030-2034	2,072,304	407,562	2,479,866
2035-2037	<u>801,913</u>	<u>54,674</u>	<u>856,587</u>
Total	<u>\$ 6,839,689</u>	<u>\$ 2,889,824</u>	<u>\$ 9,729,513</u>

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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, 2019:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
<b>Governmental Activities:</b>					
Florida Municipal Loan Council					
Bonds, Series 2006	\$ 1,230,000	\$ -	\$ 40,000	\$ 1,190,000	\$ 45,000
Taxable Revenue Note, Series 2011	5,140,000	-	480,000	4,660,000	505,000
Refunding Revenue Note, Series 2015	4,227,000	-	254,000	3,973,000	259,000
Compensated absences	1,378,794	460,020	618,562	1,220,252	354,923
Total	<u>\$ 11,975,794</u>	<u>\$ 460,020</u>	<u>\$ 1,392,562</u>	<u>\$ 11,043,252</u>	<u>\$ 1,163,923</u>

The City implemented GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements during the fiscal year ending September 30, 2019. The City does not currently have unused line of credit or assets placed as collateral for debt. 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. The indenture contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately.

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 45,000	\$ 51,018	\$ 96,018
2021	45,000	49,190	94,190
2022	50,000	47,231	97,231
2023	50,000	45,169	95,169
2024	55,000	43,003	98,003
2025-2029	300,000	178,773	478,773
2030-2034	375,000	104,290	479,290
2034-2037	270,000	18,677	288,677
Total	<u>\$ 1,190,000</u>	<u>\$ 537,351</u>	<u>\$ 1,727,351</u>

**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.

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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

**Revenue Notes: (continued)**

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. The indenture contains a provision that in an event of default, outstanding amounts including accrued interest are due immediately.

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

Fiscal Year Ending September 30,	Series 2011		Series 2015		Total
	Principal	Interest	Principal	Interest	
2020	\$ 505,000	\$ 203,652	\$ 259,000	\$ 109,438	\$ 1,077,090
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	590,000	103,388	284,000	79,058	1,056,446
2025-2029	1,940,000	136,905	1,566,000	269,738	3,912,643
2030-2034	-	-	1,044,000	51,632	1,095,632
Total	\$ 4,660,000	\$ 908,712	\$ 3,973,000	\$ 793,632	\$ 10,335,344

**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, 2019, the outstanding principal amount payable was \$ 782,340,000.

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

**Note 10 - Other Post-Employment Benefits (OPEB)**

The City follows 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.

**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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 10 - Other Post-Employment Benefits (OPEB) (continued)**

**Plan Description and Funding Policy: (continued)**

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	
not yet receiving benefits	-
Active plan members	123
Total plan members	124

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.

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, 2019 was based on an actuarial valuation dated October 1, 2017 with a measurement date of October 1, 2018, using the following actuarial assumptions:

Actuarial cost method	Entry age, level percent of pay
Inflation	2.75%
Discount rate	3.83%
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 and generational mortality improvements with Scale BB. Disabled Employees based on RP-2000 Disabled mortality tables with varying Collar adjustments and varying setback years for males and females - no projected improvements.

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 3.50% to 3.83%, the excise tax load remained consistent at 4.3%, and the health care trend decreased from (6.0% to 4.4% 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 3.83%. 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 3.50% as of the beginning of the measurement year.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 10 - Other Post-Employment Benefits (OPEB) (continued)**

**Total OPEB Liability of the City:** The components of the City's net OPEB liability at September 30, 2019, are as follows:

Total OPEB liability	\$ 393,544
OPEB Plan fiduciary net position	-
City's net OPEB liability	<u>\$ 393,544</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	0%

**Schedule of Changes in Total OPEB Liability**

Measurement year ended September 30, 2019

Total OPEB liability:	
Service cost	\$ 46,640
Interest on total OPEB liability	15,206
Benefit changes	-
Difference between actual and expected experience	-
Assumption changes	(20,628)
Benefit payments	<u>(11,537)</u>
Net change in total OPEB liability	29,681
Total OPEB liability, beginning	<u>393,544</u>
Total OPEB liability, ending	<u>\$ 423,225</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 3.83%, 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 (2.83)%	Current Discount Rate (3.83)%	1% Increase (4.83)%
Total OPEB liability	<u>\$ 490,631</u>	<u>\$ 423,225</u>	<u>\$ 368,846</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>\$ 354,435</u>	<u>\$ 423,225</u>	<u>\$ 512,573</u>

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 10 - Other Post-Employment Benefits (OPEB) (continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:** For the year ended September 30, 2019 the City recognized OPEB expense of \$ 25,711. At September 30, 2019, 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	\$ -	\$ 258,012
Changes in assumptions and other inputs	-	18,832
Total	\$ -	\$ 276,844

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
2020	\$ (42,394)
2021	(42,394)
2022	(42,394)
2023	(42,394)
2024	(42,394)
Thereafter	(64,874)
Total	\$ (276,844)

**Note 11 - 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, 2019, 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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 11 - Defined Benefit Pension Plan (continued)**

**Benefits: (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<sup>th</sup> of the final 36 consecutive months of compensation. For police officers, not less than 1/5<sup>th</sup> 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<sup>th</sup> 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 it 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<sup>th</sup> for each of the first five years and 1/30<sup>th</sup> for the next five years that the benefit commencement date precedes normal retirement.

*Disability Retirement:*

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

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 11 - Defined Benefit Pension Plan (continued)**

**Eligibility: (continued)**

*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	50
Terminated vested	4	5
Receiving benefits	26	21
	87	76

**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, 2018, 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as of October 1, 2017.

*Actuarial Assumptions:*

The total pension liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	10/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage or 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%



**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 11 - Defined Benefit Pension Plan (continued)**

**Net Pension Liability: (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	<u>30%</u>	4.6%
	<u>100%</u>	

*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.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 11 - Defined Benefit Pension Plan (continued)**

**Net Pension Liability: (continued)**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (Asset) (a) - (b)
Balance as of			
September 30, 2017	<u>\$ 37,515,052</u>	<u>\$ 39,449,361</u>	<u>\$ (1,934,309)</u>
Service cost	796,141	-	796,141
Interest	2,834,288	-	2,834,288
Benefit changes	-	-	-
Difference between expected and actual experience	901,489	-	901,489
Assumption changes	-	-	-
Contributions - employer and state	-	690,632	(690,632)
Contributions - employees	-	536,473	(536,473)
Net investment income	-	3,984,542	(3,984,542)
Benefit payments, including refunds	(1,563,305)	(1,563,305)	-
Administrative expenses	-	(139,324)	139,324
Other	-	260,999	(260,999)
Net changes	<u>2,968,613</u>	<u>3,770,017</u>	<u>(801,404)</u>
Balance as of			
September 30, 2018	<u>\$ 40,483,665</u>	<u>\$ 43,219,378</u>	<u>\$ (2,735,713)</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>\$ 2,803,198</u>	<u>\$ (2,735,713)</u>	<u>\$ (7,248,468)</u>

*Pension Plan Fiduciary Net Position:*

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

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 11 - Defined Benefit Pension Plan (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Relating to Pensions:** For the year ended September 30, 2019, the City recognized pension expense (credit) of (\$ 518,195). At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	\$ 356,444	\$ -
Net difference between projected and actual earnings on Plan investments	-	1,953,346
Difference between expected and actual experience on liabilities	731,397	557,089
Total	\$ 1,087,841	\$ 2,510,435

The deferred outflows of resources related to the Plan, resulting from City contributions to the Plan subsequent to the measurement date in the amount of \$ 667,149, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows/inflows of resources relating to pensions will be recognized in pension expense in future years as follows:

Fiscal Year Ending September 30,	Deferred Inflows of Resources
2020	\$ (353,234)
2021	(715,085)
2022	(392,358)
2023	(12,946)
2024	51,029
Total	\$ (1,422,594)

**Note 12 -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.

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, 2019 of approximately \$ 8,400.

**CITY OF SOUTH MIAMI, FLORIDA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 12 - Defined Contributions Plans (continued)**

**401(a) and 457(b) Deferred Compensation Plans (continued):**

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, 2019 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, 2019 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, 2019 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 13 - Commitments and Contingencies**

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

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

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, settled claims and excess coverage in force for each of the past three years.

