

CITY OF SOUTH MIAMI



COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF SOUTH MIAMI, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2014

CITY OF SOUTH MIAMI, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 September 30, 2014

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INTRODUCTORY SECTION



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

March 25, 2015

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, for the fiscal year ended September 30, 2014, is hereby submitted for your review. Responsibility for the accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations for all funds under the direct operating control of the City.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

ECONOMIC OUTLOOK

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

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

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

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

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

MAJOR INITIATIVES

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

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

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

The FY 2015 Budget, Capital Improvement Program 5-Year Plan, includes a line item for a citywide directional street signs & posts replacement program. The project is funded by the Peoples Transportation Plan (PTP) and is funded this year at \$150,000. The scope includes the manufacturing of new signs, and the removal and replacement of existing traffic signs. It is recommended the traffic sign replacement program be implemented in phases and funds be allocated in subsequent budget years. In FY 2014, the City funded a branding plan which established a new logo and new color scheme for the City. The street signs and many other features of the City will incorporate the new look for the City as we prepare for the next great chapters in the life of South Miami.

The City is committed to completing multiple traffic calming projects throughout the City. The specific communities on which the City is focusing in FY 2015 are West Pinecrest Villas, Bird Estates, Mango Terrace, and Manor Lane. The City will continue working with Miami-Dade County in the continued improvement to our roads, drainage, and traffic calming.

The City is committed to completing multiple traffic calming projects throughout the City originally funded in last year's budget which were not actually initiated until FY 2014 and include, West Pinecrest Villas, Bird Estates, Mango Terrace, and Manor Lane. The City will continue working with Miami-Dade County in the continued improvement to our road, drainage, and traffic calming.

To continue maintaining a safe and efficient fleet, in fiscal year 2015, the City is budgeted to purchase seven new police vehicles. The upgrades of the City's fleet are required to continue providing expected levels of service to the residents of the City. The older police vehicles that are being replaced will take the place of those vehicles in the City fleet that 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 retail shop operators being the main employers. Below is the breakdown of businesses within the City by category.

INDUSTRY	SECTOR ESTIMATE
Agriculture, forestry, fishing and hunting, and mining	0
Construction	294
Manufacturing	308
Wholesale trade	256
Retail trade	310
Transportation and warehousing, and utilities	357
Information	186
Finance and insurance, and real estate and rental and leasing	363
Prof, scientific, management and admin., and waste management services	896
Educational services, and health care and social assistance	1,418
Arts, entertainment, and recreation, and accommodation and food services	602
Other services, except public administration	285
Public administration	335
TOTAL	5,610

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

ACCOUNTING SYSTEM, INTERNAL AND BUDGETARY CONTROL

In the design and direction of the City's accounting system, the City follows U.S. generally accepted accounting principles (GAAP) for state and local governments as set forth in the aforementioned statements on governmental accounting and financial reporting. The City's accounting records follow the modified accrual basis of reporting revenues and expenditures for all governmental funds, i.e., General Fund and Special Revenue Funds. The Pension Trust Funds are accounted for on the accrual basis. Further explanation of the City's accounting policies is contained in the notes to the financial statements.

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

The firm of Cherry Bekaert LLP, licensed certified public accountants, audited the City's financial statements. 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, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. As part of their audit, Cherry Bekaert LLP gained an understanding and performed tests of controls on the City's comprehensive framework of controls as required by U.S. generally accepted auditing standards. Comments and recommendations resulting from the assessment of the controls, if any, will be evaluated by management. Such recommendations will be implemented to the extent that the additional control objectives are cost beneficial to the City.

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

CASH MANAGEMENT

The City aggressively pursues a program of monitored cash management to achieve maximum return on all available funds. Non-Pension idle cash balances are held overnight in interest bearing accounts and funds available for longer-term investment are placed in money markets and certificates of deposit at competitive interest rates. Pension fund investments are maintained by an investment manager under the guidance of the pension board. All investment decisions are within the legal bounds established by Florida Statutes, Ordinances, and Resolutions of the City Commission.

DEBT ADMINISTRATION

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

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

SUNGARD ONE SOLUTION - CITY'S FINANCE & COMMUNITY SOFTWARE

The City commission approved Resolution 228-10-13262 for the upgrade of the City's financial and community software, in an effort to continue improving and keeping in line with the most up-to-date Enterprise Resource Planning software. The City's new version of the finance and community software is financed, interest free, by the City's vendor for a five-year period for a total amount of \$175,000. The annual principle payments are calculated at \$35,000 and will be paid in full by FY 2015.

MULTI-SPACE DIGITAL PARKING METERS

The City of South Miami removed the dated traditional single head parking meters within certain areas in favor of the modern technology multi-space parking stations which are being upgraded to Wi-Fi connectivity. The new multi-space parking meters were approved for financing in January of 2011, for a five-year period by SunTrust at an interest rate of 2.06%. The total amount of the loan was \$417,896 and the annual principal and interest payment equals \$88,678.32, which terminates on January 7, 2016.

STORMWATER TRUST FUND

The City of South Miami entered into an agreement with the Federal Emergency Management Agency (FEMA) to fund a Ludlam Glades canal dredging project pursuant to Ordinance number 10-02-1778 for a total cost of \$3,271,177. Additionally pursuant to Ordinance 17-06-1885 the City entered into an interlocal agreement with Miami-Dade County for the City's share of \$270,363 over a ten-year period. The total annual principal amount is \$27,036 plus interest. The debt is scheduled to be retired in FY 2016.

COMMUNITY REDEVELOPMENT AGENCY

In November 2006, the City through its Community Redevelopment Agency ("CRA") issued \$2,730,000 of Taxable Redevelopment Revenue Bonds, Series 2006 for acquiring various properties located within the boundaries of the South Miami redevelopment area. The revenue bonds are secured by CRA Tax Increment Financing revenues from the County and the City. The CRA contributed in FY 2011 an additional principal payment of \$851,648.24 in an effort to reduce the amount of interest paid through the duration of the loan and pay-off the debt in advance of its maturity. The bonds carry an interest rate of 5.99%. Principal and interest payments are due quarterly until approximately November 1, 2015, the revised maturity date of the bonds.

FLORIDA MUNICIPAL LOAN COUNCIL (FMLC)

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

SOUTH MIAMI COMMUNITY CENTER

One of the FMLC loans is for \$2.2 million, which was obtained in 2001, with \$1.5 million used as matching funds for the safe neighborhood grant used to construct the new South Miami Community Center, \$400,000 was provided by the City to the CRA as a loan for acquisition of the Mobley Warehouse building located within the CRA district. The remaining \$300,000 was utilized for various traffic calming projects around the City. The loan bears interest at variable rates ranging from 3.25% to 5.25%. The City pledged the South Miami Hospital's Payments in Lieu of Taxes (PILOT) annual payment of \$150,000 to repay the loan.

SOUTH MIAMI PARKING GARAGE

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

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

SUNTRUST

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

RETIREMENT BENEFITS

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

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

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

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

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

AWARDS



The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a **Distinguished Budget Presentation Award** to City of South Miami, Florida for its annual budget for the fiscal year beginning October 1, 2013. 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, 2013. 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 Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual financial Reporting requirements, and we are submitting it to GFOA.

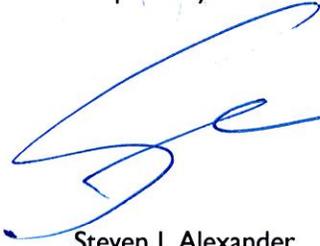
ACKNOWLEDGEMENTS

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

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

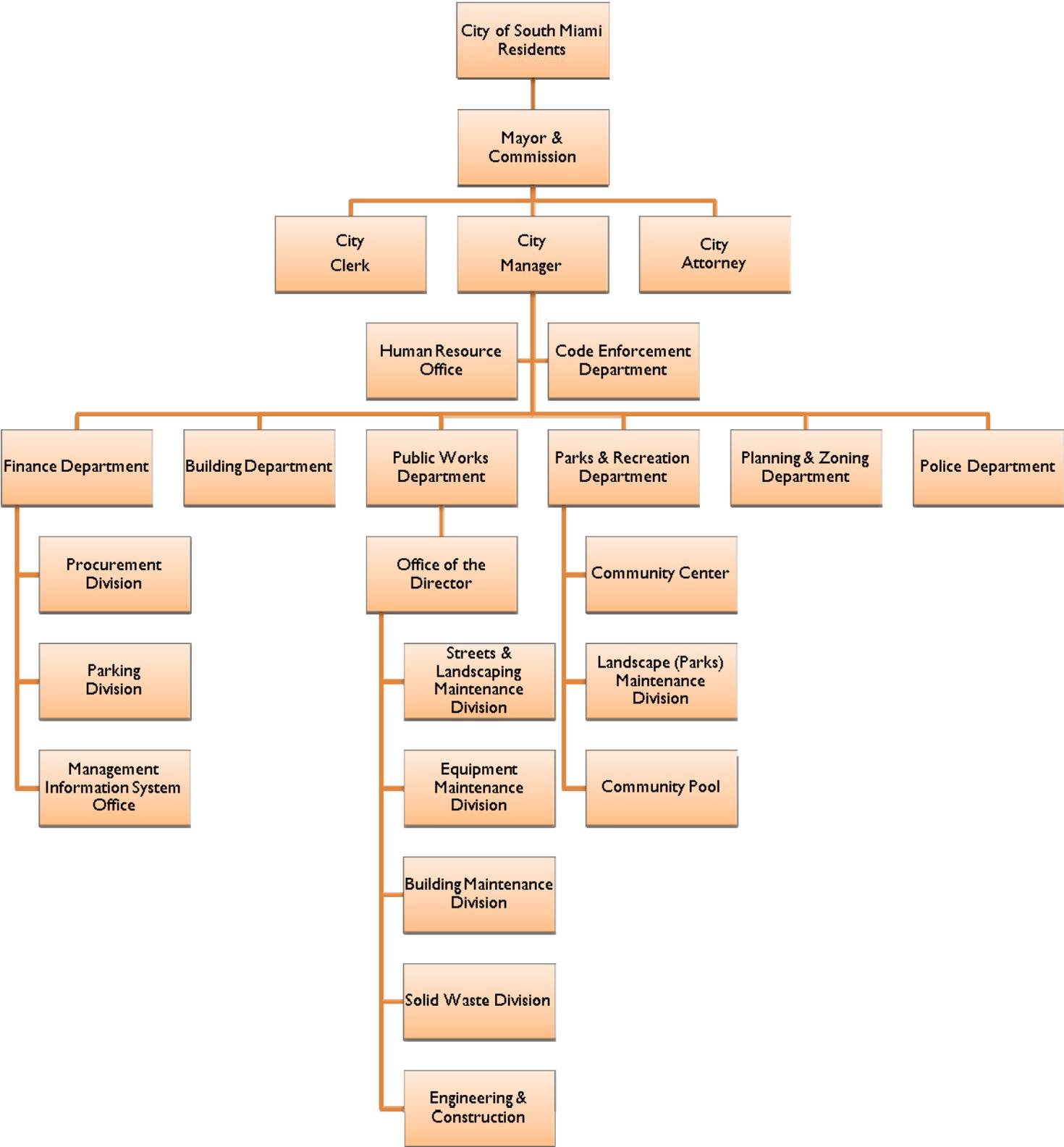


Steven J. Alexander
City Manager



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

CITY OF SOUTH MIAMI ORGANIZATIONAL CHART



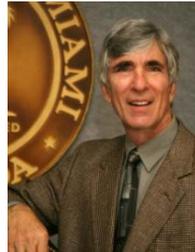


**CITY OF SOUTH MIAMI
COMMISSION – MANAGER FORM OF GOVERNMENT
LIST OF PRINCIPAL OFFICIALS**

ELECTED OFFICIALS



Philip K. Stoddard, Ph.D.
Mayor



Walter A. Harris
Vice Mayor
Group IV



Gabriel Edmond
Commissioner
Group I



Josh Liebman
Commissioner
Group II



Bob Welsh
Commissioner
Group III

CHARTERED OFFICIALS



City Clerk
Maria Menendez



City Manager
Steven
Alexander



City Attorney
Thomas Pepe, Esq.



MANAGEMENT TEAM

SHARI KAMALI
Assistant City Manager

ALFREDO RIVEROL, CPA Cr.FA CGFM CGMA
Chief Financial Officer

RENE LANDA
Police Chief

CORRADINO GROUP
Interim Planning and Zoning Director

KELLY BARKET, JR.
Public Works Director

LATASHA NICKLE, ESQ.
Human Resources Director

QUENTIN POUGH
Parks and Recreation Director

VICTOR CITARELLA
Building Director

CERTIFIED PUBLIC ACCOUNTANTS

Cherry Bekaert LLP



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, 2013

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of South Miami, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Officers Retirement Trust Fund - Section 185 Plan, which represent 3%, 2%, and 3%, respectively, of the assets, net position and total additions of the Fiduciary Funds. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers Retirement Trust Fund - Section 185 Plan, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective October 1, 2013, the Police Officers Retirement Trust Fund – Section 185 Plan adopted new accounting guidance, GASB Statement No. 67 *Financial Reporting for Pension Plans*. As described in Note 2 to the financial statements, effective October 1, 2013, the City has restated the beginning balance of net position due to the implementation of GASB 67. Our opinions are not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension and other post-employment health care benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015, 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.

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

Orlando, Florida
March 25, 2015

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014

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, 2014. 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 supplemental 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 as a part of a greater whole.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the fiscal year ending September 30, 2014:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$41,976,774 (net position). Of this amount, \$9,707,714 is unrestricted.
- The City's \$21,640,045 in revenue exceeded the \$18,693,589 in expenses for governmental activities, providing a \$2,946,456 increase in net position.
- At the end of the current year, fund balance for the General Fund was \$10,782,848, or 64% of total general fund operating revenues. Of this amount \$5,915,919 is reserved for prepaid costs, encumbrances, public safety, note receivable and contingencies.
- The current year's unassigned fund balance for the General Fund is \$4,866,929, or 29% of total general fund operating revenues.
- The General Fund's fund balance increased by \$1,446,183 for the year ended September 30, 2014.
- The City's total debt excluding compensated absences, and before current year payment reductions, decreased by \$1,077,903.

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014

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 provides details about our non-major governmental funds, each of which is added together and presented in single columns in the basic financial statements.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City of South Miami's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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 benefit pension plans, 401A plans for the City Manager, Chief of Police, senior level staff, and all new general employees and a voluntary Section 457 defined contribution plan for all interested employees. The pension plans are reported as Fiduciary Funds in the fund financial statements of this report, but are not included in the government-wide statements.