**Note 14 - Subsequent Events**

*COVID-19:*

In December 2019, COVID-19 emerged and has spread around the world, resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 and subsequently a Pandemic on March 9, 2020. In addition, on March 13, 2020 the President of the United States proclaimed the COVID-19 outbreak to be a National Emergency.

The operational and business results of the City could be significantly adversely affected. The extent to which the coronavirus may impact the business activity of the City will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the results of the actions required to contain the coronavirus or treat its impact, among others. The specific financial impact to the City is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Community Redevelopment Agency:*

The authority of the South Miami Community Redevelopment Agency (the "SMCRA") established by an Interlocal Agreement with Miami-Dade County will expire on May 31, 2020. The City did not approve the SMCRA's proposed Interlocal Agreement extending the life of the authority. As a result, the SMCRA is set to expire on May 31, 2020 with all remaining assets transferable to the City.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 7,128,862	\$ 7,128,862	\$ 7,109,103	\$ (19,759)
Utility taxes	2,071,448	2,071,448	2,170,006	98,558
Business taxes	680,000	680,000	656,815	(23,185)
Franchise taxes	1,310,247	1,310,247	1,112,140	(198,107)
Licenses and permits	892,753	892,753	691,726	(201,027)
Intergovernmental	1,572,581	1,572,581	1,658,219	85,638
Charges for services	3,307,383	3,307,383	3,432,605	125,222
Fines and forfeitures	1,493,586	1,493,586	1,169,094	(324,492)
Rents and royalties	248,414	248,414	278,229	29,815
Interest income	96,334	96,334	233,495	137,161
Miscellaneous	130,034	130,034	277,291	147,257
Total revenues	<u>18,931,642</u>	<u>18,931,642</u>	<u>18,788,723</u>	<u>200,601</u>
<b>Expenditures:</b>				
Current:				
General government:				
City commission	136,338	136,338	112,013	24,325
City manager	2,143,476	2,164,966	1,799,620	365,346
City clerk	446,155	446,155	347,336	98,819
Legal	507,552	507,552	299,543	208,009
Finance	1,490,153	1,517,188	1,401,854	115,334
Total general government	<u>4,723,674</u>	<u>4,772,199</u>	<u>3,960,366</u>	<u>811,833</u>
Public safety:				
Police	6,990,888	6,995,851	6,269,769	726,082
Building, zoning and community development	1,497,448	1,555,544	1,393,419	162,125
Total public safety	<u>8,488,336</u>	<u>8,551,395</u>	<u>7,663,188</u>	<u>888,207</u>
Public works	3,522,584	3,522,584	2,925,930	596,654
Culture and recreation	2,482,742	2,536,304	2,256,473	279,831
Total expenditures	<u>19,217,336</u>	<u>19,382,482</u>	<u>16,805,957</u>	<u>4,276,565</u>
Excess (deficiency) of revenues over expenditures	<u>(285,694)</u>	<u>(450,840)</u>	<u>1,982,766</u>	<u>2,433,606</u>
<b>Other financing sources (uses):</b>				
Transfer in	285,965	285,965	285,965	-
Transfer out	(1,871,537)	(1,871,537)	(1,871,537)	-
Appropriation of prior year fund balance	1,871,266	(8,020,474)	-	8,020,474
Total other financing sources (uses)	<u>285,694</u>	<u>(9,606,046)</u>	<u>(1,585,572)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(10,056,886)</u>	<u>397,194</u>	<u>2,433,606</u>
Fund balances, beginning			<u>10,771,291</u>	
Fund balances, ending			<u>\$ 11,168,485</u>	

See required supplementary information - notes to budgetary comparison schedules.

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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 \$ 397,194

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 <sup>(1)</sup> 628,382

Net change in fund balance - City Parks Acquisition, Development,  
 Operations and Maintenance Fund <sup>(2)</sup> (310,000)

General Fund - net change in fund balance per the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances - Governmental Funds \$ 715,576

<sup>(1)</sup> See budget to actual comparison schedule on page 62.

<sup>(2)</sup> See budget to actual comparison schedule on page 63.

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - STORMWATER DRAIN TRUST FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Utility taxes	\$ 10,000	\$ 10,000	\$ 239	\$ (9,761)
Intergovernmental	375,000	375,000	413,581	38,581
Interest income	<u>4,000</u>	<u>4,000</u>	<u>8,852</u>	<u>4,852</u>
Total revenues	<u>389,000</u>	<u>389,000</u>	<u>422,672</u>	<u>33,672</u>
<b>Expenditures:</b>				
Current:				
Public works	206,024	251,380	171,563	79,817
Capital outlay	50,000	155,115	114,237	40,878
Debt service:				
Principal	27,039	27,039	-	27,039
Interest and fiscal charges	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>284,563</u>	<u>435,034</u>	<u>285,800</u>	<u>149,234</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>104,437</u>	<u>(46,034)</u>	<u>136,872</u>	<u>182,906</u>
<b>Other financing sources (uses):</b>				
Transfer in (out)	(104,437)	46,034	(150,000)	(196,034)
Appropriation of prior year fund balance	<u>1,874,999</u>	<u>1,874,999</u>	<u>-</u>	<u>(1,874,999)</u>
Total other financing sources (uses)	<u>(104,437)</u>	<u>46,034</u>	<u>(150,000)</u>	<u>(196,034)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(13,128)</u>	<u>(13,128)</u>
Fund balances, beginning			<u>242,583</u>	
Fund balances, ending			<u>\$ 229,455</u>	

See required supplementary information - notes to budgetary comparison schedules.



**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - COMMUNITY REDEVELOPMENT AGENCY FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Incremental tax receipts	\$ 1,540,691	\$ 1,540,691	\$ 1,540,691	\$ -
Rents and royalties	33,000	33,000	26,078	(6,922)
Interest income	4,250	4,250	6,819	2,569
Miscellaneous	-	-	264	264
Total revenues	<u>1,577,941</u>	<u>1,577,941</u>	<u>1,573,852</u>	<u>(4,089)</u>
<b>Expenditures:</b>				
Current:				
Community services	953,784	953,784	576,859	376,925
Capital outlay	<u>2,300,218</u>	<u>2,300,218</u>	<u>620,159</u>	<u>1,680,059</u>
Total expenditures	<u>3,254,002</u>	<u>3,254,002</u>	<u>1,197,018</u>	<u>2,056,984</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,676,061)</u>	<u>(1,676,061)</u>	<u>376,834</u>	<u>2,052,895</u>
<b>Other financing sources (uses)</b>				
Transfer in (out)	(210,965)	(210,965)	(110,965)	100,000
Appropriation of prior year fund balance	<u>1,874,999</u>	<u>1,874,999</u>	-	<u>(1,874,999)</u>
Total other financing sources (uses)	<u>1,664,034</u>	<u>1,664,034</u>	<u>(110,965)</u>	<u>(1,774,999)</u>
<b>Net change in fund balance</b>	<u>(12,027)</u>	<u>(12,027)</u>	<u>265,869</u>	<u>277,896</u>
Fund balances, beginning			<u>1,875,401</u>	
Fund balances, ending			<u>\$ 2,141,270</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULES**  
**SEPTEMBER 30, 2019**

**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, 2019, expenditures exceeded appropriations in the following fund:  
Emergency Reserve Fund general government expenditures exceeded appropriations by \$ 182. This unfavorable variance was caused by costs for supplies 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>						
Service cost	\$ 842,564	\$ 796,141	\$ 846,884	\$ 697,537	\$ 686,435	\$ 669,181
Interest	2,889,649	2,834,288	2,630,646	2,460,415	2,381,731	2,299,340
Benefit changes	-	-	(20,122)	-	-	-
Difference between expected and actual experience	(1,314,061)	901,489	(112,807)	(656,677)	(502,259)	(598,374)
Assumption changes	-	-	566,118	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,660,970)</u>	<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	757,182	2,968,613	2,339,968	1,207,493	1,148,321	1,055,034
Total pension liability - beginning	<u>40,483,665</u>	<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>\$ 41,240,847</u>	<u>\$ 40,483,665</u>	<u>\$ 37,515,052</u>	<u>\$ 35,175,084</u>	<u>\$ 33,967,591</u>	<u>\$ 32,819,270</u>
<b>Total Fiduciary Net Position:</b>						
Contributions - employer and state	\$ 704,929	\$ 690,632	\$ 681,713	\$ 570,154	\$ 834,251	\$ 878,217
Contributions - employees	594,753	536,473	910,127	490,452	562,835	593,396
Net investment income	868,406	3,984,542	4,542,693	3,306,002	16,750	3,054,164
Benefit payments, including refunds of employee contributions	(1,660,970)	(1,563,305)	(1,570,751)	(1,293,782)	(1,417,586)	(1,315,113)
Administrative expenses	(129,072)	(139,324)	(163,555)	(129,291)	(135,093)	(100,780)
Other	<u>49,243</u>	<u>260,999</u>	<u>-</u>	<u>2,835</u>	<u>4,454</u>	<u>6,784</u>
Net change in plan fiduciary net position	427,289	3,770,017	4,400,227	2,946,370	(134,389)	3,116,668
Plan fiduciary net position - beginning	<u>43,219,378</u>	<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>\$ 43,646,667</u>	<u>\$ 43,219,378</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>\$ (2,405,820)</u>	<u>\$ (2,735,713)</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	105.83%	106.76%	105.16%	99.64%	94.51%	98.23%
Covered payroll	\$ 6,840,856	\$ 6,447,564	\$ 6,368,739	\$ 4,861,991	\$ 4,086,300	\$ 4,902,128
Net pension liability as a percentage of covered payroll	-35.17%	-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)**

<b>Fiscal Year Ended 9/30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
2019	704,929	704,929	-	6,840,856	10.30%

**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
Remaining 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 table 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>2019</u>	<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	2.1%	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**  
**(UNAUDITED)**

<b>Fiscal Year:</b>	9/30/2019	9/30/2018
<b>Measurement Date:</b>	<u>10/1/2018</u>	<u>10/1/2017</u>
<b>Total OPEB Liability:</b>		
Service cost	\$ 46,640	\$ 48,182
Interest	15,206	22,481
Benefit changes	-	(10,435)
Difference between expected and actual experience	-	(337,400)
Assumption changes	(20,628)	(1,025)
Benefit payments	<u>(11,537)</u>	<u>(10,446)</u>
<b>Net change in Total OPEB Liability</b>	29,681	(288,643)
<b>Total OPEB liability-beginning</b>	<u>393,544</u>	<u>682,187</u>
<b>Total OPEB liability-ending</b>	<u>\$ 423,225</u>	<u>\$ 393,544</u>
<b>Covered payroll</b>	\$ 7,091,413	\$ 7,142,019
<b>Total OPEB liability as a percentage of covered payroll</b>	6.0%	5.5%

**Notes to Schedule:**

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

Changes in assumptions and other inputs include the following for as of the beginning of the measurement period, October 1, 2018: the discount rate increased from 3.50% to 3.83%, the excise tax load increased from 3.6% to 4.3%, and the healthcare 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.*

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**COMBINING FINANCIAL STATEMENTS**

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## **SPECIAL REVENUE FUNDS**

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**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	<b>Special Revenue Funds</b>										<b>Total Nonmajor Governmental Funds</b>
	<b>Local Option Gas Tax</b>	<b>Peoples Transportation Tax</b>	<b>Peoples Transportation Tax, District Transit</b>	<b>State Forfeiture Fund</b>	<b>Tree Trust Fund</b>	<b>Hometown District Improvement Fund</b>	<b>Federal Forfeiture Fund</b>	<b>Grants Fund</b>	<b>Park Impact Fees Fund</b>	<b>Debt Service Fund</b>	
<b>Assets:</b>											
Cash and cash equivalents	\$ 209,970	\$ 934,472	\$ 266,464	\$ 69,636	\$ 35,631	\$ 15,563	\$ 1,489,416	\$ 485,711	\$ 43,867	\$ 316,863	\$ 3,867,593
Receivables	-	89,230	-	-	-	-	-	299,694	-	-	388,924
Prepaid expenditures	-	-	-	-	-	-	-	-	-	72,780	72,780
<b>Total assets</b>	<b>\$ 209,970</b>	<b>\$ 1,023,702</b>	<b>\$ 266,464</b>	<b>\$ 69,636</b>	<b>\$ 35,631</b>	<b>\$ 15,563</b>	<b>\$ 1,489,416</b>	<b>\$ 785,405</b>	<b>\$ 43,867</b>	<b>\$ 389,643</b>	<b>\$ 4,329,297</b>
<b>Liabilities and Fund Balances:</b>											
<b>Liabilities:</b>											
Accounts payable	\$ -	\$ 6,229	\$ -	\$ -	\$ -	\$ -	\$ 5,911	\$ 73,019	\$ -	\$ -	\$ 85,159
Due to other funds	-	46,510	-	-	-	-	-	49,980	-	378,327	474,817
Unearned revenue	-	-	-	-	-	-	-	17,160	-	-	17,160
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>52,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,911</b>	<b>140,159</b>	<b>-</b>	<b>378,327</b>	<b>577,136</b>
<b>Fund balances:</b>											
<b>Nonspendable:</b>											
Prepaid expenditures	-	-	-	-	-	-	-	-	-	72,780	72,780
<b>Restricted for:</b>											
Community services	-	-	-	-	-	-	-	-	-	-	-
Park improvements	-	-	-	-	-	-	-	-	43,867	-	43,867
Grant projects	-	-	-	-	-	-	-	645,246	-	-	645,246
Transportation projects	209,970	970,963	266,464	-	-	-	-	-	-	-	1,447,397
Law enforcement	-	-	-	69,636	-	-	1,483,505	-	-	-	1,553,141
<b>Committed to:</b>											
Tree projects	-	-	-	-	35,631	-	-	-	-	-	35,631
Parking management	-	-	-	-	-	15,563	-	-	-	-	15,563
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	(61,464)	(61,464)
<b>Total fund balances (deficit)</b>	<b>209,970</b>	<b>970,963</b>	<b>266,464</b>	<b>69,636</b>	<b>35,631</b>	<b>15,563</b>	<b>1,483,505</b>	<b>645,246</b>	<b>43,867</b>	<b>11,316</b>	<b>3,752,161</b>
<b>Total liabilities and fund balances</b>	<b>\$ 209,970</b>	<b>\$ 1,023,702</b>	<b>\$ 266,464</b>	<b>\$ 69,636</b>	<b>\$ 35,631</b>	<b>\$ 15,563</b>	<b>\$ 1,489,416</b>	<b>\$ 785,405</b>	<b>\$ 43,867</b>	<b>\$ 389,643</b>	<b>\$ 4,329,297</b>