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

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014

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. 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 to demonstrate compliance with the budget. The basic governmental funds financial statements can be found on pages 16 to 19 of this report.

Fiduciary funds:

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

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 49 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees, and budgetary comparison schedules for the General Fund.

CITY OF SOUTH MIAMI, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014

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 statements can be found beginning on page 58 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 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 investment in capital assets.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and increase net investment in capital assets.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets and net investment in capital asset.

The City's net position was \$41,976,774 in fiscal year 2014 (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 77% of total net position. The largest portion of the net position (63%) is net investment 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 (14%) is restricted for debt service, public safety or capital projects. The remaining balance of unrestricted net position (\$9,707,714) 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, 2014

Table 1
 City of South Miami
 Net Position

	Governmental Activities	
	2014	2013
Current and other assets	\$ 31,349,584	\$ 30,763,485
Capital assets (net)	39,726,588	38,802,029
Total Assets	71,076,172	69,565,514
Deferred outflow of resources	639,528	688,723
Current and other liabilities	4,562,188	4,419,104
Long-term liabilities	13,546,414	14,797,488
Total Liabilities	18,108,602	19,216,592
Deferred inflow of resources	11,630,324	12,007,327
Net position:		
Net investment in capital assets	26,306,008	24,352,741
Restricted	5,963,052	5,812,228
Unrestricted	9,707,714	8,865,349
Total Net Position	\$ 41,976,774	\$ 39,030,318

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 net position decreased in 2014 by \$150,824, and the unrestricted governmental activities net position increased by \$842,365. Capital assets increased during the current year due to the construction of the new City Community Pool. The decrease in liabilities is mainly due to the retirement of certain notes payable.

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.

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

SEPTEMBER 30, 2014

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

Statement of Activities:

As noted earlier, the statement of activities presents information showing how the City's net position changed during the most recent fiscal year. The following table reflects the City's revenues and expenses for fiscal year 2014 compared to 2013 with the resulting change in net position:

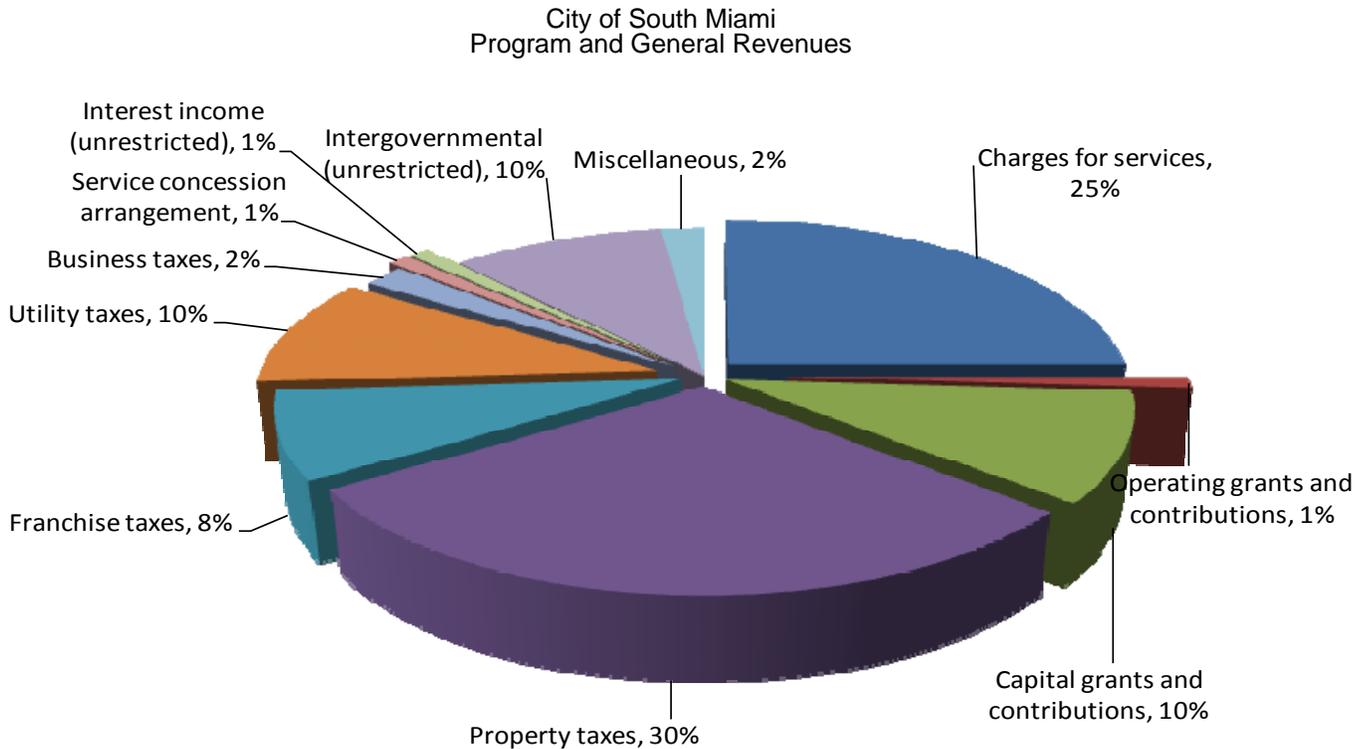
Table 2
 City of South Miami
 Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 5,453,348	\$ 5,715,558
Operating grants and contributions	137,859	338,091
Capital grants and contributions	2,080,229	176,659
General revenues:		
Property taxes	6,405,571	6,122,439
Franchise taxes	1,641,415	1,573,714
Utility taxes	2,166,980	2,073,519
Business taxes	612,865	619,815
Service concession arrangement	377,003	247,616
Interest income (unrestricted)	154,231	330,586
Intergovernmental (unrestricted)	2,183,058	2,278,685
Miscellaneous	427,486	305,259
Total revenues	<u>21,640,045</u>	<u>19,781,941</u>
Expenses:		
General government	4,533,671	4,031,775
Public safety	6,905,773	7,852,746
Public works	3,707,916	3,960,223
Community services	999,532	1,248,526
Culture and recreation	1,771,944	1,668,264
Interest on long-term debt	774,753	830,093
Total expenses	<u>18,693,589</u>	<u>19,591,627</u>
Increase in net position	2,946,456	190,314
Net position, beginning	39,030,318	38,840,004
Net position, ending	<u>\$ 41,976,774</u>	<u>\$ 39,030,318</u>

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

SEPTEMBER 30, 2014

The City's total revenues increased by 9.4%, to \$21,640,045 (see Table 2), mainly due to increases in capital grants and contributions and in property and franchise taxes. Nearly 30% of the City's revenues come from property taxes, another 20% comes from intergovernmental and grants, and 25% from charges for services (see chart that follows). The City's management took major actions in 2014 to improve City revenues and to control expenses. The actual numbers for most of the City's revenue sources were above the final budget estimates.



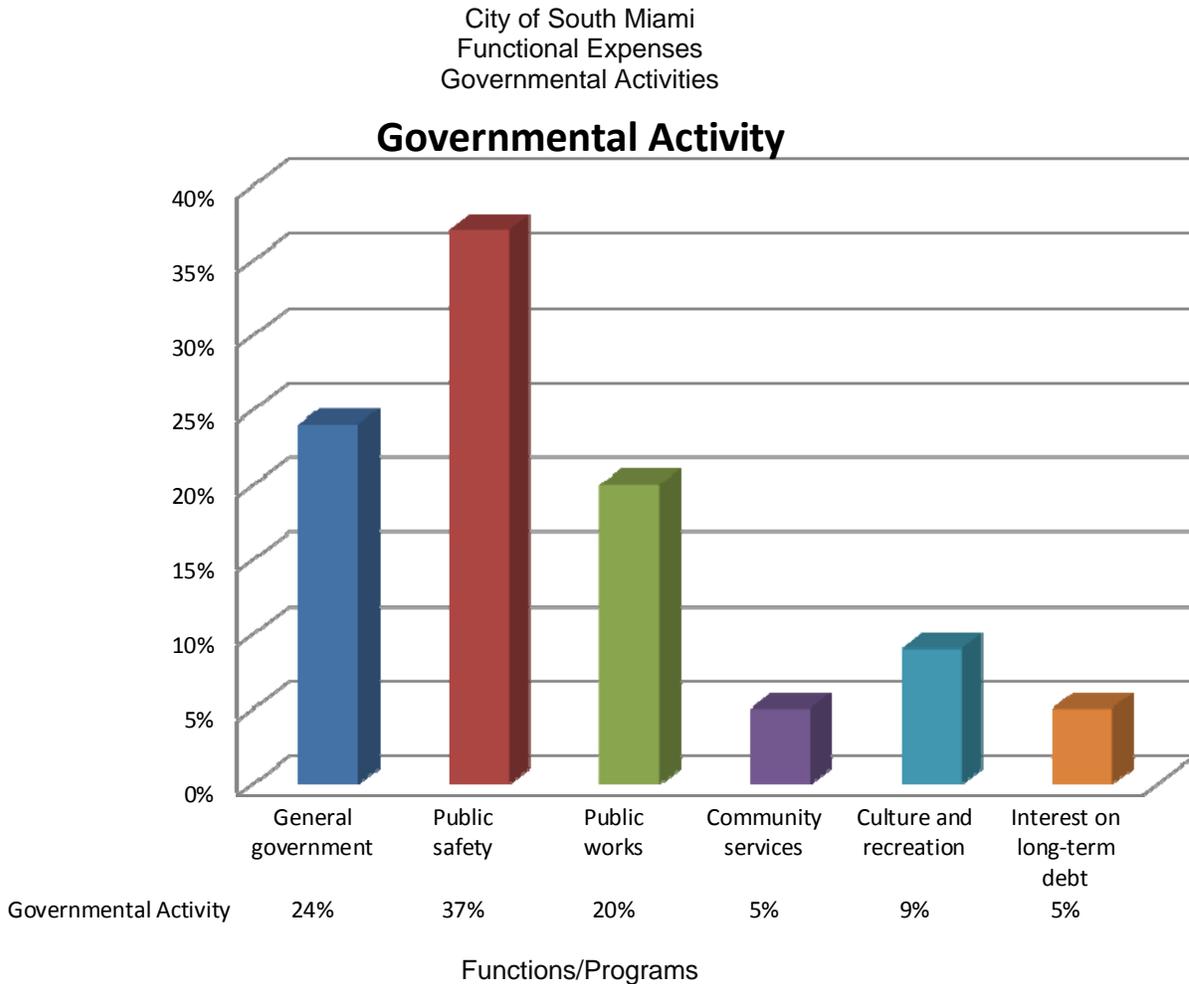
The total cost of all programs and services increased by \$920,031 or 4.7% (see Table 2). The City's expenses cover a range of services. As shown in Table 2, governmental expenses are largely weighted in three functions, namely the public safety, general government, and public works. At \$6,905,773, public safety expense represents 37% of the statement of activities' total expenses for the City in 2014. General Government category expense total for 2014 was \$4,533,671, or 24% of total expenses. The General Government category includes all other City departments except public safety, culture and recreation, public works, and non-departmental. Lastly, public works expended \$3,707,916, or 20% of expenses. The City does not have any business-type activities.

The chart below presents the 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.

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

SEPTEMBER 30, 2014

The net cost 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 \$774,753 in interest expense on long-term debt, was \$18,693,589. Some of that cost was financed by those who directly benefited from the programs through charges for services (\$5,453,348).

The City financed the remaining \$13,240,241 "public benefit" portion of governmental activities from property taxes, utility taxes and with other revenues, such as interest and unrestricted intergovernmental revenue.

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

SEPTEMBER 30, 2014

GOVERNMENTAL FUNDS' FINANCIAL ANALYSIS

As the City completed the year, its governmental funds reported combined fund balances of \$17,194,003, with the general fund representing \$10,782,848. Of the total fund balances; \$312,694 is nonspendable, \$5,963,051 is restricted, \$1,739,066 is committed, \$4,312,266 is assigned, and \$4,866,929 is unassigned fund balance.

The General Fund's fund balance increased by \$1,446,183 after transfers of a net -\$391,827. General fund revenues were fairly consistent for the years ended 2014 and 2013. Please refer to the General Fund Budget Highlights section below for further information.

During the current year the Grant Fund's fund balance increased by \$16,266. There was \$1,738,443 in capital outlay expenditures, which were funded through grants.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The base revenue budget for fiscal year 2014 was \$16,498,050. The difference between the estimated revenues and the actual revenues in the General Fund was \$307,240 for fiscal year 2014.

Actual revenues, at \$16,805,290 came in higher than the final budget of \$16,498,050.

Comparing the original budget to the final budget, the fiscal year 2014; the original expenditure budget was \$16,652,053. Actual expenditures were \$14,980,959 and were below the final budget by \$16,677,972. All other expenditures were in line with the projected expectations. Please refer to page 50 through 51 for further details.

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

SEPTEMBER 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

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

	Governmental activities	
	2014	2013
Land	\$ 14,603,765	\$ 14,603,765
Construction in progress	93,643	93,643
Building and improvements	16,238,519	14,951,827
Machinery and equipment	2,001,452	2,119,149
Land improvements	349,779	302,067
Infrastructure	6,280,033	6,482,530
Intangible assets	159,397	249,048
	<u>\$ 39,726,588</u>	<u>\$ 38,802,029</u>

For fiscal year 2014 the City spent \$2,483,646 on capital programs primarily in the construction of the City's new Community Pool, acquisition of vehicles and equipment, and park improvements. Additional information on the City's capital assets can be found in Note 6 on page 34 of this report.

Debt Administration:

At year-end, the City had \$14 million in outstanding debt, as noted below:

	Governmental activities	
	2014	2013
Florida Municipal Loan Council Bonds	\$ 6,420,000	\$ 6,620,000
Taxable Revenue Note, Series 2011	6,845,000	7,210,000
CRA Bond Series 2006	359,745	625,930
Notes payable	386,816	586,502
Capital leases	48,547	95,579
	<u>\$ 14,060,108</u>	<u>\$ 15,138,011</u>

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

SEPTEMBER 30, 2014

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 other financing sources in fiscal year 2015 General Fund budget are \$17,281,743, an increase of \$168,280 from actual revenues and transfers of \$17,113,463 for fiscal year 2014. With these revenues the City will be able to fund current services and any expected impact of inflation on fuel, salaries and benefits. Fiscal year 2015 budgeted expenditures is expected to be \$ 17,659,802, or \$2,678,843 more than fiscal year 2014 total actual expenditures of \$14,980,959 if estimates are realized. The City's budgetary General Fund balance is expected to decrease minimally by the close of 2015.