**CITY OF SOUTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<b>Special Revenue Funds</b>										<b>Total Nonmajor Governmental Funds</b>
	<b>Local Option Gas Tax</b>	<b>Peoples Transportation Tax</b>	<b>Peoples Transportation Tax, District Transit</b>	<b>State Forfeiture Fund</b>	<b>Tree Trust Fund</b>	<b>Hometown District Improvement Fund</b>	<b>Federal Forfeiture Fund</b>	<b>Grants Fund</b>	<b>Park Impact Fees Fund</b>	<b>Debt Service Fund</b>	
<b>Revenues:</b>											
Taxes:											
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	6,396	-	-	34,261	-	-	40,657
Intergovernmental	74,541	433,569	108,392	-	-	-	282,973	-	-	-	899,475
Charges for services	-	-	-	-	-	4,250	-	-	-	-	4,250
Rents and royalties	-	-	-	-	-	-	-	-	703,409	-	703,409
Interest income	1,916	7,460	-	830	-	-	18,856	5,019	2,547	3,287	39,915
Miscellaneous	-	-	-	-	-	-	33,034	-	-	145,188	178,222
Total revenues	<u>76,457</u>	<u>441,029</u>	<u>108,392</u>	<u>830</u>	<u>6,396</u>	<u>4,250</u>	<u>51,890</u>	<u>287,992</u>	<u>36,808</u>	<u>851,884</u>	<u>1,865,928</u>
<b>Expenditures:</b>											
Current:											
Public safety	-	-	-	-	-	-	120,829	-	-	-	120,829
Public works	-	-	269,601	-	11,450	-	-	282,973	-	-	564,024
Community services	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	131,508	363,040	-	-	-	-	-	-	206,093	-	700,641
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	774,000	774,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	397,966	397,966
Total expenditures	<u>131,508</u>	<u>363,040</u>	<u>269,601</u>	<u>-</u>	<u>11,450</u>	<u>-</u>	<u>120,829</u>	<u>282,973</u>	<u>206,093</u>	<u>1,171,966</u>	<u>2,557,460</u>
Excess (deficiency) of revenues over expenditures	<u>(55,051)</u>	<u>77,989</u>	<u>(161,209)</u>	<u>830</u>	<u>(5,054)</u>	<u>4,250</u>	<u>(68,939)</u>	<u>5,019</u>	<u>(169,285)</u>	<u>(320,082)</u>	<u>(691,532)</u>
<b>Other financing sources (uses) :</b>											
Transfers in	-	-	-	-	-	-	-	-	-	329,345	329,345
Transfers out	-	-	-	-	-	(25,000)	-	-	-	-	(25,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,345</u>	<u>304,345</u>
<b>Net change in fund balances</b>	<u>(55,051)</u>	<u>77,989</u>	<u>(161,209)</u>	<u>830</u>	<u>(5,054)</u>	<u>(20,750)</u>	<u>(68,939)</u>	<u>5,019</u>	<u>(169,285)</u>	<u>9,263</u>	<u>(387,187)</u>
Fund balances, beginning	<u>265,021</u>	<u>892,974</u>	<u>427,673</u>	<u>68,806</u>	<u>40,685</u>	<u>36,313</u>	<u>1,552,444</u>	<u>640,227</u>	<u>213,152</u>	<u>2,053</u>	<u>4,139,348</u>
Fund balances, ending	<u>\$ 209,970</u>	<u>\$ 970,963</u>	<u>\$ 266,464</u>	<u>\$ 69,636</u>	<u>\$35,631</u>	<u>\$ 15,563</u>	<u>\$1,483,505</u>	<u>\$ 645,246</u>	<u>\$ 43,867</u>	<u>\$ 11,316</u>	<u>\$ 3,752,161</u>

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - LOCAL OPTION GAS TRUST FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 73,686	\$ 73,686	\$ 74,541	\$ 855
Interest income	1,500	1,500	1,916	416
Total revenues	<u>75,186</u>	<u>75,186</u>	<u>76,457</u>	<u>1,271</u>
<b>Expenditures:</b>				
Capital outlay	85,000	168,128	131,508	36,620
Total expenditures	<u>85,000</u>	<u>168,128</u>	<u>131,508</u>	<u>36,620</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(9,814)</u>	<u>(92,942)</u>	<u>(55,051)</u>	<u>37,891</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	9,814	92,942	-	(92,942)
Total other financing sources (uses)	<u>9,814</u>	<u>92,942</u>	<u>-</u>	<u>(92,942)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(55,051)</u>	<u>(55,051)</u>
Fund balances, beginning			<u>265,021</u>	
Fund balances, ending			<u>\$ 209,970</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - PEOPLES TRANSPORTATION TAX**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 440,000	\$ 440,000	\$ 433,569	\$ (6,431)
Interest income	10,000	10,000	7,460	(2,540)
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>441,029</u>	<u>(8,971)</u>
<b>Expenditures:</b>				
Capital outlay	606,500	1,079,644	363,040	716,604
Total expenditures	<u>606,500</u>	<u>1,079,644</u>	<u>363,040</u>	<u>716,604</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(156,500)</u>	<u>(629,644)</u>	<u>77,989</u>	<u>707,633</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	156,500	629,644	-	(629,644)
Total other financing sources (uses)	<u>156,500</u>	<u>629,644</u>	<u>-</u>	<u>(629,644)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>77,989</u>	<u>77,989</u>
Fund balances, beginning			<u>892,974</u>	
Fund balances, ending			<u>\$ 970,963</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - PEOPLES TRANSPORTATION TAX, DIRECT TRANSIT**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 108,392	\$ (1,608)
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>108,392</u>	<u>(1,608)</u>
<b>Expenditures:</b>				
Current:				
Public works	<u>277,748</u>	<u>277,748</u>	<u>269,601</u>	<u>8,147</u>
Total expenditures	<u>277,748</u>	<u>277,748</u>	<u>269,601</u>	<u>8,147</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(167,748)</u>	<u>(167,748)</u>	<u>(161,209)</u>	<u>6,539</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	<u>167,748</u>	<u>167,748</u>	-	<u>(167,748)</u>
Total other financing sources (uses)	<u>167,748</u>	<u>167,748</u>	-	<u>(167,748)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(161,209)</u>	<u>(161,209)</u>
Fund balances, beginning			<u>427,673</u>	
Fund balances, ending			<u>\$ 266,464</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - STATE FORFEITURE FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 830	\$ 830
Total revenues	<u>-</u>	<u>-</u>	<u>830</u>	<u>830</u>
<b>Expenditures:</b>				
Current:				
Public safety	30,000	30,000	-	30,000
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>830</u>	<u>30,830</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	30,000	30,000	-	(30,000)
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>830</u>	<u>830</u>
Fund balances, beginning			<u>68,806</u>	
Fund balances, ending			<u>\$ 69,636</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - TREE TRUST FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ 6,396	\$ 6,396
Total revenues	-	-	6,396	6,396
<b>Expenditures:</b>				
Current:				
Public works	20,000	20,000	11,450	8,550
Total expenditures	20,000	20,000	11,450	8,550
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(20,000)	(20,000)	(5,054)	14,946
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	20,000	20,000	-	(20,000)
Total other financing sources (uses)	20,000	20,000	-	(20,000)
<b>Net change in fund balance</b>	-	-	(5,054)	(5,054)
Fund balances, beginning			40,685	
Fund balances, ending			<u>\$ 35,631</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - HOMETOWN IMPROVEMENT FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 28,000	\$ 28,000	\$ 4,250	\$ (23,750)
Interest income	100	100	-	(100)
Total revenues	<u>28,100</u>	<u>28,100</u>	<u>4,250</u>	<u>(23,850)</u>
<b>Expenditures:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>28,100</u>	<u>28,100</u>	<u>4,250</u>	<u>(23,850)</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	(3,100)	(3,100)	-	3,100
Transfer in (out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(28,100)</u>	<u>(28,100)</u>	<u>(25,000)</u>	<u>3,100</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(20,750)</u>	<u>(20,750)</u>
Fund balances, beginning			<u>36,313</u>	
Fund balances, ending			<u>\$ 15,563</u>	



**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - FEDERAL FORFEITURE FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest income	\$ 16,000	\$ 16,000	\$ 18,856	\$ 2,856
Miscellaneous	30,000	30,000	33,034	3,034
Total revenues	<u>46,000</u>	<u>46,000</u>	<u>51,890</u>	<u>5,890</u>
<b>Expenditures:</b>				
Current:				
Public safety	434,224	434,224	120,829	313,395
Total expenditures	<u>434,224</u>	<u>434,224</u>	<u>120,829</u>	<u>313,395</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(388,224)</u>	<u>(388,224)</u>	<u>(68,939)</u>	<u>319,285</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	388,224	388,224	-	(388,224)
Total other financing sources (uses)	<u>388,224</u>	<u>388,224</u>	<u>-</u>	<u>(388,224)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(68,939)</u>	<u>(68,939)</u>
Fund balances, beginning			<u>1,552,444</u>	
Fund balances, ending			<u>\$ 1,483,505</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GRANT FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 806,353	\$ 282,973	\$ (523,380)
Interest income	-	-	5,019	5,019
Total revenues	<u>-</u>	<u>806,353</u>	<u>287,992</u>	<u>(518,361)</u>
<b>Expenditures:</b>				
Current:				
Public works	-	806,353	282,973	523,380
Total expenditures	<u>-</u>	<u>806,353</u>	<u>282,973</u>	<u>523,380</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,019</u>	<u>5,019</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>5,019</u>	<u>5,019</u>
Fund balances, beginning			<u>640,227</u>	
Fund balances, ending			<u>\$ 645,246</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT PROGRAM FUND**  
**CAPITAL PROJECTS FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital outlay	<u>3,790,000</u>	<u>4,661,501</u>	<u>2,566,572</u>	<u>2,094,929</u>
Total expenditures	<u>3,790,000</u>	<u>4,661,501</u>	<u>2,566,572</u>	<u>2,094,929</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(3,790,000)</u>	<u>(4,661,501)</u>	<u>(2,566,572)</u>	<u>(2,094,929)</u>
<b>Other financing sources (uses)</b>				
Transfer in (out)	1,319,392	1,319,392	1,319,392	-
Appropriation of prior year fund balance	<u>1,983,608</u>	<u>2,755,553</u>	<u>-</u>	<u>(2,755,553)</u>
Total other financing sources (uses)	<u>3,303,000</u>	<u>4,074,945</u>	<u>1,319,392</u>	<u>(2,755,553)</u>
<b>Net change in fund balance</b>	<u>(487,000)</u>	<u>(586,556)</u>	<u>(1,247,180)</u>	<u>(4,850,482)</u>
Fund balances, beginning			<u>2,290,777</u>	
Fund balances, ending			<u>\$ 1,043,597</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Rents and royalties	\$ 703,409	\$ 703,409	\$ 703,409	\$ -
Interest income	2,000	2,000	3,287	1,287
Miscellaneous	145,246	145,246	145,188	(58)
Total revenues	<u>850,655</u>	<u>850,655</u>	<u>851,884</u>	<u>1,229</u>
<b>Expenditures:</b>				
Debt service:				
Principal	774,000	774,000	774,000	-
Interest and fiscal charges	406,000	406,000	397,966	8,034
Total expenditures	<u>1,180,000</u>	<u>1,180,000</u>	<u>1,171,966</u>	<u>8,034</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(329,345)</u>	<u>(329,345)</u>	<u>(320,082)</u>	<u>9,263</u>
<b>Other financing sources (uses)</b>				
Transfer in (out)	329,345	329,345	329,345	-
Total other financing sources (uses)	<u>329,345</u>	<u>329,345</u>	<u>329,345</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>9,263</u>	<u>9,263</u>
Fund balances, beginning			<u>2,053</u>	
Fund balances, ending			<u>\$ 11,316</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - EMERGENCY RESERVE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest income	\$ 36,000	\$ 36,000	\$ 39,702	\$ 3,702
Miscellaneous	-	-	366,062	366,062
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>405,764</u>	<u>369,764</u>
<b>Expenditures:</b>				
Current:				
General Government	-	-	182	(182)
Total expenditures	<u>-</u>	<u>-</u>	<u>182</u>	<u>(182)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>36,000</u>	<u>36,000</u>	<u>405,582</u>	<u>369,946</u>
<b>Other financing sources (uses)</b>				
Transfer in (out)	-	-	222,800	222,800
Appropriation of prior year fund balance	(36,000)	(36,000)	-	36,000
Total other financing sources (uses)	<u>(36,000)</u>	<u>(36,000)</u>	<u>222,800</u>	<u>258,800</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>628,382</u>	<u>628,746</u>
Fund balances, beginning			<u>3,461,904</u>	
Fund balances, ending			<u>\$ 4,090,286</u>	

**CITY OF SOUTH MIAMI, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - CITY PARKS ACQUISITION, DEVELOPMENT,**  
**OPERATION AND MAINTENANCE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital outlay	310,000	310,000	310,000	-
Total expenditures	310,000	310,000	310,000	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(310,000)	(310,000)	(310,000)	-
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	310,000	310,000	-	(310,000)
Total other financing sources (uses)	310,000	310,000	-	(310,000)
<b>Net change in fund balance</b>	-	-	(310,000)	(310,000)
Fund balances, beginning			310,000	
Fund balances, ending			\$ -	

#### **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**  
**FIUCIARY FUNDS**  
**SEPTEMBER 30, 2019**

	<b>General Employees and Police Officers Pension Plan</b>	<b>Section 185 Police Officers Pension Trust Fund</b>	<b>Total</b>
<b>Assets:</b>			
Receivables:			
Employee contribution	\$ 46,572	\$ -	\$ 46,572
Employer contribution	201,119	-	201,119
Dividends and interest	79,077	-	79,077
Section 185 contribution	37,780	107,843	145,623
Pending trades	74,331	-	74,331
Total receivables	<u>438,879</u>	<u>107,843</u>	<u>546,722</u>
Investments at fair value:			
Money market funds	900,294	890	901,184
Real estate holdings	1,673,342	-	1,673,342
U.S. Government and agency securities	5,361,846	-	5,361,846
Corporate obligations	6,241,036	-	6,241,036
Common stocks:			
Domestic equity	5,728,437	-	5,728,437
International equity	828,979	-	828,979
Mutual funds:			
Equity	16,119,859	497,859	16,617,718
International equity	6,448,678	141,646	6,590,324
Fixed income	-	362,748	362,748
Total investments	<u>43,302,471</u>	<u>1,003,143</u>	<u>44,305,614</u>
Other assets:			
Prepaid expenses	1,899	-	1,899
Total assets	<u>43,743,249</u>	<u>1,110,986</u>	<u>44,854,235</u>
<b>Liabilities:</b>			
Accounts payable	42,685	-	42,685
Pending trades payable	100,972	-	100,972
Minimum funding liability	-	37,780	37,780
Total liabilities	<u>143,657</u>	<u>37,780</u>	<u>181,437</u>
<b>Net Position:</b>			
Restricted for pension benefits	<u>\$ 43,599,592</u>	<u>\$ 1,073,206</u>	<u>\$ 44,672,798</u>



**CITY OF SOUTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<b>General Employees and Police Officers Pension Plan</b>	<b>Section 185 Police Officers Pension Trust Fund</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 667,149	\$ -	\$ 667,149
Employees	594,753	-	594,753
Section 185 contributions	<u>37,780</u>	<u>107,843</u>	<u>145,623</u>
Total contributions	<u>1,299,682</u>	<u>107,843</u>	<u>1,407,525</u>
Other income	<u>4,722</u>	<u>-</u>	<u>4,722</u>
Investment income:			
Net appreciation in fair value of investments	215,540	25,149	240,689
Interest and dividends	<u>825,592</u>	<u>23,875</u>	<u>849,467</u>
Total investment earnings	1,041,132	49,024	1,090,156
Less investment expense	<u>(175,280)</u>	<u>(8,292)</u>	<u>(183,572)</u>
Net investment earnings	<u>865,852</u>	<u>40,732</u>	<u>906,584</u>
Total additions	<u>2,170,256</u>	<u>148,575</u>	<u>2,318,831</u>
<b>Deductions:</b>			
Benefits paid	1,499,078	50,000	1,549,078
Refunds of contributions	161,892	-	161,892
Administrative expenses	129,072	45,469	174,541
Minimum benefit funding payment	<u>-</u>	<u>37,780</u>	<u>37,780</u>
Total deductions	<u>1,790,042</u>	<u>133,249</u>	<u>1,923,291</u>
Change in net assets	380,214	15,326	395,540
Net position, restricted for pension			
benefits, beginning - as previously reported	43,219,378	1,044,746	44,264,124
Prior period adjustment	<u>-</u>	<u>13,134</u>	<u>13,134</u>
<b>Net position, restricted for pension</b>			
<b>benefits, beginning - as restated</b>	<u>43,219,378</u>	<u>1,057,880</u>	<u>44,277,258</u>
<b>Net position, restricted for pension</b>			
<b>benefits, ending</b>	<u>\$ 43,599,592</u>	<u>\$ 1,073,206</u>	<u>\$ 44,672,798</u>

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**STATISTICAL SECTION**

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## 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.