REQUESTS FOR INFORMATION

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

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 17,918,335
Receivables	1,215,156
Prepaid expenses	312,692
Accrued interest receivable	237,370
Notes receivable	8,581,790
Guaranteed rent receivable	3,048,534
Net pension asset	35,707
Capital assets:	
Capital assets not being depreciated	14,697,408
Capital assets, net of accumulated depreciation	25,029,180
Total Assets	71,076,172
Deferred outflow of resources	
Deferred loss on bond refunding	639,528
Liabilities	
Accounts payable	855,773
Accrued liabilities	266,567
Unearned revenue	446,723
Other liabilities	683,115
Accrued interest payable	383,022
Due within one year:	
Compensated absences payable	379,181
Debt, including bonds, notes payable and capital leases	1,547,807
Due in more than one year:	
Compensated absences payable	884,755
Debt, including bonds, notes payable and capital leases	12,512,301
Net OPEB obligation	149,358
Total Liabilities	18,108,602
Deferred inflow of resources	
Service concession arrangement	11,630,324
Net Position	
Net investment in capital assets	26,306,008
Restricted for:	
Debt service reserve	450,838
Community services	263,554
Grant project	610,948
Stormwater management	314,706
Transportation projects	2,246,274
Law enforcement	2,076,732
Unrestricted	9,707,714
Total Net Position	\$ 41,976,774

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

CITY OF SOUTH MIAMI, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government					
Governmental Activities					
General government	\$ 4,533,671	\$ 1,097,732	\$ 3,000	\$ -	\$ (3,432,939)
Public safety	6,905,773	3,913,391	100,737	-	(2,891,645)
Public works	3,707,916	36,000	-	303,836	(3,368,080)
Community services	999,532	-	34,122	-	(965,410)
Culture and recreation	1,771,944	-	-	1,776,393	4,449
Interest on long-term debt	774,753	406,225	-	-	(368,528)
Total Governmental Activities	<u>\$ 18,693,589</u>	<u>\$ 5,453,348</u>	<u>\$ 137,859</u>	<u>\$ 2,080,229</u>	<u>(11,022,153)</u>
General Revenues					
					6,405,571
Property taxes					2,166,980
Utility taxes					612,865
Business taxes					1,641,415
Franchise fees					377,003
Service concession arrangement					154,231
Interest income (unrestricted)					2,183,058
Intergovernmental (unrestricted)					427,486
Other					<u>13,968,609</u>
Total general revenues					<u>2,946,456</u>
Change in net position of governmental activities					39,030,318
Net Position - beginning					<u>\$ 41,976,774</u>
Net Position - ending					

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, 2014

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Grant Fund		
Assets				
Cash and cash equivalents	\$ 12,237,694	\$ 545,519	\$ 5,135,122	\$ 17,918,335
Receivables	527,695	531,912	155,549	1,215,156
Due from other funds	1,411,525	958,320	860,211	3,230,056
Prepaid expenditures	241,679	-	71,013	312,692
Total Assets	\$ 14,418,593	\$ 2,035,751	\$ 6,221,895	\$ 22,676,239
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 468,018	\$ 96,467	\$ 291,288	\$ 855,773
Accrued liabilities	261,182	-	5,385	266,567
Due to other funds	1,818,531	1,287,928	123,597	3,230,056
Unearned revenue	406,315	40,408	-	446,723
Other liabilities	681,699	-	1,416	683,115
Total Liabilities	3,635,745	1,424,803	421,686	5,482,234
Fund Balances				
Nonspendable:				
Prepaid expenditures	241,679	-	71,013	312,692
Restricted for:				
Debt service reserve	-	-	450,838	450,838
Community services	-	-	263,554	263,554
Grant projects	-	610,948	-	610,948
Stormwater management	-	-	314,706	314,706
Transportation projects	-	-	2,246,274	2,246,274
Law enforcement	-	-	2,076,732	2,076,732
Committed to:				
Emergency and disaster recovery operating reserve	1,717,288	-	-	1,717,288
Tree projects	-	-	4,528	4,528
Parking management	-	-	17,250	17,250
Assigned to:				
Capital projects	-	-	355,314	355,314
Subsequent year's budget	3,956,952	-	-	3,956,952
Unassigned	4,866,929	-	-	4,866,929
Total Fund Balances	10,782,848	610,948	5,800,209	17,194,005
Total Liabilities and Fund Balances	\$ 14,418,593	\$ 2,035,751	\$ 6,221,895	\$ 22,676,239

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

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

SEPTEMBER 30, 2014

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 17,194,005

Amounts reported for governmental activities in the statement of net position are different because:

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

The details of the difference are as follows:

Notes receivable	8,581,790
Guaranteed rent receivable	3,048,534
Accrued interest receivable	237,370
Net pension asset	35,707

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	39,726,588
--	------------

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

Deferred inflows from service concession arrangement	(11,630,324)
--	--------------

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

The details of the difference are as follows:

Bonds payable	(6,420,000)
Notes payable	(7,591,561)
Capital leases payable	(48,547)
Deferred loss on bond refunding	639,528
Accrued interest payable	(383,022)
OPEB liability	(149,358)
Compensated absences payable	(1,263,936)
Net Position of Governmental Activities	\$ 41,976,774

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

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

SEPTEMBER 30, 2014

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Grant Fund		
Revenues				
Taxes:				
Ad valorem	\$ 5,380,487	\$ -	\$ 1,025,084	\$ 6,405,571
Utility taxes	2,159,537	-	7,443	2,166,980
Business taxes	612,865	-	-	612,865
Franchise fees	1,641,415	-	-	1,641,415
Intergovernmental	1,578,176	1,776,393	954,698	4,309,267
Licenses and permits	1,095,232	-	2,500	1,097,732
Fines and forfeitures	846,219	-	2,914	849,133
Charges for services	2,821,013	-	36,000	2,857,013
Rents and royalties	265,401	-	761,072	1,026,473
Interest	100,188	4,419	40,433	145,040
Miscellaneous	318,436	-	200,929	519,365
Total Revenues	16,818,969	1,780,812	3,031,073	21,630,854
Expenditures				
Current:				
General government	3,683,783	-	-	3,683,783
Public safety	6,460,890	8,858	94,319	6,564,067
Public works	3,023,027	17,245	211,800	3,252,072
Parks and recreation	1,590,736	-	82,950	1,673,686
Community services	-	-	970,583	970,583
Capital outlay	-	1,738,443	745,203	2,483,646
Debt service:				
Principal payments	219,682	-	858,221	1,077,903
Interest and fiscal charges	2,841	-	692,007	694,848
Total Expenditures	14,980,959	1,764,546	3,655,083	20,400,588
Excess (Deficiency) of Revenues Over Expenditures	1,838,010	16,266	(624,010)	1,230,266
Other Financing Sources (Uses)				
Transfers in	308,173	-	700,000	1,008,173
Transfers out	(700,000)	-	(308,173)	(1,008,173)
Total Other Financing Sources (Uses)	(391,827)	-	391,827	-
Net change in fund balances	1,446,183	16,266	(232,183)	1,230,266
Fund Balances - Beginning	9,336,665	594,682	6,032,392	15,963,739
Fund Balances - Ending	\$ 10,782,848	\$ 610,948	\$ 5,800,209	\$ 17,194,005

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

CITY OF SOUTH MIAMI, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,230,266
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:	
Details of the difference are as follows:	
Expenditures for capital assets	\$ 2,246,160
Related accumulated depreciation	<u>(1,318,934)</u>
	927,226
In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, only the proceeds from the disposal are reported:	
Cost of assets disposed	(120,000)
Related accumulated depreciation	<u>117,333</u>
	(2,667)
Principal payments received on notes receivable and payments on guaranteed rent receivable are reported as revenue in the governmental funds because they provide current financial resources, but are reported as a reduction of assets in the statement of net assets.	(377,003)
Certain revenues do not provide current financial resources and, therefore, are not reported in the governmental funds:	
Net revenues from service concession arrangement	377,003
Change in accrued interest on notes receivable	9,191
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.	1,077,903
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Amortization of deferred loss on refunding	(49,195)
Change in net OPEB obligation	(32,865)
Change in net pension obligation (asset)	(22,670)
Change in compensated absences payable	(160,023)
Change in accrued interest payable	<u>(30,710)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 2,946,456</u></u>

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

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

SEPTEMBER 30, 2014

	Employee Retirement Funds
Assets	
Cash and cash equivalents	\$ 504,377
Investments, at fair value:	
U.S. Government securities	1,956,506
Corporate obligations	2,727,390
Common stocks	4,931,789
International equity	18,967,525
Mutual funds	3,668,204
	<u>32,755,791</u>
Total cash, cash equivalents and investments	
Receivables:	
Employer contribution	196,190
Employee contribution	45,527
Dividends and interest	39,156
Section 185 contribution	129,659
	<u>410,532</u>
Total receivables	
Other assets:	
Prepaid expenses	2,021
	<u>33,168,344</u>
Total Assets	
Liabilities	
Accounts payable	71,315
Minimum funding liability	37,780
	<u>109,095</u>
Total Liabilities	
Net Position	
Restricted for pension benefits	<u>\$ 33,059,249</u>

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

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

YEAR ENDED SEPTEMBER 30, 2014

	Employee Retirement Funds
Additions	
Contributions:	
Employer	\$ 840,437
Employees	577,369
Section 185 contributions	129,659
Total contributions	<u>1,547,465</u>
Investment income:	
Net appreciation in fair value of investments	2,650,332
Interest and dividends	582,348
Total investment income	<u>3,232,680</u>
Less investment expenses	<u>100,391</u>
Net investment income	<u>3,132,289</u>
Total additions	<u>4,679,754</u>
 Deductions	
Benefits paid	1,139,037
Refunds of contributions	176,076
Administrative expenses	117,147
Minimum benefit funding payment	37,780
Total deductions	<u>1,470,040</u>
 Change in net position	 3,209,714
 Net position restricted for pension benefit - beginning - as restated	 <u>29,849,535</u>
 Net position restricted for pension benefit - ending	 <u><u>\$ 33,059,249</u></u>

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

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 1—General description of the city

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

Note 2—Summary of significant accounting policies

Financial Reporting Entity:

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

Blended Component Unit:

The South Miami Community Redevelopment Agency (the "CRA") is deemed to be a separate, distinct and independent legal entity controlled by a board of seven members, which include five members of the City's elected Commission. Since the governing body is substantially the same as the governing body of the primary government and there is a financially beneficial relationship between the City's general government and the CRA, the CRA is determined to be a component unit of the City. The CRA falls under the requirements of Chapter 163 Part III of the Florida Statutes. Consequently, this component unit is reported in the primary government using the blended method.

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

Discretely Presented Component Units:

There are no discretely presented component units for the City.

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Summary of significant accounting policies (continued)

Government wide and Fund Financial Statements:

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable, and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes and charges for services are considered available when collected in the current year or within sixty days subsequent to year end; provided that amounts received pertain to billings through the fiscal year just ended. Intergovernmental revenues, franchise fees and utility service taxes are recorded in accordance with their legal or contractual requirements if collected in the current period or within sixty days after year end. Revenues derived from rents and royalties and investment income are recorded when earned. Permits, fines and forfeitures, and other revenue are recorded as revenue when received in cash because they are generally not measurable until actually received. Business license revenue collected in advance of periods to which they relate is recorded as unearned revenue.

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

The City reports the following major governmental funds:

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

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Summary of significant accounting policies (continued)

The Grants Fund is one of the City's special revenue funds. It accounts for grant funding received that is restricted for specific projects as defined by the grantor agencies.

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* and the *Police Officers Retirement Trust Fund – Section 185 Plan* that accumulates resources for pension benefit payments to qualified general and public safety employees.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes whose purpose has not been restricted to a specific program.

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

Cash, Cash Equivalents and Investments:

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

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

Receivables:

Receivables consist of amounts due for charges for services, fees, property taxes, intergovernmental revenues and grants. If the ultimate collectability of receivables became uncertain, the City would provide an allowance for that amount. As of September 30, 2014, there were no receivables deemed uncollectible by management.

Prepaid Expenses/Expenditures:

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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, 2014.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$ 10 per \$ 1,000 of assessed taxable valuation). The tax levy of the City is established by the City Commission and the Miami-Dade County Property Appraiser, who incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2014 was 4.3639 mills (\$ 4.3639 mils per \$ 1,000 of the taxable value).

Capital Assets:

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

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

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

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

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Summary of significant accounting policies (continued)

Unearned Revenue:

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

Compensated Absences:

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

Annual leave:

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

Sick leave:

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

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

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.

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Summary of significant accounting policies (continued)

Equity Classifications:

Government-wide financial statements:

Net position in the government-wide financial statements is displayed in three categories: 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Net position is reported as restricted when constraints are placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. Remaining net position that does not meet the definition of “restricted” or “net investment in capital assets,” is reported as unrestricted.

Fund financial statements:

The City presents fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted into cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. In fiscal year 2014, this represents \$312,691.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In fiscal year 2014, this represents \$5,963,051.

Committed: This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision making. The City Commission is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Resources accumulated pursuant to stabilization arrangements are reported in this category. In fiscal year 2014, this represents \$1,739,066.

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Summary of significant accounting policies (continued)

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Commission has by resolution authorized the City Finance Director to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally can only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. In fiscal year 2014, this represents \$4,312,266. In the General Fund, assigned fund balance for subsequent year's budget amounted to \$3,956,952.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. In fiscal year 2014, this represents \$4,866,929.

Minimum Fund Balance Policy and Emergency and Disaster Recovery Reserve:

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flow and reduce susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City's Commission had previously adopted an ordinance (No. 23-08-1958) to maintain an Emergency and Disaster Recovery Operating Reserve at a minimum level of approximately \$1,717,288 (10% of budgeted expenditures) and a Minimum Fund Balance, ranging from 20% to 50%, of the annual General Fund expenditures.

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 assets.

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Summary of significant accounting policies (continued)

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, an unamortized loss on a bond refunding. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has only one item that meets this criterion, service concession arrangements which is discussed further in Note 7.

Date of Management's Review:

Subsequent events were evaluated by management through March 25, 2015, which is the date the financial statements were available to be issued.