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	66-69
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	70-73
<b>Debt Capacity</b> 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.	74-77
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	78-79
<b>Operating Information</b> 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.	80-82

*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)**  
**(amount expressed in thousands)**

Table 1

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 23,497	\$ 23,767	\$ 24,318	\$ 24,353	\$ 26,306	\$ 26,819	\$ 27,343	\$ 28,360	\$ 29,407	\$ 29,928
Restricted	4,589	4,680	6,719	6,353	5,963	5,280	5,208	5,424	6,174	6,060
Unrestricted	<u>7,011</u>	<u>8,324</u>	<u>7,956</u>	<u>8,324</u>	<u>9,730</u>	<u>10,335</u>	<u>11,529</u>	<u>11,486</u>	<u>11,836</u>	<u>12,454</u>
Total governmental activities net position	<u>\$ 35,097</u>	<u>\$ 36,771</u>	<u>\$ 38,993</u>	<u>\$ 39,030</u>	<u>\$ 41,999</u>	<u>\$ 42,434</u>	<u>\$ 44,080</u>	<u>\$ 45,270</u>	<u>\$ 47,417</u>	<u>\$ 48,442</u>

**CITY OF SOUTH MIAMI, FLORIDA**

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(amount expressed in thousands)

Table 2

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>EXPENSES:</b>										
Governmental activities:										
General government	\$ 7,304	\$ 3,912	\$ 3,598	\$ 4,032	\$ 4,512	\$ 3,480	\$ 4,373	\$ 5,029	\$ 4,683	\$ 6,071
Public safety	4,717	7,542	7,483	7,853	6,906	7,362	7,613	7,746	7,148	7,327
Public works	4,683	4,337	4,747	3,960	3,708	4,068	4,166	3,420	4,651	4,371
Community services	484	1,098	1,284	1,249	999	712	985	948	635	1,221
Culture and recreation	1,069	1,140	1,084	1,668	1,772	2,096	2,082	2,135	2,336	2,587
Interest on long-term debt	1,055	929	946	830	775	586	531	494	464	447
Total governmental activities expenses	<u>19,312</u>	<u>18,958</u>	<u>19,142</u>	<u>19,592</u>	<u>18,672</u>	<u>18,304</u>	<u>19,750</u>	<u>19,772</u>	<u>19,917</u>	<u>22,024</u>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
General government	3,453	371	287	1,047	1,098	1,176	1,210	949	966	766
Public safety	476	4,608	5,917	1,750	3,913	3,882	3,808	3,544	3,686	3,468
Public works	408	574	525	22	36	28	32	30	29	4
Community services	-	34	31	2,896	-	-	35	40	36	26
Culture and recreation	242	199	234	-	-	-	210	241	185	223
Interest on long-term debt	493	244	446	-	406	390	284	294	346	431
Operating and capital grants and contributions	718	1,159	541	515	631	267	492	272	283	593
Total governmental activities program revenues	<u>5,790</u>	<u>7,189</u>	<u>7,981</u>	<u>6,230</u>	<u>6,084</u>	<u>5,743</u>	<u>6,071</u>	<u>5,370</u>	<u>5,531</u>	<u>5,511</u>
Net (expense)/revenue: Governmental activities	<u>(13,522)</u>	<u>(11,769)</u>	<u>(11,161)</u>	<u>(13,362)</u>	<u>(12,588)</u>	<u>(12,561)</u>	<u>(13,679)</u>	<u>(14,402)</u>	<u>(14,386)</u>	<u>(16,513)</u>
<b>GENERAL REVENUES AND OTHER</b>										
<b>CHANGES IN NET ASSETS:</b>										
Governmental activities:										
Taxes:										
Property taxes	7,685	7,114	6,708	6,122	6,406	6,598	6,989	7,643	8,090	8,650
Utility taxes	2,087	2,070	2,052	2,073	2,167	2,182	2,112	2,111	2,180	2,170
Business taxes	630	606	641	620	613	676	705	679	667	657
Franchise taxes	1,101	1,066	1,048	1,574	1,641	1,896	1,951	2,174	2,156	2,177
Service concession arrangement	335	359	370	248	377	393	405	419	439	324
Intergovernmental (unrestricted)	2,051	1,980	2,198	2,279	3,770	2,683	2,710	2,743	2,666	2,688
Interest income (unrestricted)	218	140	181	331	154	149	162	183	273	329
Other	110	108	185	305	427	254	338	665	439	543
Extraordinary item- Judgment	-	-	-	-	-	-	-	(1,025)	-	-
Total governmental activities	<u>14,217</u>	<u>13,443</u>	<u>13,383</u>	<u>13,552</u>	<u>15,555</u>	<u>14,831</u>	<u>15,372</u>	<u>15,592</u>	<u>16,910</u>	<u>17,538</u>
<b>CHANGES IN NET POSITION:</b>										
Governmental activities	<u>\$ 695</u>	<u>\$ 1,674</u>	<u>\$ 2,222</u>	<u>\$ 190</u>	<u>\$ 2,967</u>	<u>\$ 2,270</u>	<u>\$ 1,693</u>	<u>\$ 1,190</u>	<u>\$ 2,524</u>	<u>\$ 1,025</u>

**CITY OF SOUTH MIAMI, FLORIDA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(amount expressed in thousands)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
Reserved	\$ 2,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,325	-	-	-	-	-	-	-	-	-
Nonspendable	-	186	204	209	242	251	248	294	277	284
Committed	-	1,785	1,689	1,704	1,717	4,579	4,893	4,809	4,072	4,167
Assigned	-	1,982	622	1,064	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	7,035
<b>Total General Fund</b>	<b>\$ 8,485</b>	<b>\$ 9,499</b>	<b>\$ 8,659</b>	<b>\$ 9,336</b>	<b>\$ 10,783</b>	<b>\$ 11,902</b>	<b>\$ 13,146</b>	<b>\$ 12,991</b>	<b>\$ 10,771</b>	<b>\$ 11,486</b>
<b>All other governmental funds:</b>										
Reserved	\$ 215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	4,075	-	-	-	-	-	-	-	-	-
Nonspendable	-	4	-	72	71	71	75	74	73	73
Restricted	-	4,676	6,720	6,353	5,963	5,324	5,208	5,425	5,932	6,060
Committed	-	10	9	22	22	28	48	60	77	51
Assigned	-	-	510	180	355	839	816	1,587	-	1,044
Unassigned	-	-	-	-	-	(149)	(134)	(132)	(67)	(61)
<b>Total all other governmental funds</b>	<b>\$ 4,290</b>	<b>\$ 4,690</b>	<b>\$ 7,239</b>	<b>\$ 6,627</b>	<b>\$ 6,411</b>	<b>\$ 6,113</b>	<b>\$ 6,013</b>	<b>\$ 7,014</b>	<b>\$ 6,015</b>	<b>\$ 7,167</b>

Note: Information for fiscal year 2010 has not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

**CITY OF SOUTH MIAMI, FLORIDA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(amount expressed in thousands)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES:</b>										
Taxes and franchise fees	\$ 9,416	\$ 8,787	\$ 8,397	\$ 8,316	\$ 8,660	\$ 9,170	\$ 9,645	\$ 10,496	\$ 9,820	\$ 10,419
Charges for services	3,175	3,968	4,089	2,918	2,857	2,949	2,809	2,536	3,464	3,437
Utility taxes	2,087	2,070	2,052	2,074	2,167	2,182	2,112	2,111	2,180	2,170
Intergovernmental	2,471	3,091	2,614	2,702	4,309	2,836	3,069	2,972	2,809	3,142
Licenses and permits	470	964	667	1,047	1,099	1,176	1,194	927	939	732
Fines and forfeitures	415	483	1,944	926	849	995	1,076	1,104	1,403	1,169
Interest income	219	140	181	153	145	157	162	183	273	329
Rents and royalties	1,129	1,007	1,026	1,072	1,026	768	1,057	1,000	1,013	1,008
Other	268	495	439	397	519	349	386	665	549	651
<b>Total revenues</b>	<b>19,650</b>	<b>21,005</b>	<b>21,409</b>	<b>19,605</b>	<b>21,631</b>	<b>20,582</b>	<b>21,510</b>	<b>21,994</b>	<b>22,450</b>	<b>23,057</b>
<b>EXPENDITURES:</b>										
General government	6,709	3,217	2,838	3,250	3,684	3,638	3,720	4,316	4,614	3,961
Public safety	4,572	7,242	7,071	7,532	6,564	7,043	7,089	7,548	8,407	7,784
Public works	4,329	4,148	3,822	3,338	3,252	3,242	3,318	3,211	3,682	3,661
Community services	484	1,065	1,232	1,220	970	683	636	594	615	577
Culture and recreation	1,035	1,089	1,034	1,607	1,674	1,994	1,973	2,027	2,118	2,256
Debt service:										
Principal	1,038	2,599	802	1,105	1,078	6,064	853	742	836	774
Interest and fiscal charges	887	1,167	660	750	695	645	485	458	430	398
Capital outlay	1,412	1,100	2,241	737	2,484	1,401	2,294	2,252	2,434	4,312
<b>Total expenditures</b>	<b>20,466</b>	<b>21,627</b>	<b>19,700</b>	<b>19,539</b>	<b>20,401</b>	<b>24,710</b>	<b>20,368</b>	<b>21,148</b>	<b>23,136</b>	<b>23,723</b>
Excess (deficiency) of revenues over expenditures	(816)	(622)	1,709	66	1,230	(4,128)	1,142	846	(686)	(666)
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	485	820	2,359	543	1,008	4,348	1,800	2,629	3,172	2,157
Transfers out	(485)	(820)	(2,359)	(543)	(1,008)	(4,348)	(1,800)	(2,629)	(3,172)	(2,157)
Issuance of debt	228	748	-	-	-	-	-	-	-	-
Proceeds from refunding debt	-	7,575	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	(6,287)	-	-	-	4,948	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>228</b>	<b>2,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (588)</b>	<b>\$ 1,414</b>	<b>\$ 1,709</b>	<b>\$ 66</b>	<b>\$ 1,230</b>	<b>\$ 820</b>	<b>\$ 1,142</b>	<b>\$ 846</b>	<b>\$ (686)</b>	<b>\$ (666)</b>
Debt service as a percentage of noncapital expenditures	10.0%	18.3%	7.4%	9.5%	8.7%	27.2%	6.6%	5.7%	5.5%	4.9%

**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 (2)	Real Property	Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value (1)
2010	\$ 1,350,917	\$ 71,712	\$ 1,422,629	4.9526	\$ 1,422,629	100.00%
2011	\$ 1,347,024	\$ 66,751	\$ 1,413,775	4.6662	\$ 1,413,775	100.00%
2012	\$ 1,362,014	\$ 64,823	\$ 1,426,837	4.3639	\$ 1,426,837	100.00%
2013	\$ 1,372,600	\$ 60,743	\$ 1,433,343	4.3639	\$ 1,433,343	100.00%
2014	\$ 1,411,443	\$ 69,158	\$ 1,480,601	4.3639	\$ 1,480,601	100.00%
2015	\$ 1,500,767	\$ 69,981	\$ 1,570,748	4.3639	\$ 1,570,748	100.00%
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%
2019	\$ 1,917,804	\$ 69,268	\$ 1,987,072	4.3000	\$ 1,987,072	100.00%

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

(1) Includes tax exempt property.

(2) Year of levy.

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



**CITY OF SOUTH MIAMI, FLORIDA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

Table 6

Fiscal Year (2)	City of South Miami			Overlapping Rates (1)											Total City- Wide
	School Millages			Regional Millages				County Wide Millages				Other			
	Basic Direct Rate	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	Childrens Trust Authority		
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	
2019	4.3000	-	7.0250	0.1230	0.0397	0.2398	0.0320	4.6669	0.4780	2.4207	0.0000	0.2840	0.4680	20.0771	

(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

\* South Florida Water Management District

**CITY OF SOUTH MIAMI, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
(amounts expressed in thousands)

Table 7

2019				2010			
Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation
Frit Shops at Sunset Place	\$ 87,329	1	4.39%	Bakery Associates, Ltd.	\$ 92,000	1	6.5%
SCG Red Road Commons LLC	77,000	2	3.88%	South Miami Corp.	22,113	2	1.6%
US RV VI Sunset Drive LLC	31,360	3	1.58%	Valencia South Miami LLC	18,800	3	1.3%
Larkin Community Hospital	26,664	4	1.34%	S. Miami Hopital Dev Fund Inc	17,764	4	1.2%
S Miami Hospital DEV Fund	20,011	5	1.01%	J.W. Advance Development Corp.	15,677	5	1.1%
Capstone Capital Trust INC	18,275	6	0.92%	Kimco South Miami 634 Inc.	15,066	6	1.1%
MHS Real Estate Capital LLC	16,682	7	0.84%	Capstone Capital Trust Inc.	13,750	7	1.0%
Florida Power & Light Company	16,531	8	0.83%	Promed Sunset LLC	12,862	8	0.9%
KIMCO South Miami 634 INC	15,790	9	0.79%	John Hancock-Gannon Joint Venture	11,321	9	0.8%
South Miami Corp	<u>15,756</u>	10	0.79%	5850 SW 73 Street LLC	<u>11,077</u>	10	0.8%
	<u>\$ 325,398</u>		<u>16.38%</u>		<u>\$ 230,430</u>		<u>16.2%</u>

Source: Miami-Dade County Tax Assessors' Office 2019 & 2010 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 <u>September 30,</u>	Total Taxes Levied For Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections	
		<u>Amount (2)</u>	Percent of Levy		<u>Amount (2)</u>	Percent of Levy
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%
2019	\$ 8,544	\$ 7,799	91.3%	\$ 49	\$ 7,848	91.9%

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

(2) Provided by City of South Miami Finance Dept

**CITY OF SOUTH MIAMI, FLORIDA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Table 9

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Notes Payable	Capital Leases			
2010	\$ 14,847	\$ 1,658	\$ 316	\$ 16,821	18.91%	\$ 1.5753
2011	\$ 14,896	\$ 1,135	\$ 227	\$ 16,258	17.88%	\$ 1.3947
2012	\$ 14,524	\$ 840	\$ 141	\$ 15,505	16.04%	\$ 1.1421
2013	\$ 13,767	\$ 587	\$ 96	\$ 14,450	14.35%	\$ 1.0488
2014	\$ 12,625	\$ 387	\$ 49	\$ 13,061	12.51%	\$ 0.9587
2015	\$ 12,815	\$ 178	\$ -	\$ 12,993	11.65%	\$ 0.9514
2016	\$ 12,087	\$ 88	\$ -	\$ 12,175	10.45%	\$ 0.9429
2017	\$ 11,365	\$ 68	\$ -	\$ 11,433	9.27%	\$ 0.9042
2018	\$ 10,597	\$ -	\$ -	\$ 10,597	8.36%	\$ 0.8368
2019	\$ 9,823	\$ -	\$ -	\$ 9,823	7.11%	\$ 0.7577

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

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

**CITY OF SOUTH MIAMI, FLORIDA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Table 10

Fiscal Year	Revenue Bonds	Less: Amounts Available in Debt Service Reserves	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2010	\$ 14,847	\$ 250	\$ 14,597	1.03%	\$ 1.367
2011	\$ 14,896	\$ 279	\$ 14,617	1.03%	\$ 1.254
2012	\$ 14,524	\$ 1,086	\$ 13,438	0.94%	\$ 0.990
2013	\$ 13,767	\$ 803	\$ 12,964	0.90%	\$ 0.941
2014	\$ 12,625	\$ 451	\$ 12,174	0.82%	\$ 0.894
2015	\$ 12,815	\$ -	\$ 12,815	0.82%	\$ 0.938
2016	\$ 12,087	\$ -	\$ 12,087	0.71%	\$ 0.936
2017	\$ 11,365	\$ -	\$ 11,365	0.63%	\$ 0.899
2018	\$ 10,597	\$ -	\$ 10,597	0.55%	\$ 0.837
2019	\$ 9,823	\$ -	\$ 9,823	0.49%	\$ 0.758

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

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

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

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

**CITY OF SOUTH MIAMI, FLORIDA**  
 Direct and Overlapping Governmental Activities Debt  
 September 30, 2019  
 (amounts expressed in thousands)

Table 11

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to South Miami</u>
Miami-Dade Board of County Commissioners	\$ 4,336,800	0.644%	\$ 27,921
Miami-Dade County School Board (2)	<u>3,188,281</u>	0.644%	<u>20,527</u>
Subtotal overlapping debt	7,525,081		48,447
City of South Miami direct debt	<u>9,823</u>	100.00%	<u>9,823</u>
Total direct and overlapping debt	<u>\$ 7,534,904</u>		<u>\$ 58,270</u>

- Sources:
- (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 by the County's total taxable assessed value.
  - (2) Miami-Dade County Schools, General Finance Department.
  - (3) Miami-Dade County, Finance Department; includes General Obligation and Special Obligation Bonds.