Restatement due to New GASB Implementation:

The City pension plans adopted GASB 67 Financial Reporting for Pension Plans for the year ended September 30, 2014. GASB 67 requires additional disclosures and supplemental information for the City's pension plans and also requires all benefits be included in net position. As such, implementation of GASB 67 required the reclassification of a reserve for future pension benefits from a liability to net position in the amount of \$52,579. Net position of the fiduciary funds as of October 1, 2013 has been restated accordingly.

Note 3—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, 2014, the carrying amount of the City's book balance for deposits held with financial institutions totaled \$7,378,905 and the bank balance was \$7,423,782.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 3—Deposits and investments (continued)

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, 2014, the City had the following cash equivalents:

Investment Type	Fair Value	Maturity Less than 1 Year
Repurchase agreement	\$ 10,354,613	\$ 10,354,613
Total fair value	\$ 10,354,613	

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

Category:

Deposits	\$ 7,562,220
Petty cash	1,502
Cash equivalents	10,354,613
	\$ 17,918,335

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 FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 3—Deposits and investments (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 assets and the statement of changes in fiduciary net assets. 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, 2014 from a nationally recognized rating agency:

Moody's Credit Rating	General Employees and Police Officers Pension Plan	Police Officers Retirement Trust Fund Section 185	Total
A1 - A3	\$ -	\$ 34,023	\$ 34,023
Aa2 - Aaa	-	4,532	4,532
Aa3	-	150,182	150,182
AAAm	496,348	-	496,348
AAA-Bb+	2,572,384	-	2,572,384
Ba1 - Baa3	-	108,692	108,692
	\$ 3,068,732	\$ 297,429	\$ 3,366,161

Interest Rate Risk:

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 3—Deposits and investments (continued)

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

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money market funds	\$ 496,348	\$ 496,348	\$ -	\$ -	\$ -
U.S. Government and Agency Securities	1,956,506	-	377,172	28,723	1,550,611
Corporate Obligations	2,727,390	40,868	1,517,530	652,556	516,436
Totals	\$ 5,180,244	\$ 537,216	\$ 1,894,702	\$ 681,279	\$ 2,067,047

Concentration of Credit Risk:

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

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty the Plan and Fund will not be able to recover their investments or collateral securities that are in possession of an outside party. At September 30, 2014 and consistent with their investment policies, the Plan and Fund's securities were registered in their name, nominee registration.

Foreign Credit Risk:

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 4—Receivables

Receivables at September 30, 2014 were as follows:

	Major Funds		Nonmajor Governmental Funds	Total
	General Fund	Grant Fund		
Receivable type:				
Intergovernmental	\$ 288,346	\$ 531,912	\$ 155,549	\$ 975,807
Franchise fees	88,126	-	-	88,126
Utility taxes	136,626	-	-	136,626
Accounts	14,597	-	-	14,597
Total receivables	<u>\$ 527,695</u>	<u>\$ 531,912</u>	<u>\$ 155,549</u>	<u>\$ 1,215,156</u>

Note 5—Interfund balances and transfers

Interfund balances at September 30, 2014 and the amount of interfund transfers for the fiscal year ended are summarized as follows:

	Payable Fund			Total
	Major Funds		Nonmajor Governmental Funds	
Receivable Fund	General Fund	Grant Fund		
General Fund	\$ -	\$ 1,287,928	\$ 123,597	\$ 1,411,525
Grant fund	958,320	-	-	958,320
Nonmajor Governmental Funds	860,211	-	-	860,211
	<u>\$ 1,818,531</u>	<u>\$ 1,287,928</u>	<u>\$ 123,597</u>	<u>\$ 3,230,056</u>

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

During the year, \$600,000 was transferred from General Fund to the Capital Improvements Program Fund, respectively, to assist with capital improvement project requirements. Also during the year, \$100,000 was transferred to the Community Redevelopment Agency Fund to assist in funding operations. The remaining transfers were to the General Fund from the Community Redevelopment Agency Fund and other non-major funds to reimburse the General Fund for expenditures incurred.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 6—Capital assets

Capital asset activity for the year ended September 30, 2014 was as follows:

<u>Governmental Activities</u>	Balance September 30, 2013	Increases	Decreases/ Transfers	Balance September 30, 2014
Capital assets not being depreciated:				
Land	\$ 14,603,765	\$ -	\$ -	\$ 14,603,765
Construction in progress	93,643	-	-	93,643
Total capital assets not being depreciated	<u>14,697,408</u>	<u>-</u>	<u>-</u>	<u>14,697,408</u>
Capital assets being depreciated:				
Buildings and improvements	18,009,663	1,680,495	-	19,690,158
Machinery and equipment	6,622,960	482,665	120,000	6,985,625
Land improvements	929,250	83,000	-	1,012,250
Infrastructure	9,226,358	-	-	9,226,358
Intangible assets	448,257	-	-	448,257
Total capital assets being depreciated	<u>35,236,488</u>	<u>2,246,160</u>	<u>120,000</u>	<u>37,362,648</u>
Less accumulated depreciation for:				
Buildings and improvements	3,057,836	393,803	-	3,451,639
Machinery and equipment	4,503,811	597,695	117,333	4,984,173
Land improvements	627,183	35,288	-	662,471
Infrastructure	2,743,828	202,497	-	2,946,325
Intangible assets	199,209	89,651	-	288,860
Total accumulated depreciation	<u>11,131,867</u>	<u>1,318,934</u>	<u>117,333</u>	<u>12,333,468</u>
Total capital assets, being depreciated net	<u>24,104,621</u>	<u>927,226</u>	<u>2,667</u>	<u>25,029,180</u>
Governmental activities capital assets, net	<u>\$ 38,802,029</u>	<u>\$ 927,226</u>	<u>\$ 2,667</u>	<u>\$ 39,726,588</u>

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

General government	\$ 631,663
Public safety	341,706
Public works	218,358
Culture and recreation	98,258
Community services	28,949
Total depreciation expense - governmental activities	<u>\$ 1,318,934</u>

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 7—Service concession arrangement and note receivable

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

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

- (i) Repayment of principal on certain amounts used in the construction of the Garage. These amounts owed to the City by MRP are shown as notes receivable in the statement of net position in the amount of \$8,581,790.
- (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 \$3,048,534.

The City has determined that the agreement meets the requirements of GASB Statement No. 60; *Accounting and Financial Reporting for Service Concession Arrangements*, effective for financial statements for periods beginning after December 15, 2011.

In accordance with GASB Statement No. 60, the City previously adjusted capital assets to include the Garage at fair value of approximately \$13 million. Additionally, \$11,630,324 was recorded in the government-wide financial statements (statement of net position) as a deferred inflow of resources to be received over the term of the agreement, at net present value. The deferred inflow of resources is recognized annually over the term of the agreement.

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 7—Service concession arrangement and note receivable (continued)

Future principal and interest payments due the City under the notes receivable, as of September 30, 2014, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 322,026	\$ 406,225	\$ 728,251
2016	333,466	389,783	723,249
2017	349,272	372,706	721,978
2018	369,359	354,745	724,104
2019	367,979	335,802	703,781
2020-2024	1,763,064	1,437,484	3,200,548
2025-2029	2,209,040	983,698	3,192,738
2030-2034	2,071,496	408,369	2,479,865
2035-2037	796,088	60,863	856,951
Total	<u>\$ 8,581,790</u>	<u>\$ 4,749,675</u>	<u>\$ 13,331,465</u>

Note 8—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, 2014:

	Balance September 30, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Governmental Activities:					
Florida Municipal Loan					
Council Bonds	\$ 6,620,000	\$ -	\$ (200,000)	\$ 6,420,000	\$ 615,000
Taxable Revenue Note, Series 2011	7,210,000	-	(365,000)	6,845,000	400,000
CRA Bond 2006	625,930	-	(266,185)	359,745	282,491
Notes payable	586,502	-	(199,686)	386,816	201,769
Capital leases	95,579	-	(47,032)	48,547	48,547
Compensated absences	1,103,913	794,054	(634,031)	1,263,936	379,181
Totals	<u>\$ 16,241,924</u>	<u>\$ 794,054</u>	<u>\$ (1,711,934)</u>	<u>\$ 15,324,044</u>	<u>\$ 1,926,988</u>

Compensated absences attributable to the governmental activities are generally liquidated by the general fund.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 8—Long-term liabilities of governmental activities (continued)

Florida Municipal Loan Council (FLMC Bonds):

The City previously borrowed \$2,200,000 from the Florida Municipal Loan Council's (FMLC) debt issue of \$90,210,000 Revenue Bonds, Series 2001A to repay existing borrowings and finance the construction of a multi-purpose activities center. The bonds bear varying interest rates ranging from 3.25% to 5.25% and are secured by non-ad valorem revenues from the City.

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

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

Annual debt service requirements to maturity for the FMLC revenue bonds are as follows:

Fiscal Year Ending September 30,	Series 2001A		Series 2002A		Series 2006		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 60,000	\$ 83,725	\$ 120,000	\$ 173,344	\$ 35,000	\$ 60,544	\$ 532,613
2016	60,000	80,575	125,000	166,744	35,000	58,794	526,113
2017	65,000	77,425	130,000	159,869	40,000	56,919	529,213
2018	70,000	74,013	135,000	152,719	40,000	54,919	526,651
2019	75,000	70,338	145,000	145,294	40,000	52,919	528,551
2020-2024	420,000	293,775	845,000	605,844	245,000	235,613	2,645,232
2025-2029	530,000	180,000	1,085,000	372,306	300,000	178,772	2,646,078
2030-2034	390,000	39,500	785,000	81,744	375,000	104,288	1,775,532
2035-2038	-	-	-	-	270,000	18,675	288,675
	<u>\$ 1,670,000</u>	<u>\$ 899,351</u>	<u>\$ 3,370,000</u>	<u>\$ 1,857,864</u>	<u>\$ 1,380,000</u>	<u>\$ 821,443</u>	<u>\$ 9,998,658</u>

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 8—Long-term liabilities of governmental activities (continued)

Taxable Revenue Note, Series 2011:

In August 2011, the City issued a \$7,575,000 Taxable Revenue Note, Series 2011, to *partially advance refund* \$1,725,000 and \$3,775,000 of the FMLC 2002A and 2006 revenue bonds, respectively, and also to *currently refund* the then remaining obligation of the Capital Improvement Promissory Note, Series 2009 in the amount of \$ 814,488. Funds were deposited into an irrevocable trust with an escrow agent to provide for the scheduled principal and interest installments of the partially advance refunded bonds, including the remaining obligations on the call date of May 1, 2012 and October 1, 2016 for the FMLC 2002A and 2006, respectively. Effective May 2012, the FMLC Series 2002A partially advanced refunded portion was considered deceased. As of September 30, 2014, the outstanding balance of the partially advanced refunded FMLC Series 2006 bonds was \$3,816,603.

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

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

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 420,000	\$ 305,649	\$ 725,649
2016	410,000	287,727	697,727
2017	435,000	267,477	702,477
2018	450,000	247,065	697,065
2019	480,000	225,616	705,616
2020-2024	2,710,000	771,806	3,481,806
2025-2027	1,940,000	136,904	2,076,904
Total	<u>\$ 6,845,000</u>	<u>\$ 2,242,244</u>	<u>\$ 9,087,244</u>

Community Redevelopment Agency (CRA) Bond, Series 2006:

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 8—Long-term liabilities of governmental activities (continued)

Annual debt service requirements to maturity for the CRA Bond are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 282,491	\$ 15,282	\$ 297,773
2016	77,254	1,216	78,470
Total	<u>\$ 359,745</u>	<u>\$ 16,498</u>	<u>\$ 376,243</u>

Notes Payable:

The City previously entered into promissory note agreements with a financial institution to finance the purchase of law enforcement vehicles and multi-space parking meter stations totaling approximately \$576,000. The notes require aggregate monthly payments of \$10,202, including interest at 2.355% and 2.5451% per annum. Both notes expire during fiscal year 2016. As of September 30, 2014, the balance outstanding was \$170,377.

The City previously entered into an agreement with a third party to finance an upgrade to its City Hall management computer software for approximately \$172,000. The agreement requires annual payments of \$34,414 and bears no interest. As of September 30, 2014, the outstanding balance of this agreement is \$34,414.

The City previously entered into Inter-Local agreements with Miami Dade County for the purchase of police radios and for a stormwater drainage project. The cost for the radios and project was approximately \$247,000 and \$270,000, respectively, and are payable in ten years. As of September 30, 2014, the total balance outstanding was \$182,025.

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 201,769	\$ 4,186	\$ 205,955
2016	93,200	1,768	94,968
2017	20,000	-	20,000
2018	20,000	-	20,000
2019	20,000	-	20,000
2020-2021	31,847	-	31,847
Total	<u>\$ 386,816</u>	<u>\$ 5,954</u>	<u>\$ 392,770</u>

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 8—Long-term liabilities of governmental activities (continued)

Capital Leases:

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

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2014 is as follows:

<u>Year Ending September 30,</u>	
2015	\$ 49,515
Less amounts representing interest	(968)
Present value of the net minimum lease payments	<u>\$ 48,547</u>

Conduit Debt Obligation:

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

In 2007, the Baptist Health South Florida (BHSF) issued through the City of South Miami Health Facilities Authority, \$800,000,000 of its Hospital Revenue Bonds, Series 2007 (2007 Bonds). The proceeds from the bonds were used to refund then outstanding bonds and to acquire, construct, equip and rehabilitate certain health care facilities of BHSF. The 2007 Bonds bear interest at rates ranging from 4.62% to 5.00%, payable semiannually each February 15 and August 15, and mature annually through 2042. As of September 30, 2014, the outstanding principal amount payable was \$727,460,000.

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 9—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.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 10—Other post-employment benefits

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

Plan Description and Funding Policy:

Employees who retire from the City and their dependents are eligible to continue to participate (single employer plan) in the City’s health insurance, dental and vision plans currently offered through the City at the “blended” employee group rate, which is determined annually by the City. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date. As of October 1, 2011, the date of the most recent actuarial evaluation, there are six participating retirees in the group health program.