**CITY OF SOUTH MIAMI, FLORIDA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Table 12

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 229,116	\$ 213,394	\$ 212,066	\$ 214,026	\$ 215,001	\$ 222,090	\$ 235,612	\$ 253,862	\$ 268,982	\$ 287,725	\$ 298,061
Total net debt applicable to limit (1)	15,303	14,847	14,896	14,524	13,767	12,625	12,815	12,087	11,365	10,597	9,823
Legal debt margin	<u>\$ 213,813</u>	<u>\$ 198,547</u>	<u>\$ 197,170</u>	<u>\$ 199,502</u>	<u>\$ 201,234</u>	<u>\$ 209,465</u>	<u>\$ 222,797</u>	<u>\$ 241,775</u>	<u>\$ 257,617</u>	<u>\$ 277,128</u>	<u>\$ 288,238</u>
Total net debt applicable to the limit as a percentage of debt limit	6.68%	6.96%	7.02%	6.79%	6.40%	5.68%	5.44%	4.76%	4.23%	3.68%	3.30%

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

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed valuation of taxable real and personal property	<u>\$ 1,987,072</u>
Bonded debt limit - 15% of assessed value	298,061
Total ad valorem debt - Revenue Bonds	<u>9,823</u>
Amount of debt applicable	<u>9,823</u>
Legal debt margin	\$ 288,238

**CITY OF SOUTH MIAMI, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Table 13

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)
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
2019	12,965	\$ 138,139	\$ 50,022	38.9	3,112	4.1

- Source: (1) Bureau of Economic and Business Research - University of Florida  
(2) U.S. Department of Commerce, Bureau of Economic Analysis and [Bestplaces.net/city/South\\_Miami](http://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 14

<u>Employer</u>	<u>2019</u>		Percentage of Total County Employment	<u>2010</u>		Percentage of Total County Employment
	<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>	
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	0.90%
Jackson Health System	9,797	8	0.83%	10,500	7	0.94%
City of Miami	3,997	9	0.34%	-	-	0.00%
Florida International University	3,534	10	0.30%	-	-	0.00%
Miami Dade College	-	-	0.00%	6,500	10	0.55%
Publix Super Markets	-	-	0.00%	11,000	5	0.77%
	<u>147,809</u>		<u>12.50%</u>	<u>177,100</u>		<u>15.11%</u>

Source: The Beacon Council, 2019.  
 Miami Dade County Labor Market Report

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

Table 15

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
FUNCTION:										
General government	28	25	18	21	21	21	31	31	27	28
Public safety:										
Police:										
Officers	49	51	51	48	50	52	54	52	52	52
Civilians	7	9	9	8	9	9	7	7	8	7
Building and zoning	16	17	14	12	4	4	4	4	4	4
Public works	26	23	25	24	17	17	19	20	17	16
Recreation and social services	13	10	10	10	10	10	18	13	14	14
Sanitation	9	9	9	9	11	11	10	10	10	9
Total	<u>148</u>	<u>144</u>	<u>136</u>	<u>132</u>	<u>122</u>	<u>124</u>	<u>143</u>	<u>137</u>	<u>132</u>	<u>130</u>

Source: City of South Miami Personnel Division

**CITY OF SOUTH MIAMI, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Table 16

FUNCTION/PROGRAM:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Police:										
Number of calls answered	10,893	11,609	11,744	10,409	10,409	10,416	12,964	13,265	15,259	16,315
Number of arrests	616	591	383	459	463	413	419	352	293	265
Number of uniformed officers	49	51	50	48	50	52	52	52	52	52
Building and zoning:										
Number of building permits issued	1,141	1,261	1,293	1,403	1,447	1,258	1,610	1,480	1,484	1,469
License/permit revenue generated	\$ 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	\$ 1,389,198
Occupational licenses issued	3,450	3,750	3,335	3,356	3,372	3,381	3,301	3,201	3,255	3,211
Culture and recreation:										
Number of senior meals served	28,420	27,300	27,612	27,732	24,968	25,269	25,109	26,432	27,024	27,216
Recreation revenues collected	\$ 241,919	\$ 199,147	\$ 233,624	\$ 200,700	\$ 260,017	\$ 194,363	\$ 488,976	\$ 548,961	\$ 597,131	\$ 609,187
Sanitation:										
Refuse collected (tons per month)	722	751	798	843	840	886	914	945	984	1,020

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 17

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>FUNCTION/PROGRAM:</b>										
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	62	62	64	64	64	64	65	68	62	64
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	12	12	12	11	14	14	15	15	15	16
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

N/A: Information not available for these years.

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**COMPLIANCE SECTION**

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

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

We have audited, 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, 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 fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 30, 2020.

**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 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Caballero Fierman Llerena & Garcia, LLP*

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



## MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

### Report on the Financial Statements

We have audited 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 fiscal year ended September 30, 2019, and have issued our report thereon dated April 30, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports, which are dated April 30, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was incorporated on July 10, 1963 under chapter 166 of the Florida Statutes. The City included the following component units: City of South Miami Community Redevelopment Agency.

### Financial Condition and Management

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



Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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. This assessment was performed as of the fiscal year end.

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

**Additional Matters**

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

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and 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.

*Caballero Fierman Llerena & Garcia, LLP*

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

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF  
SECTION 218.415 FLORIDA STATUTES**

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

We have examined the City of South Miami, Florida, (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 to September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

Our examination does not provide a legal determination on the City's compliance with specified requirements. In our opinion, the City complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 to September 30, 2019.

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

*Caballero Fierman Llerena & Garcia, LLP*

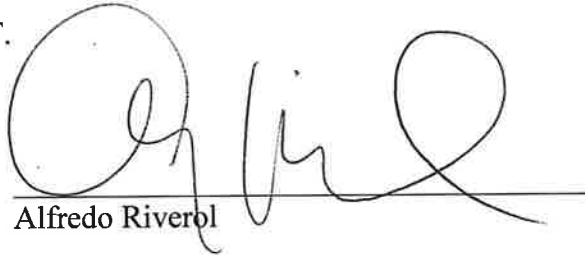
Caballero Fierman Llerena & Garcia, LLP  
Miami, Florida  
April 30, 2020



BEFORE ME, the undersigned authority, personally appeared Alfredo Riverol who being duly sworn, deposes and says on oath that:

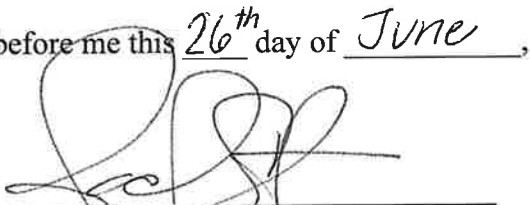
1. I am the Chief Financial Officer of the City of South Miami which is a local governmental entity of the State of Florida;
2. The City of South Miami adopted Ordinance No. 14-14-2192 implementing an impact fee; and
3. The City of South Miami has complied to the best of my limited knowledge and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

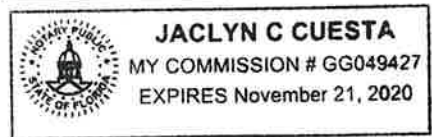
  
 Alfredo Riverol

STATE OF FLORIDA  
COUNTY OF MIAMI-DADE

SWORN TO AND SUBSCRIBED before me this 26<sup>th</sup> day of June, 2020.

  
 NOTARY PUBLIC  
 Print Name Jaclyn C. Cuesta

Personally known  or produced identification \_\_\_\_\_



Type of identification produced: \_\_\_\_\_

My Commission Expires:

November 21, 2020