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

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

Annual OPEB Cost and Net OPEB Obligation:

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

Employer Normal Cost	\$ 28,002
Amortization of Unfunded Actuarial Accrued Liability	22,560
Interest on Normal Cost and Amortization	2,022
Annual Required Contribution	<u>52,584</u>
Interest on Net OPEB Obligation	4,660
Adjustment to the ARC	<u>(6,737)</u>
Annual OPEB Cost	50,507
Estimated Annual Employer Contribution (pay-as-you-go)*	<u>(17,642)</u>
Change in Net OPEB Obligation	32,865
Net OPEB Obligation - Beginning of Year	<u>116,493</u>
Net OPEB Obligation - End of Year	<u><u>\$ 149,358</u></u>

*Reflects a contribution credit for the implied subsidy.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 10—Other post-employment benefits (continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 50,507	34.9%	\$ 149,358
9/30/2013	47,087	30.2%	116,493
9/30/2012	45,218	34.5%	83,604

Funding Status and Funding Progress:

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status and an analysis of funding progress as of October 1, 2011, the date of the most recent actuarial valuation, is as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
10/1/2011	\$ -	\$ 354,421	\$ 354,421	0.0%	\$5,365,146	6.6%

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 10—Other post-employment benefits (continued)

Actuarial Methods and Assumptions:

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

Measurement date	October 1, 2011
Actuarial cost method	Entry age method
Amortization method	Level dollar amount, open basis
Remaining amortization period	30-years
Actuarial assumptions:	
Investment rate of return	4.00% (includes inflation at 2.75% per annum)
Healthcare cost trend rates:	
Select rates	9.00% for 2011/12 graded to 8.00% for 2012/13, and 5.00% for 2013/14 through 2015/16
Ultimate rate	5.00% per annum

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. The most recent amendment to the Plan occurred on November 1, 2011, which became effective on October 1, 2011.

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

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 11—Defined benefit pension plan (continued)

Summary of Significant Accounting Policies:

The Plan for both general and police employees, utilizes the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy:

The City's annual required contribution is determined annually by an independent third party actuary and is, together with earnings and employee contributions, sufficient to fund the benefits described below. For the year ended September 30, 2014, the aggregate contribution requirement for the City and Plan participants was determined at 24.7% (including 10.5% for participants) and 33.3% (including 15% for participants) for general employees and police officers, respectively. In accordance with a City ordinance, should the aggregate participants and City's annual contribution be actuarially determined to exceed 14% and 15%, for general employees and police officers, respectively, both participants and the City shall share equally in such excess percentage.

The Police Officers Pension Plan also receives contributions from the State of Florida. During the fiscal year ended September 30, 2014, the City received \$91,879 from the State, which was generated from the insurance premium tax as part of the required funding for the Police Pension Plan, and recorded revenues and expenditures in the General Fund, as appropriate.

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

Method Used to Value Investments:

Investments in common stocks and international equity, mutual funds, corporate obligations and U.S. government securities are valued at quoted fair market prices determined by last reported sales price. Net appreciation or depreciation in fair value of investments, realized and unrealized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on a trade-date basis.

Eligibility:

General Employees:

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

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

Police Officers:

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

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 11—Defined benefit pension plan (continued)

As of September 30, 2014, the Plan membership consisted of:

	General Employees	Police Officers
Active Plan members	42	44
Terminated vested	4	5
Receiving benefits	22	17
	<u>68</u>	<u>66</u>

Benefits:

Normal retirement:

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

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

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

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

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.

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 11—Defined benefit pension plan (continued)

Disability retirement:

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

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.

Vesting:

Benefits are fully vested after 10 years of continuous service.

Actuarial Assumptions:

The actuarial assumptions, as of the valuation dated October 1, 2012, and effective for the current fiscal year are as follows:

	<u>General Employees</u>	<u>Police Officers</u>
Actuarial valuation date	10/1/2012	10/1/2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar closed	Level percent of pay, closed
Remaining amortization period	21 years	23 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.375%	7.375%
Projected salary increase	3.75% - 5.25%	3.75% - 5.25%
Includes inflation at	4.0%	4.0%
Cost-of-living adjustment	3.0%	3.0%

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 11—Defined benefit pension plan (continued)

The City's annual pension cost and net pension obligation (asset) for the current year were as follows:

	General Employees	Police Officers	Total
Annual required contribution (ARC)	\$ 283,532	\$ 578,990	\$ 862,522
Interest on net pension obligation (asset)	(2,809)	(1,496)	(4,305)
Adjustment to ARC	3,138	1,733	4,871
Annual pension cost	283,861	579,227	863,088
Contributions made	(257,857)	(582,561)	(840,418)
Increase (decrease) in net pension obligation (asset)	26,004	(3,334)	22,670
Net pension asset, beginning of year	(38,088)	(20,289)	(58,377)
Net pension asset, end of year	\$ (12,084)	\$ (23,623)	\$ (35,707)

Trend Information:

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the year ended September 30, 2014 and the two previous years is as follows:

Years ending September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
<u>General Employees:</u>			
2014	\$ 283,861	91%	\$ (12,084)
2013	293,761	100%	(38,088)
2012	415,245	100%	(38,529)
<u>Police Officers:</u>			
2014	\$ 579,227	101%	\$ (23,623)
2013	567,104	100%	(20,289)
2012	607,361	100%	(20,523)

CITY OF SOUTH MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 11—Defined benefit pension plan (continued)

Schedule of Funding Progress:

The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the Plan as of October 1, 2013, the most recent valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
General Employees	\$11,837,447	\$12,708,645	\$ 871,198	93.1%	\$1,968,974	44.2%
Police Officers	\$15,134,992	\$18,457,217	\$ 3,322,225	82.0%	\$2,789,742	119.1%

Note 12—Defined contribution plans

Police Officers Retirement Trust Fund - Section 185 Plan:

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

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

401(a) Money Purchase Plans:

The City is a single employer that contributes to three (3) defined contribution pension plans based upon employee classification created in accordance with the Internal Revenue Code Section 401(a) (the "401(a) Plans"). The 401(a) Plans cover certain upper level members of management who have elected to participate. The City Commission executed a resolution for the City to make contributions of up to 7% of participating members' earnings into the plan and 14% for one individual in accordance with their employment contract. During the year ended September 30, 2014, City contributions on behalf of members of management were approximately \$66,100.

In addition to the previously existing 401(a) Plans, the City also makes matching contributions on behalf of employees who are participating in the newly established 457(b) Plan under the provisions of Section 401(a). Those contributions during the year ended September 30, 2014 were approximately \$41,000.

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

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 12—Defined contribution plans (continued)

Employees 457(b) Deferred Compensation Plans:

The City previously established a deferred compensation plan under the provisions of the Internal Revenue Code Section 457(b) to provide additional benefits at retirement to those employees who elected not to participate in the City's pension plan. Under this plan, no contributions are required by the City on behalf of employees. The City provided additional compensation to several employees totaling approximately \$14,400. This additional compensation was credited into this plan.

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

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

Note 13—Risk management

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

The City currently has pending litigation with Orlando Martinez De Castro, the City's former Chief of Police, for which a liability has not been recorded. A trial judge has entered a partial summary judgment finding that the City breached the contract. However, the City still has its defenses to be tried and the City disagrees with the judge's findings of fact and conclusions of law. The City will be conducting an executive meeting within 30 days to discuss the matter. It will be the City Attorney's recommendation that the City appeal any final judgment when it is entered based on the judge's erroneous findings of fact and erroneous conclusions of law. While the City does not believe that the plaintiff is entitled to any money or any attorney fees, if the appellate court disagrees with the City's legal assessment of liability and damages there is a potential liability of approximately five hundred thousand dollars (\$500,000) including attorney fees and prejudgment interest.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (BUDGETARY BASIS)

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem	\$ 5,972,221	\$ 5,972,221	\$ 5,380,487	\$ (591,734)
Utility taxes	1,925,975	1,925,975	2,159,537	233,562
Business taxes	645,000	645,000	612,865	(32,135)
Franchise fees	1,580,500	1,580,500	1,641,415	60,915
Licenses and permits	550,250	550,250	1,095,232	544,982
Intergovernmental	1,454,918	1,454,918	1,578,176	123,258
Charges for services	2,950,500	2,950,500	2,821,013	(129,487)
Fines and forfeitures	809,000	809,000	846,219	37,219
Rents and royalties	254,496	254,496	265,401	10,905
Interest Income	88,604	88,604	86,505	(2,099)
Miscellaneous	266,586	266,586	318,436	51,850
Total Revenues	<u>16,498,050</u>	<u>16,498,050</u>	<u>16,805,286</u>	<u>307,236</u>
Expenditures:				
General government:				
City commission	92,829	92,829	85,591	7,238
City manager	1,883,850	1,823,350	1,589,310	234,040
City clerk	386,012	401,012	416,940	(15,928)
Legal	436,000	436,000	314,139	121,861
Finance	1,340,279	1,369,279	1,277,803	91,476
Total general government	<u>4,138,970</u>	<u>4,122,470</u>	<u>3,683,783</u>	<u>438,687</u>
Public safety:				
Police	5,948,328	5,964,828	5,436,727	528,101
Building zoning and community development	1,194,438	1,194,438	1,024,163	170,275
Total public safety	<u>7,142,766</u>	<u>7,159,266</u>	<u>6,460,890</u>	<u>698,376</u>
Public works	3,354,060	3,354,060	3,023,027	331,033
Parks and recreation	1,812,390	1,838,309	1,590,736	247,573
Debt Service:				
Principal	199,685	199,685	219,682	(19,997)
Interest and fiscal charges	4,182	4,182	2,841	1,341
Total Expenditures	<u>16,652,053</u>	<u>16,677,972</u>	<u>14,980,959</u>	<u>1,697,013</u>
Excess of Revenues Over Expenditures	<u>(154,003)</u>	<u>(179,922)</u>	<u>1,824,327</u>	<u>2,004,249</u>
Other Financing Uses				
Transfers in	358,173	358,173	308,173	(50,000)
Transfers out	-	-	(700,000)	(700,000)
Total other financing uses	<u>358,173</u>	<u>358,173</u>	<u>(391,827)</u>	<u>(750,000)</u>
Net Change in Fund Balance	204,170	178,251	1,432,500	1,254,249
Fund Balances - Beginning	<u>9,336,665</u>	<u>9,336,665</u>	<u>9,336,665</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 9,540,835</u>	<u>\$ 9,514,916</u>	<u>\$ 10,769,165</u>	<u>\$ 1,254,249</u>

CITY OF SOUTH MIAMI, FLORIDA

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (BUDGETARY BASIS)
(CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2014

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

Net change in fund balance - budget to actual - General Fund \$ 1,432,500

Amounts reported for budget to actual are different because:

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

Net change in fund balance - Emergency Reserve Fund ⁽¹⁾ 13,683

General fund net change in fund balance per the Statement of Revenues,
Expenditures, and Changes in Fund Balances - Governmental Funds \$ 1,446,183

⁽¹⁾ See budget to actual comparison schedule on page 52

CITY OF SOUTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE – EMERGENCY RESERVE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest Income	\$ 18,000	\$ 18,000	\$ 13,683	\$ (4,317)
Total Revenues	18,000	18,000	13,683	(4,317)
Expenditures	-	-	-	-
Net Change in Fund Balance	\$ 18,000	\$ 18,000	\$ 13,683	\$ (4,317)

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,665,453	\$ 2,665,453	\$ 1,776,393	\$ (889,060)
Interest Income	-	-	4,419	4,419
Total Revenues	<u>2,665,453</u>	<u>2,665,453</u>	<u>1,780,812</u>	<u>(884,641)</u>
Expenditures:				
Current:				
Public safety	7,973	7,973	8,858	(885)
Public works	80,845	80,845	17,245	63,600
Capital outlay	<u>2,570,193</u>	<u>2,570,193</u>	<u>1,738,443</u>	<u>831,750</u>
Total Expenditures	<u>2,659,011</u>	<u>2,659,011</u>	<u>1,764,546</u>	<u>894,465</u>
Deficiency of Revenues				
Over Expenditures	<u>6,442</u>	<u>6,442</u>	<u>16,266</u>	<u>9,824</u>
Net Change in Fund Balance	<u>\$ (26,731)</u>	<u>\$ (26,731)</u>	<u>\$ 16,266</u>	<u>\$ 42,997</u>

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

SEPTEMBER 30, 2014

Note 1—Budgets and budgetary accounting

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

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

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

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

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

For the Last Six Fiscal Years

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
October 1, 2008	\$ 9,237,641	\$ 11,331,288	\$ 2,093,647	81.5%	\$ 3,346,534	62.6%
October 1, 2009	\$ 9,957,659	\$ 13,727,750	\$ 3,770,091	72.5%	\$ 4,436,444	85.0%
October 1, 2010	\$ 10,852,137	\$ 15,521,998	\$ 4,669,861	69.9%	\$ 3,763,350	124.1%
October 1, 2011	\$ 11,330,151	\$ 13,477,722	\$ 2,147,571	84.1%	\$ 2,373,100	90.5%
October 1, 2012	\$ 11,132,152	\$ 12,534,298	\$ 1,402,146	88.8%	\$ 2,003,855	70.0%
October 1, 2013 *	\$ 11,837,447	\$ 12,708,645	\$ 871,198	93.1%	\$ 1,968,974	44.2%

Year Ended September 30,	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 389,512	100%
2010	\$ 694,702	100%
2011	\$ 625,038	100%
2012	\$ 418,833	100%
2013	\$ 293,761	100%
2014	\$ 283,532	91%

* Most recent valuation available

CITY OF SOUTH MIAMI, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POLICE OFFICERS PENSION TRUST FUND

For the Last Six Fiscal Years

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
October 1, 2008	\$ 11,047,956	\$ 14,524,122	\$ 3,476,166	76.1%	\$ 2,857,555	121.6%
October 1, 2009	\$ 11,648,375	\$ 16,050,973	\$ 4,402,598	72.6%	\$ 3,183,318	138.3%
October 1, 2010	\$ 12,444,607	\$ 18,330,874	\$ 5,886,267	67.9%	\$ 3,067,558	191.9%
October 1, 2011	\$ 13,105,560	\$ 17,872,619	\$ 4,767,059	73.3%	\$ 3,050,052	156.3%
October 1, 2012	\$ 13,768,692	\$ 17,684,100	\$ 3,915,408	77.9%	\$ 2,857,846	137.0%
October 1, 2013 *	\$ 15,134,992	\$ 18,457,217	\$ 3,322,225	82.0%	\$ 2,789,742	119.1%

Year Ended September 30,	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 454,219 **	100%
2010	\$ 562,544	100%
2011	\$ 641,549	100%
2012	\$ 607,142	100%
2013	\$ 567,104	100%
2014	\$ 578,990	101%

* Most recent valuation available

** The City contribution amount for Police Officers reflects an adjustment in the amount of \$ 3,285 due to the interest charge for a late payment due to a delay in receipt of state funds.

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

For the Last Six Fiscal Years

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

* Year of GASB Statement No. 45 implementation. No prior information is available.

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

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

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

SEPTEMBER 30, 2014

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Stormwater Drain Trust	Local Option Gas Tax	Peoples Transportation Tax	State Forfeiture	Tree Trust Fund	Hometown District Improvement Trust	Federal Forfeiture	Community Redevelopment Agency Fund	Capital Improvements Program Fund	Debt Service Fund	
Assets											
Cash and cash equivalents	\$ 91,514	\$325,129	\$ 1,821,296	\$ 76,509	\$ -	\$ -	\$2,000,700	\$ 369,136	\$ -	\$450,838	\$ 5,135,122
Receivables	81,921	-	73,628	-	-	-	-	-	-	-	155,549
Due from other funds	146,320	-	96,952	-	4,528	17,250	-	36	595,125	-	860,211
Prepaid expenditures	-	-	-	-	-	-	-	4,188	-	66,825	71,013
Total Assets	\$ 319,755	\$325,129	\$ 1,991,876	\$ 76,509	\$ 4,528	\$ 17,250	\$2,000,700	\$ 373,360	\$ 595,125	\$517,663	\$ 6,221,895
Liabilities and Fund Balances											
Liabilities											
Accounts payable	\$ 2,973	\$ -	\$ 22,601	\$ -	\$ -	\$ -	\$ 477	\$ 25,426	\$ 239,811	\$ -	\$ 291,288
Accrued liabilities	2,076	-	-	-	-	-	-	3,309	-	-	5,385
Due to other funds	-	48,130	-	-	-	-	-	75,467	-	-	123,597
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	1,416	-	-	1,416
Total Liabilities	5,049	48,130	22,601	-	-	-	477	105,618	239,811	-	421,686
Fund Balances											
Nonspendable:											
Prepaid expenditures	-	-	-	-	-	-	-	4,188	-	66,825	71,013
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	450,838	450,838
Community services	-	-	-	-	-	-	-	263,554	-	-	263,554
Grant projects	-	-	-	-	-	-	-	-	-	-	-
Stormwater management	314,706	-	-	-	-	-	-	-	-	-	314,706
Transportation projects	-	276,999	1,969,275	-	-	-	-	-	-	-	2,246,274
Law enforcement	-	-	-	76,509	-	-	2,000,223	-	-	-	2,076,732
Committed to:											
Tree projects	-	-	-	-	4,528	-	-	-	-	-	4,528
Parking management	-	-	-	-	-	17,250	-	-	-	-	17,250
Assigned to:											
Capital projects	-	-	-	-	-	-	-	-	355,314	-	355,314
Total Fund Balances	314,706	276,999	1,969,275	76,509	4,528	17,250	2,000,223	267,742	355,314	517,663	5,800,209
Total Liabilities and Fund Balances	\$ 319,755	\$325,129	\$ 1,991,876	\$ 76,509	\$ 4,528	\$ 17,250	\$2,000,700	\$ 373,360	\$ 595,125	\$517,663	\$ 6,221,895

CITY OF SOUTH MIAMI, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds										
	Stormwater Drain Trust	Local Option Gas Tax	Peoples Transportation Tax	State Forfeiture	Tree Trust Fund	Hometown District Improvement Trust	Federal Forfeiture Fund	Community Redevelopment Agency Fund	Capital Improvements Program Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues											
Taxes:											
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,025,084	\$ -	\$ -	\$ 1,025,084	
Utility taxes	7,443	-	-	-	-	-	-	-	-	7,443	
Intergovernmental	410,227	76,873	467,598	-	-	-	-	-	-	954,698	
Licenses and Permits	-	-	-	-	2,500	-	-	-	-	2,500	
Fines and forfeitures	-	-	-	-	-	2,914	-	-	-	2,914	
Charges for services	-	-	-	-	-	36,000	-	-	-	36,000	
Rents and royalties	-	-	-	-	-	-	33,227	-	727,845	761,072	
Interest	1,324	2,503	13,368	610	-	16,097	4,881	-	1,650	40,433	
Miscellaneous	-	-	-	-	-	58,495	68	-	142,366	200,929	
Total Revenues	418,994	79,376	480,966	610	2,500	36,000	77,506	1,063,260	-	3,031,073	
Expenditures											
Current:											
Public safety	-	-	-	-	-	49,348	-	44,971	-	94,319	
Public works	134,239	-	-	-	13,626	-	-	63,935	-	211,800	
Parks and recreation	-	-	-	-	-	-	-	82,950	-	82,950	
Community services	-	-	-	-	-	-	970,583	-	-	970,583	
Capital outlay	96,314	126,899	163,513	-	-	40,374	85,161	232,942	-	745,203	
Debt service:											
Principal	27,036	-	-	-	-	-	266,185	-	565,000	858,221	
Interest and fiscal charges	397	-	-	-	-	-	31,588	-	660,022	692,007	
Total Expenditures	257,986	126,899	163,513	-	13,626	89,722	1,353,517	424,798	1,225,022	3,655,083	
Excess (Deficiency) of											
Revenues Over Expenditures	161,008	(47,523)	317,453	610	(11,126)	36,000	(12,216)	(290,257)	(424,798)	(624,010)	
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	-	-	100,000	600,000	-	700,000	
Transfers out	(250,000)	-	-	-	-	(25,000)	(33,173)	-	-	(308,173)	
Total Other Financing Sources (Uses)	(250,000)	-	-	-	-	(25,000)	-	66,827	600,000	391,827	
Net Change in Fund Balances	(88,992)	(47,523)	317,453	610	(11,126)	11,000	(12,216)	(223,430)	175,202	(353,161)	(232,183)
Fund Balances - Beginning	403,698	324,522	1,651,822	75,899	15,654	6,250	2,012,439	491,172	180,112	870,824	6,032,392
Fund Balances - Ending	\$ 314,706	\$ 276,999	\$ 1,969,275	\$ 76,509	\$ 4,528	\$ 17,250	\$ 2,000,223	\$ 267,742	\$ 355,314	\$ 517,663	\$ 5,800,209

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – STORMWATER DRAIN TRUST FUND

SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Utility tax	\$ 18,900	\$ 18,900	\$ 7,443	\$ (11,457)
Intergovernmental	400,000	400,000	410,227	10,227
Interest Income	7,500	7,500	1,324	(6,176)
Total Revenues	426,400	426,400	418,994	(7,406)
Expenditures				
Current:				
Public works	123,782	145,237	134,239	10,998
Capital outlay	415,000	393,545	96,314	297,231
Debt Service:				
Principal	27,036	27,036	27,036	-
Interest and fiscal charges	2,000	2,000	397	1,603
Total Expenditures	567,818	567,818	257,986	309,832
Excess of Revenues Over Expenditures	(141,418)	(141,418)	161,008	302,426
Other Financing Uses				
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing uses	(250,000)	(250,000)	(250,000)	-
Net Change in Fund Balance	\$ (391,418)	\$ (391,418)	\$ (88,992)	\$ 302,426

CITY OF SOUTH MIAMI, FLORIDA**BUDGETARY COMPARISON SCHEDULE – LOCAL OPTION GAS TAX FUND****SPECIAL REVENUE FUND***YEAR ENDED SEPTEMBER 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 67,207	\$ 67,207	\$ 76,873	\$ 9,666
Interest Income	2,000	2,000	2,503	503
Total Revenues	<u>69,207</u>	<u>69,207</u>	<u>79,376</u>	<u>10,169</u>
Expenditures				
Capital outlay	<u>225,000</u>	<u>263,643</u>	<u>126,899</u>	<u>136,744</u>
Total Expenditures	<u>225,000</u>	<u>263,643</u>	<u>126,899</u>	<u>136,744</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(155,793)</u>	<u>(194,436)</u>	<u>(47,523)</u>	<u>146,913</u>
Net Change in Fund Balance	<u>\$ (155,793)</u>	<u>\$ (194,436)</u>	<u>\$ (47,523)</u>	<u>\$ 146,913</u>

CITY OF SOUTH MIAMI, FLORIDA**BUDGETARY COMPARISON SCHEDULE – PEOPLES TRANSPORTATION TAX FUND****SPECIAL REVENUE FUND***YEAR ENDED SEPTEMBER 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Discretionary sales tax	\$ 389,756	\$ 389,756	\$ 467,598	\$ 77,842
Interest Income	11,000	11,000	13,368	2,368
Total Revenues	<u>400,756</u>	<u>400,756</u>	<u>480,966</u>	<u>80,210</u>
Expenditures				
Capital outlay	<u>1,100,001</u>	<u>1,164,769</u>	<u>163,513</u>	<u>1,001,256</u>
Total Expenditures	<u>1,100,001</u>	<u>1,164,769</u>	<u>163,513</u>	<u>1,001,256</u>
Excess of Revenues Over Expenditures	<u>(699,245)</u>	<u>(764,013)</u>	<u>317,453</u>	<u>1,081,466</u>
Net Change in Fund Balance	<u>\$ (699,245)</u>	<u>\$ (764,013)</u>	<u>\$ 317,453</u>	<u>\$ 1,081,466</u>

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest Income	\$ 500	\$ 500	\$ 610	\$ 110
Total Revenues	<u>500</u>	<u>500</u>	<u>610</u>	<u>110</u>
Expenditures				
Current:				
Public safety	<u>60,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Expenditures	<u>60,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Excess of Revenues Over Expenditures	<u>(59,500)</u>	<u>(44,500)</u>	<u>610</u>	<u>45,110</u>
Net Change in Fund Balance	<u>\$ (59,500)</u>	<u>\$ (44,500)</u>	<u>\$ 610</u>	<u>\$ 45,110</u>

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ -	\$ -	\$ 2,500	\$ 2,500
Total Revenues	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Expenditures				
Current:				
Public works	15,000	15,000	13,626	1,374
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>13,626</u>	<u>1,374</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>(11,126)</u>	<u>3,874</u>
Net Change in Fund Balance	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (11,126)</u>	<u>\$ 3,874</u>

CITY OF SOUTH MIAMI, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 36,000</u>	<u>\$ 8,000</u>
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>36,000</u>	<u>8,000</u>
Other Financing Uses				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 11,000</u>	<u>\$ 8,000</u>

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 2,914	\$ 2,914
Interest income	9,000	9,000	16,097	7,097
Miscellaneous	80,000	80,000	58,495	(21,505)
Total Revenues	<u>89,000</u>	<u>89,000</u>	<u>77,506</u>	<u>(11,494)</u>
Expenditures				
Current:				
Public safety	314,950	314,950	49,348	265,602
Capital outlay	503,333	503,333	40,374	462,959
Total Expenditures	<u>818,283</u>	<u>818,283</u>	<u>89,722</u>	<u>728,561</u>
Excess of Revenues Over Expenditures	<u>(729,283)</u>	<u>(729,283)</u>	<u>(12,216)</u>	<u>717,067</u>
Net Change in Fund Balance	<u>\$ (729,283)</u>	<u>\$ (729,283)</u>	<u>\$ (12,216)</u>	<u>\$ 717,067</u>

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Ad valorem	\$ 1,025,084	\$ 1,025,084	\$ 1,025,084	\$ -
Rents and royalties	25,000	25,000	33,227	8,227
Interest	13,000	13,000	4,881	(8,119)
Miscellaneous	-	-	68	68
Total Revenues	1,063,084	1,063,084	1,063,260	176
Expenditures				
Current:				
Community services	1,171,665	1,176,269	970,583	205,686
Capital outlay	53,000	118,377	85,161	33,216
Debt Service:				
Principal	266,186	266,186	266,185	1
Interest and fiscal charges	31,589	31,589	31,588	1
Total Expenditures	1,522,440	1,592,421	1,353,517	238,902
Excess (Deficiency) of Revenues Over Expenditures	(459,356)	(529,337)	(290,257)	239,078
Other Financing Uses				
Transfers in	100,000	100,000	100,000	-
Transfers out	(33,173)	(33,173)	(33,173)	-
Total other financing uses	66,827	66,827	66,827	
Net Change in Fund Balance	\$ (392,529)	\$ (462,510)	\$ (223,430)	\$ 239,078

CITY OF SOUTH MIAMI, FLORIDA

BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENTS PROGRAM FUND

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Current:				
Public safety	45,000	45,000	44,971	29
Public works	60,000	65,000	63,935	1,065
Park and recreation	250,000	255,250	82,950	172,300
Capital outlay	<u>245,000</u>	<u>245,000</u>	<u>232,942</u>	<u>12,058</u>
Total Expenditures	<u>600,000</u>	<u>610,250</u>	<u>424,798</u>	<u>185,452</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(600,000)</u>	<u>(610,250)</u>	<u>(424,798)</u>	<u>(185,452)</u>
Other Financing Sources				
Transfers in	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (10,250)</u>	<u>\$ 175,202</u>	<u>\$ (185,452)</u>

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Rents and royalties	\$ 727,917	\$ 727,917	\$ 727,845	\$ (72)
Interest Income	2,400	2,400	1,650	(750)
Miscellaneous	142,366	142,366	142,366	-
Total Revenues	<u>872,683</u>	<u>872,683</u>	<u>871,861</u>	<u>(822)</u>
Expenditures				
Debt Service:				
Principal	585,000	581,500	565,000	16,500
Interest and fiscal charges	656,635	660,135	660,022	113
Total Expenditures	<u>1,241,635</u>	<u>1,241,635</u>	<u>1,225,022</u>	<u>16,613</u>
Net Change in Fund Balance	<u>\$ (368,952)</u>	<u>\$ (368,952)</u>	<u>\$ (353,161)</u>	<u>\$ 15,791</u>

TRUST AND AGENCY FUNDS

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

PENSION TRUST FUNDS

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

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

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

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

YEAR ENDED SEPTEMBER 30, 2014

	General Employees Pension Plan	Police Officers Pension Plan	Section 185 Police Officers Pension Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 214,170	\$ 282,178	\$ 8,029	\$ 504,377
Investments, at fair value:				
U.S. Government and agency securities	782,760	1,031,323	142,423	1,956,506
Corporate obligations	1,109,960	1,462,424	155,006	2,727,390
Common stocks	1,924,049	2,535,022	472,718	4,931,789
Build America bonds	8,184,313	10,783,212	-	18,967,525
Mutual funds	1,582,797	2,085,407	-	3,668,204
	<u>13,798,049</u>	<u>18,179,566</u>	<u>778,176</u>	<u>32,755,791</u>
Total cash, cash equivalents, and investments				
Receivables:				
Employer contribution	58,258	137,932	-	196,190
Employee contribution	10,501	35,026	-	45,527
Dividends and interest	6,835	32,321	-	39,156
Section 185 contribution	-	37,780	91,879	129,659
	<u>75,594</u>	<u>243,059</u>	<u>91,879</u>	<u>410,532</u>
Total receivables				
Other assets:				
Prepaid expenses	872	1,149	-	2,021
	<u>13,874,515</u>	<u>18,423,774</u>	<u>870,055</u>	<u>33,168,344</u>
Total assets				
LIABILITIES				
Accounts payable	13,051	48,085	10,179	71,315
Minimum funding liability	-	-	37,780	37,780
	<u>13,051</u>	<u>48,085</u>	<u>47,959</u>	<u>109,095</u>
Total liabilities				
NET POSITION RESTRICTED FOR PENSION BENEFITS				
	<u>\$ 13,861,464</u>	<u>\$ 18,375,689</u>	<u>\$ 822,096</u>	<u>\$ 33,059,249</u>

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

YEAR ENDED SEPTEMBER 30, 2014

	General Employees Pension Plan	Police Officers Pension Plan	Section 185 Police Officers Pension Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 257,857	\$ 582,580	\$ -	\$ 840,437
Employees	151,841	425,528	-	577,369
Section 185 contributions	-	37,780	91,879	129,659
Total contributions	<u>409,698</u>	<u>1,045,888</u>	<u>91,879</u>	<u>1,547,465</u>
Investments income:				
Net appreciation in fair value of investments	1,126,010	1,467,746	56,576	2,650,332
Interest and dividends	248,087	323,377	10,884	582,348
Total investment income	1,374,097	1,791,123	67,460	3,232,680
Less investment expenses	35,021	53,224	12,146	100,391
Net investment income	<u>1,339,076</u>	<u>1,737,899</u>	<u>55,314</u>	<u>3,132,289</u>
Total additions	<u>1,748,774</u>	<u>2,783,787</u>	<u>147,193</u>	<u>4,679,754</u>
Deductions:				
Benefits paid	574,029	565,008	-	1,139,037
Refunds of contributions	48,124	127,952	-	176,076
Administrative expenses	43,751	57,029	16,367	117,147
Minimum benefit funding payment	-	-	37,780	37,780
Total deductions	<u>665,904</u>	<u>749,989</u>	<u>54,147</u>	<u>1,470,040</u>
Changes in net position	1,082,870	2,033,798	93,046	3,209,714
Net position restricted for pension benefits, October 1, 2013, as restated	<u>12,778,594</u>	<u>16,341,891</u>	<u>729,050</u>	<u>29,849,535</u>
Net position restricted for pension benefits, September 30, 2014	<u>\$ 13,861,464</u>	<u>\$ 18,375,689</u>	<u>\$ 822,096</u>	<u>\$ 33,059,249</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of South Miami, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	72-75
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	76-79
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	80-83
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	84-85
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	886-88

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

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

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)*

	Table 1									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 10,604	\$ 14,302	\$ 16,694	\$ 21,871	\$ 23,894	\$ 23,497	\$ 23,767	\$ 24,318	\$ 24,353	\$ 26,306
Restricted	6,255	4,165	4,304	4,249	4,692	4,589	4,680	6,719	6,353	5,963
Unrestricted	<u>5,492</u>	<u>7,661</u>	<u>10,003</u>	<u>9,167</u>	<u>8,931</u>	<u>7,011</u>	<u>8,324</u>	<u>7,956</u>	<u>8,324</u>	<u>9,778</u>
Total governmental activities net position	<u>\$ 22,351</u>	<u>\$ 26,128</u>	<u>\$ 31,001</u>	<u>\$ 35,287</u>	<u>\$ 37,517</u>	<u>\$ 35,097</u>	<u>\$ 36,771</u>	<u>\$ 38,993</u>	<u>\$ 39,030</u>	<u>\$ 42,047</u>

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

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)*

	Table 2									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES:										
Governmental activities:										
General government	\$ 5,828	\$ 5,868	\$ 6,970	\$ 8,155	\$ 8,413	\$ 7,304	\$ 3,912	\$ 3,598	\$ 4,032	\$ 4,464
Public safety	4,386	4,280	4,554	4,410	4,523	4,717	7,542	7,483	7,853	6,906
Public works	5,258	5,909	5,014	4,535	4,342	4,683	4,337	4,747	3,960	3,708
Community services	-	-	-	-	-	484	1,098	1,284	1,249	999
Culture and recreation	1,231	1,366	861	1,021	1,037	1,069	1,140	1,084	1,668	1,772
Interest on long-term debt	531	613	487	676	960	1,055	929	946	830	775
Total governmental activities expenses	17,234	18,036	17,886	18,797	19,275	19,312	18,958	19,142	19,592	18,624
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	3,336	3,036	2,200	3,952	3,584	3,453	371	287	1,047	1,098
Public safety	304	748	457	459	407	476	4,608	5,917	1,750	3,913
Public works	326	316	343	399	466	408	574	525	22	36
Community services	-	-	-	-	-	-	34	31	2,896	-
Culture and recreation	279	161	182	1,229	296	242	199	234	-	-
Interest on long-term debt	-	-	-	-	-	493	244	446	-	406
Operating and capital grants and contributions	3,931	4,526	4,458	3,288	2,266	718	1,159	541	515	2,218
Total governmental activities program revenues	8,176	8,787	7,640	9,327	7,019	5,790	7,189	7,981	6,230	7,671
Net (expense)/revenue: Governmental activities	(9,058)	(9,249)	(10,246)	(9,470)	(12,256)	(13,522)	(11,769)	(11,161)	(13,362)	(10,953)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Property taxes	7,238	8,170	8,876	8,104	9,051	7,685	7,114	6,708	6,122	6,406
Utility taxes	1,633	1,776	1,829	1,965	2,092	2,087	2,070	2,052	2,073	2,167
Business taxes	-	-	553	552	581	630	606	641	620	613
Franchise taxes	813	1,008	1,116	1,116	1,197	1,101	1,066	1,048	1,574	1,641
Service concession arrangement	-	-	-	-	-	335	359	370	248	377
Intergovernmental (unrestricted)	1,245	1,310	1,297	1,282	1,200	2,051	1,980	2,198	2,279	154
Interest income (unrestricted)	375	594	809	396	226	218	140	181	331	2,183
Other	-	168	524	341	139	110	108	185	305	428
Total governmental activities	11,304	13,026	15,004	13,756	14,486	14,217	13,443	13,383	13,552	13,969
CHANGES IN NET POSITION: Governmental activities	\$ 2,246	\$ 3,777	\$ 4,758	\$ 4,286	\$ 2,230	\$ 695	\$ 1,674	\$ 2,222	\$ 190	\$ 3,016

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

LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)*

Table 3

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Reserved	\$ 6,288	\$ 5,130	\$ 5,720	\$ 6,476	\$ 4,462	\$ 2,160	\$ -	\$ -	\$ -	\$ -
Unreserved	4,319	4,796	5,268	3,523	6,251	6,325	-	-	-	-
Nonspendable	-	-	-	-	-	-	186	204	209	242
Committed	-	-	-	-	-	-	1,785	1,689	1,704	1,717
Assigned	-	-	-	-	-	-	1,982	622	1,064	3,957
Unassigned	-	-	-	-	-	-	5,546	6,144	6,359	4,867
Total General Fund	<u>\$ 10,607</u>	<u>\$ 9,926</u>	<u>\$ 10,988</u>	<u>\$ 9,999</u>	<u>\$ 10,713</u>	<u>\$ 8,485</u>	<u>\$ 9,499</u>	<u>\$ 8,659</u>	<u>\$ 9,336</u>	<u>\$ 10,783</u>
All other governmental funds:										
Reserved	\$ 1,705	\$ 1,854	\$ 1,986	\$ 2,313	\$ 1,921	\$ 215	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	579	750	2,612	2,460	2,472	4,075	-	-	-	-
Nonspendable	-	-	-	-	-	-	4	-	72	71
Restricted	-	-	-	-	-	-	4,676	6,720	6,353	5,963
Committed	-	-	-	-	-	-	10	9	22	22
Assigned	-	-	-	-	-	-	-	510	180	355
Total all other governmental funds	<u>\$ 2,284</u>	<u>\$ 2,604</u>	<u>\$ 4,598</u>	<u>\$ 4,773</u>	<u>\$ 4,393</u>	<u>\$ 4,290</u>	<u>\$ 4,690</u>	<u>\$ 7,239</u>	<u>\$ 6,627</u>	<u>\$ 6,411</u>

Note: Information for fiscal years 2005 through 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

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

LAST TEN FISCAL YEARS* (AMOUNTS EXPRESSED IN THOUSANDS)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Table 4										
REVENUES:										
Taxes and franchise fees	\$ 8,050	\$ 9,178	\$ 9,992	\$ 9,772	\$ 10,829	\$ 9,416	\$ 8,787	\$ 8,397	\$ 8,316	\$ 8,660
Charges for services	2,352	2,532	2,197	2,818	3,063	3,175	3,968	4,089	2,918	2,857
Utility taxes	1,634	1,776	1,829	1,965	2,092	2,087	2,070	2,052	2,074	2,167
Intergovernmental	5,176	5,686	5,593	4,419	3,315	2,471	3,091	2,614	2,702	4,309
Licenses and permits	1,101	1,202	1,102	1,137	495	470	964	667	1,047	1,098
Fines and forfeitures	304	442	349	330	326	415	483	1,944	926	849
Interest income	375	594	809	396	226	219	140	181	153	145
Rents and royalties	-	-	-	-	-	1,129	1,007	1,026	1,072	1,026
Other	488	403	774	2,246	1,159	268	495	439	397	519
Total revenues	19,480	21,813	22,645	23,083	21,505	19,650	21,005	21,409	19,605	21,630
EXPENDITURES:										
General government	5,648	5,745	6,660	7,238	6,759	6,709	3,217	2,838	3,250	3,684
Public safety	4,270	4,194	4,253	4,333	4,358	4,572	7,242	7,071	7,532	6,564
Public works	4,660	5,409	5,109	5,284	5,100	4,329	4,148	3,822	3,338	3,252
Community services	-	-	-	-	-	484	1,065	1,232	1,220	970
Culture and recreation	1,199	1,339	837	977	979	1,035	1,089	1,034	1,607	1,674
Debt service:										
Principal	391	612	2,183	2,444	1,284	1,038	2,599	802	1,105	1,077
Interest and fiscal charges	538	614	614	920	909	887	1,167	660	750	695
Capital outlay	3,032	7,538	8,827	4,654	2,320	1,412	1,100	2,241	737	2,484
Total expenditures	19,738	25,451	28,483	25,850	21,709	20,466	21,627	19,700	19,539	20,400
Excess (deficiency) of revenues over expenditures	(258)	(3,638)	(5,838)	(2,767)	(204)	(816)	(622)	1,709	66	1,230
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	641	485	820	2,359	543	1,008
Transfers out	-	-	-	-	(641)	(485)	(820)	(2,359)	(543)	(1,008)
Issuance of debt	961	3,277	8,679	1,953	538	228	748	-	-	-
Proceeds from refunding debt	-	-	-	-	-	-	7,575	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	(6,287)	-	-	-
Total other financing sources (uses)	961	3,277	8,679	1,953	538	228	2,036	-	-	-
Net change in fund balances	\$ 703	\$ (361)	\$ 2,841	\$ (814)	\$ 334	\$ (588)	\$ 1,414	\$ 1,709	\$ 66	\$ 1,230
Debt service as a percentage of noncapital expenditures	5.6%	6.8%	14.2%	15.9%	11.8%	10.0%	18.3%	7.8%	9.5%	8.7%

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)
2005	\$ 1,125,391	\$ 86,708	\$ 1,212,099	6.6810	\$ 1,212,099	100.00%
2006	\$ 1,363,371	\$ 82,658	\$ 1,446,029	5.8810	\$ 1,446,029	100.00%
2007	\$ 1,578,948	\$ 86,150	\$ 1,665,098	4.8180	\$ 1,665,098	100.00%
2008	\$ 1,621,815	\$ 69,137	\$ 1,690,952	5.2790	\$ 1,690,952	100.00%
2009	\$ 1,455,867	\$ 78,411	\$ 1,534,278	4.9526	\$ 1,534,278	100.00%
2010	\$ 1,350,917	\$ 71,712	\$ 1,422,629	4.9526	\$ 1,422,629	100.00%
2011	\$ 1,347,024	\$ 66,751	\$ 1,413,775	4.6662	\$ 1,413,775	100.00%
2012	\$ 1,362,014	\$ 64,823	\$ 1,426,837	4.3639	\$ 1,426,837	100.00%
2013	\$ 1,372,600	\$ 60,743	\$ 1,433,343	4.3639	\$ 1,433,343	100.00%
2014	\$ 1,411,443	\$ 69,158	\$ 1,480,601	4.3639	\$ 1,480,601	100.00%

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		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	
				School Board - Debt Service	School Board - Debt Service										
2005	6.6810	-	7.9470	0.4910	0.1000	0.5970	0.0385	5.8350	0.2850	2.6090	0.0520	0.4860	0.4288	25.5503	
2006	5.8810	-	7.6910	0.4140	0.1000	0.5970	0.0385	5.6150	0.2850	2.6090	0.0420	0.4860	0.4223	24.1808	
2007	4.8180	-	7.5700	0.3780	0.0894	0.5346	0.0345	4.5796	0.2850	2.2067	0.0420	0.3842	0.4223	21.3443	
2008	5.2790	-	7.5330	0.2640	0.0894	0.5346	0.0345	4.8379	0.2850	2.1851	0.0420	0.3822	0.4212	21.8879	
2009	4.9526	-	7.6980	0.2970	0.0894	0.5346	0.0345	4.8379	0.2850	2.1851	0.0420	0.3822	0.5000	21.8383	
2010	4.9526	-	7.8640	0.3850	0.0894	0.5346	0.0345	5.4275	0.4450	2.5753	0.0200	0.2840	0.5000	23.1119	
2011	4.6662	-	7.7650	0.2400	0.0624	0.3739	0.0345	4.8050	0.2850	2.4496	0.0131	0.1795	0.5000	21.3742	
2012	4.3639	-	7.7650	0.2330	0.0613	0.3676	0.0345	4.7035	0.2850	2.4496	0.0131	0.1725	0.5000	20.9490	
2013	4.3639	-	7.6440	0.3330	0.0587	0.3523	0.0345	4.7035	0.4220	2.4496	0.0127	0.1725	0.5000	21.0467	
2014	4.3639	-	7.7750	0.1990	0.0548	0.3294	0.0345	4.6669	0.4500	2.4207	0.0114	0.2840	0.5000	21.0896	

(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 mill 10.000 mills
- County 10.000 mill 10.000 mills
- SFWMD 10.000 mill 10.000 mills

Source: Miami-Dade County Department of Property Appraisal

* South Florida Water Management District

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

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

Table 7

2014				2005			
Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation
Bakery Associates, Ltd.	\$ 88,550	1	5.98%	Bakery Associates, Ltd.	\$ 110,000	1	9.1%
RRC 57th Avenue LLC	43,590	2	2.94%	South Miami Corp.	11,348	2	0.9%
Larkin Community Hospital, Inc.	21,876	3	1.48%	J.W. Advance Development Corp.	10,837	3	0.9%
JW Advance LLC	20,000	4	1.35%	Health South Doctor's Hospital	7,325	4	0.6%
S Miami Hospital Dev Fund Inc.	19,800	5	1.34%	America's Capital Partners	7,000	5	0.6%
Florida Power & Light Company	15,156	6	1.02%	A. Grover Matheney	6,440	6	0.5%
South Miami Corp.	15,012	7	1.01%	John Hancock-Gannon Joint Venture	5,887	7	0.5%
KIMCO South Miami	13,315	8	0.90%	Sunset Associates, Ltd.	5,880	8	0.5%
Capstone Capital Trust, Inc.	13,200	9	0.89%	Larkin Community Hospital	5,304	9	0.4%
HTA Sunset LLC	11,293	10	0.76%	KIMCO South Miami	5,300	10	0.4%
	<u>\$ 261,792</u>		<u>17.68%</u>		<u>\$ 175,321</u>		<u>19.9%</u>

Source: Miami-Dade County Tax Assessors' Office 2014 & 2005 Tax Rolls

CITY OF SOUTH MIAMI, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS* (AMOUNTS EXPRESSED IN THOUSANDS)

Table 8

Fiscal Year Ended September 30,	Total Taxes Levied For Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections	
		Amount (2)	Percent of Levy		Amount (2)	Percent of Levy
2005	\$ 7,033	\$ 6,402	91.0%	\$ 49	\$ 6,451	91.7%
2006	\$ 7,936	\$ 6,886	86.8%	\$ 64	\$ 6,950	87.6%
2007	\$ 8,367	\$ 7,185	85.9%	\$ 92	\$ 7,277	87.0%
2008	\$ 7,764	\$ 6,582	84.8%	\$ 42	\$ 6,624	85.3%
2009	\$ 8,616	\$ 7,535	87.5%	\$ 54	\$ 7,589	88.1%
2010	\$ 7,119	\$ 6,763	95.0%	\$ 45	\$ 6,808	95.6%
2011	\$ 6,628	\$ 6,402	96.6%	\$ 53	\$ 6,455	97.4%
2012	\$ 6,596	\$ 6,049	91.7%	\$ 148	\$ 6,197	94.0%
2013	\$ 6,226	\$ 5,373	86.3%	\$ 228	\$ 5,601	90.0%
2014	\$ 6,254	\$ 5,842	93.4%	\$ 26	\$ 5,868	93.8%

(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			
2005	\$ 8,270	\$ 863	\$ 511	\$ 9,644	13.68%	\$ 0.8956
2006	\$ 8,115	\$ 3,432	\$ 608	\$ 12,155	16.31%	\$ 1.1161
2007	\$ 16,133	\$ 1,850	\$ 645	\$ 18,628	23.25%	\$ 1.7694
2008	\$ 15,727	\$ 2,039	\$ 526	\$ 18,292	21.27%	\$ 1.6357
2009	\$ 15,303	\$ 2,116	\$ 212	\$ 17,631	20.51%	\$ 1.6512
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

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)
2005	\$ 8,270	\$ 155	\$ 8,115	0.67%	\$ 0.7536
2006	\$ 8,115	\$ 160	\$ 7,955	0.55%	\$ 0.7304
2007	\$ 16,133	\$ 165	\$ 15,968	0.96%	\$ 1.5167
2008	\$ 15,727	\$ 275	\$ 15,452	0.91%	\$ 1.3817
2009	\$ 15,303	\$ 229	\$ 15,074	0.98%	\$ 1.4117
2010	\$ 14,847	\$ 250	\$ 14,597	1.03%	\$ 1.3670
2011	\$ 14,896	\$ 279	\$ 14,617	1.03%	\$ 1.2539
2012	\$ 14,524	\$ 1,086	\$ 13,438	0.94%	\$ 0.9898
2013	\$ 13,767	\$ 803	\$ 12,964	0.90%	\$ 0.9409
2014	\$ 12,625	\$ 451	\$ 12,174	0.82%	\$ 0.8936

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, 2014 (AMOUNTS EXPRESSED IN THOUSANDS)

Table 11

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to South Miami
Miami-Dade County Schools (2)	\$ 407,693	0.70%	\$ 2,867
Miami-Dade County (3)	1,293,365	0.70%	9,095
Subtotal overlapping debt	1,701,058		11,962
City of South Miami direct debt	13,061	100.00%	13,061
Total direct and overlapping debt	\$ 1,714,119		\$ 25,023

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 it 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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 181,814	\$ 216,904	\$ 249,765	\$ 253,643	\$ 229,116	\$ 213,394	\$ 212,066	\$ 214,026	\$ 215,001	\$ 222,090
Total net debt applicable to limit (1)	<u>8,270</u>	<u>8,115</u>	<u>16,133</u>	<u>15,727</u>	<u>15,303</u>	<u>14,847</u>	<u>14,896</u>	<u>14,524</u>	<u>13,767</u>	<u>12,625</u>
Legal debt margin	<u>\$ 173,544</u>	<u>\$ 208,789</u>	<u>\$ 233,632</u>	<u>\$ 237,916</u>	<u>\$ 213,813</u>	<u>\$ 198,547</u>	<u>\$ 197,170</u>	<u>\$ 199,502</u>	<u>\$ 201,234</u>	<u>\$ 209,465</u>
Total net debt applicable to the limit as a percentage of debt limit	4.55%	3.74%	6.46%	6.20%	6.68%	6.96%	7.02%	6.79%	6.40%	5.68%

(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 2014

Assessed valuation of taxable real and personal property	<u>\$ 1,480,601</u>
Bonded debt limit - 15% of assessed value	\$ 222,090
Total ad valorem debt - Revenue Bonds	<u>\$ 12,625</u>
Amount of debt applicable	<u>12,625</u>
Legal debt margin	<u>\$ 209,465</u>

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)
2005	10,768	\$ 70,514	\$ 29,955	37.4	1,708	4.5
2006	10,891	\$ 74,534	\$ 31,347	37.4	1,708	3.8
2007	10,528	\$ 80,112	\$ 33,712	37.8	6,123	3.8
2008	11,183	\$ 85,979	\$ 36,081	38.2	5,957	5.8
2009	10,678	\$ 85,979	\$ 29,689	40.7	5,701	11.8
2010	10,678	\$ 88,955	\$ 29,689	40.7	3,500	12.1
2011	11,657	\$ 90,915	\$ 36,357	40.7	3,450	12.3
2012	13,576	\$ 96,658	\$ 37,834	36.7	3,397	8.8
2013	13,778	\$ 100,689	\$ 38,860	36.7	3,420	6.7
2014	13,623	\$ 104,373	\$ 39,880	37.1	3,372	6.5

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

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

CURRENT YEAR AND SIX YEARS AGO

Table 14

Employer	2014		Percentage of Total County Employment	2008		Percentage of Total County Employment
	Employees	Rank		Employees	Rank	
Miami-Dade County Public Schools	33,477	1	2.83%	50,000	1	4.27%
Miami-Dade County, Florida	25,502	2	2.16%	32,000	2	2.73%
Federal Government	19,200	3	1.62%	20,400	3	1.74%
Florida State government	17,100	4	1.45%	17,000	4	1.45%
University of Miami	12,818	5	1.08%	9,874	8	0.84%
Baptist Health South Florida	11,353	6	0.96%	10,826	6	0.92%
American Airlines	11,031	7	0.93%	9,000	9	0.90%
Jackson Health System	9,797	8	0.83%	10,500	7	0.94%
Publix Super Markets	4,604	9	0.39%	11,000	5	0.77%
City of Miami	3,997	10	0.34%	-	-	0.00%
Miami Dade College	-	-	-	6,500	10	0.55%
	<u>148,879</u>		<u>12.60%</u>	<u>177,100</u>		<u>15.11%</u>

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

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

LAST TEN FISCAL YEARS

Table 15

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
FUNCTION:										
General government	17	20	27	29	30	28	25	18	21	21
Public safety:										
Police:										
Officers	49	49	51	45	49	49	51	51	48	50
Civilians	9	6	7	8	8	7	9	9	8	9
Building and zoning	13	18	17	16	18	16	17	14	12	4
Public works	19	24	26	25	24	26	23	25	24	17
Recreation and social services	32	25	9	15	14	13	10	10	10	10
Sanitation	<u>12</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>11</u>
Total	<u>151</u>	<u>152</u>	<u>147</u>	<u>148</u>	<u>153</u>	<u>148</u>	<u>144</u>	<u>136</u>	<u>132</u>	<u>122</u>

Source: City of South Miami Finance Department

CITY OF SOUTH MIAMI, FLORIDA
OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Table 16

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FUNCTION/PROGRAM:										
Public safety:										
Police:										
Number of calls answered	11,005	11,526	11,136	10,655	11,274	10,893	11,609	11,744	10,409	10,409
Number of arrests	1,484	2,530	650	551	765	616	591	383	459	463
Number of uniformed officers	49	49	51	45	49	49	51	50	48	50
Building and zoning:										
Number of building permits issued	1,754	1,927	1,629	1,350	1,158	1,141	1,261	1,293	1,403	1,447
License/permit revenue generated	\$ 1,101,120	\$ 1,201,948	\$ 1,102,083	\$ 1,689,241	\$ 1,075,710	\$ 1,099,963	\$ 1,570,045	\$ 1,307,269	\$ 1,666,666	\$ 1,710,597
Occupational licenses issued	2,902	3,024	3,112	3,076	3,132	3,450	3,750	3,335	3,356	3,372
Culture and recreation:										
Number of senior meals served	32,730	42,949	38,522	30,712	35,776	28,420	27,300	27,612	27,732	24,968
Recreation revenues collected	\$ 79,209	\$ 76,129	\$ 94,176	\$ 138,456	\$ 184,196	\$ 241,919	\$ 199,147	\$ 233,624	\$ 200,700	\$ 260,017
Sanitation:										
Refuse collected (tons per month)	1,114	1,348	808	839	777	722	751	798	843	840

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
FUNCTION/PROGRAM:										
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	76	69	62	62	67	62	62	64	64	64
Public works:										
Streets (miles-paved)	47.41	47.41	47.41	47.41	46.80	46.80	46.80	46.80	46.80	46.80
Culture and recreation:										
Parks	8	10	10	10	10	12	12	12	11	14
Tennis courts	N/A	10	10	10	10	10	10	10	10	10
Baseball/football fields	N/A	6	7	7	7	7	7	7	7	7
Sanitation:										
Number of collection trucks	15	18	15	14	14	14	14	14	14	14

Sources: Various City departments

Note: Indicators are not available for the general government function

N/A: Information not available for these years.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Miami, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2015. Our report includes a reference to other auditors who audited the financial statements of the Police Officers Retirement Trust Fund – Section 185 Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditor.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Orlando, Florida
March 25, 2015

**Report of Independent Auditor on Compliance
for Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of South Miami, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Orlando, Florida
March 25, 2015

CITY OF SOUTH MIAMI, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Federal Grantor/ Pass-Through Grantor/Program Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Miami-Dade County			
<i>Community Development Block Grant</i>	14.218	IDIS# 3245	\$ 1,201,361
<i>Community Development Block Grant</i>	14.218	IDIS# 5217	102,772
Total			<u>1,304,133</u>
<u>U.S. Department of Justice</u>			
Bureau of Justice Assistance			
<i>Bulletproof Vest Partnership Program</i>	16.607	N/A	885
<i>Edward Byne Memorial Justice Assistance Grant Program (Byrne-JAG)</i>	16.738	N/A	2,452
Passed through Florida Department of Law Enforcement			
<i>Edward Byne Memorial Justice Assistance Grant Program (Byrne-JAG)</i>	16.738	2014-JAGD- DADE-5-E6-I30	5,521
Total			<u>8,858</u>
Total expenditures of federal awards			<u>\$ 1,312,991</u>

CITY OF SOUTH MIAMI, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Note 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – CONTINGENCIES

Expenditures incurred by the City associated with the execution of various grants are subject to audit and possible disallowance by the grantor agencies. The City would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that, if audited, any adjustment for disallowed expenditures would be immaterial.

CITY OF SOUTH MIAMI, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material Weaknesses identified? ___yes _X_no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes _X_none reported
- Noncompliance material to financial statements noted? ___yes _X_no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ___yes _X_no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes _X_none reported
- Noncompliance material to federal awards noted? ___yes _X_no

Type of auditor’s report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ___yes _X_no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
14.218	Community Development Block Grant

II. – Findings Related to the Audit of the Basic Financial Statements of the City

None reported.

III. – Findings and Questioned Costs Related to the Audit of Federal Awards

None reported.

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

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

Report on the Financial Statements

We have audited the financial statements of the 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, 2014, and have issued our report thereon dated March 25, 2015. Our report includes a reference to another auditor who audited the financial statements of the Police Officers Retirement Trust Fund – Section 185 Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in those reports, which are dated March 25, 2015, 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. All recommendations made in the preceding report have been addressed.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the City, the results of our tests did not indicate the City met any of the specified conditions of a financial emergency contained in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. Our comparison of these two reports resulted in no material differences.

Special District Component Units

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

Other Matters

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

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

Purpose of this Letter

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

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

Orlando, Florida
March 25, 2015

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

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

Report on Compliance

We have examined the City of South Miami, Florida's (the "City") compliance with the local government investment policy requirements of 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Scope

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

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Orlando, Florida
March 25, 2015