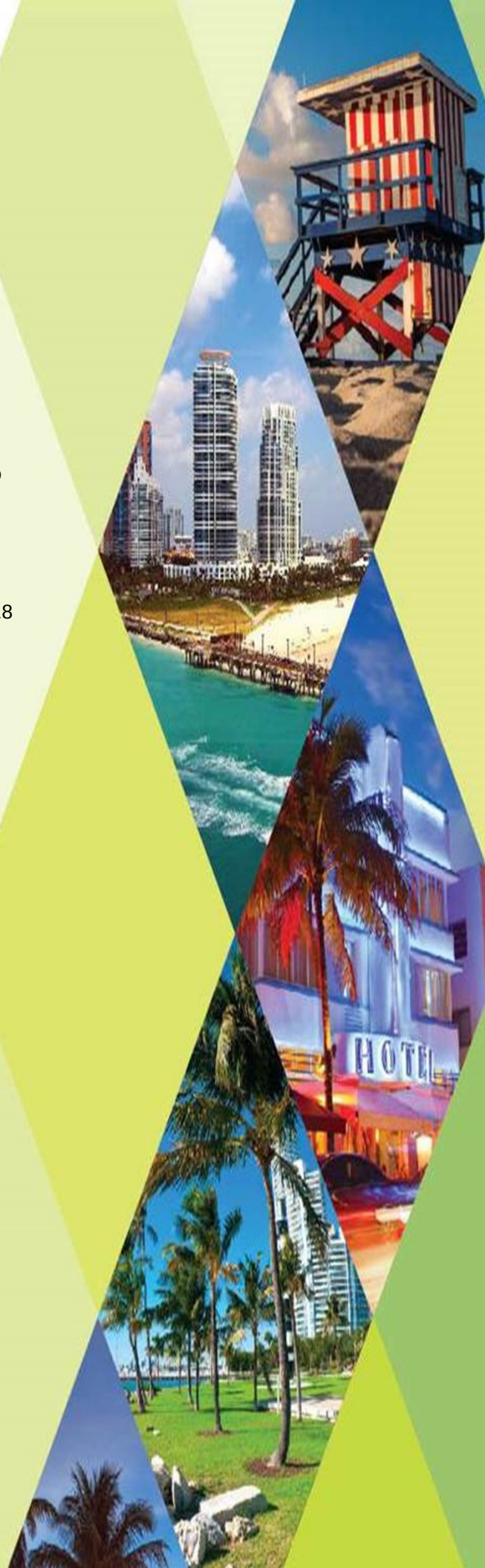
MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the
City of Miami Beach, Florida)

FINANCIAL STATEMENTS
Year Ended September 30, 2018



MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)

FINANCIAL STATEMENTS
Year Ended September 30, 2018

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Miami Beach Visitor and Convention Authority
Miami Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Miami Beach Visitor and Convention Authority (the "Authority"), a component unit of the City of Miami Beach, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, a component unit of the City of Miami Beach, Florida, as of September 30, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the basic financial statements, the Authority implemented GASB Statement No. 75. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Beginning net position was restated as part of the implementation. Note disclosures and required supplementary information requirements about OPEB are also addressed. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Miami Beach Visitor and Convention Authority's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Miami, Florida
May 6, 2019

The Management's Discussion and Analysis of the Miami Beach Visitor and Convention Authority (the Authority), a component unit of the City of Miami Beach, Florida (the City) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activities and (c) identify changes in the Authority's financial position. This document should be read in conjunction with the financial statements and the accompanying notes to the financial statements.

The following financial statements are presented:

The Statement of Net Position presents the financial position of the Authority at September 30, 2018. It provides information about the nature and amounts of resources (assets), obligations (liabilities), and net position. The Statement of Activities presents changes in net position (revenue and expenses) over the course of the year ended September 30, 2018. The change in net position may be useful in assessing whether the Authority's financial position improved or deteriorated for the year.

The Statement of Net Position and the Statement of Activities, which comprise the Government-wide statements, are reported using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

The fund financial statements provide information about the Authority's major fund, the General Fund, which is the Authority's primary operating fund and accounts for all financial resources of the Authority. The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of the fund financial statements is narrower than that of the government-wide statements, it is useful to compare the information presented for the general fund with similar information presented in the government-wide statements. As such, a reconciliation is provided between the governmental and the government-wide statements. The statements and reconciliations can be found on pages 7 through 12 of the financial statements.

(Continued)

Government-Wide and Governmental Activities Financial Analysis

The following is a summary of the Authority's assets, liabilities and net position at September 30, 2018 and 2017 with pertinent comments and information:

	2018	2017
ASSETS		
Current assets	$ 5,143,866	$ 4,487,078
Non-current assets:		
Capital assets, net	125,856	139,493
Total assets	5,269,722	4,626,571
Deferred outflows of resources – net OPEB liability	28,786	
Deferred outflows of resources – net pension liability	258,752	166,087
Total assets and deferred outflows of resources	$5,557,260	$ 4,792,658
LIABILITITES AND NET ASSETS		
Liabilities:		
Current liabilities	$ 165,856	$ 508,902
Non-current liabilities:		
Net OPEB liability	314,744	
Net pension liability	675,618	607,226
Compensated absences	16,360	23,088
Total liabilities	1,172,578	1,139,216
Deferred inflows of resources – net OPEB liability	2,161	-
Deferred inflows of resources – net pension liability	60,222	5,102
Net position:		
Net investment in capital assets	125,856	139,493
Unrestricted	4,196,443	3,508,847
Total net position	4,322,299	3,648,340
Total liabilities, deferred inflows of resources and net position	$ 5,557,260	$ 4,792,658

Total assets for the Authority increased by $643,151, or 13.9%, from the prior year. Assets consisted primarily of cash and cash equivalents, which represents $4,790,749 or 90.9% of total assets. Cash and cash equivalents increased by $825,047 or 20.8% from the prior year. Cash is unrestricted and available for use in daily operations and for cultural-grant awards. This increase is due to the positive operating results.

The Authority's net position increased by $673,959 or 18.5%, from the prior year. Unrestricted net position totaled $4,196,443.

(Continued)

The following is a summary of the Statement of Activities for the fiscal year ended September 30, 2018 and 2017, with pertinent comments and information:

	2018	2017
Revenue		
General revenues:		
Resort tax allocation	$ 2,841,810	$ 2,651,436
Interest income	6,107	3,926
Total revenues	2,847,917	2,655,362
Expenses		
Cultural-grants program	969,209	1,339,765
Other	904,929	765,001
Total expenses	1,874,138	2,104,766
Changes in net position	$ 973,779	$ 550,596

The Authority had an increase in net position of $973,779 for the fiscal year ended September 30, 2018 as compared to an increase of $550,596 in fiscal year 2017, which resulted from the following:

The Authority received $2,841,810 in resort tax allocation from the City during fiscal year 2018. This amount represents a $190,374 or 7.2% increase in allocation from the prior year. Additional information on the Authority's Resort Tax allocation can be found in Note 4 to the financial statements.

The Authority expended $969,209 for the cultural-grants program in the current year as compared to $1,339,765 in the prior year, a decrease of $370,556 or 27.7%. Cultural-grants program expenses represented 58.5% of the Authority's total expenses.

Budgetary Highlights

The following is the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the Authority's General Fund, with pertinent comments and information:

	Original/ Final Budget	Actual
Revenues		
General revenues:		
Resort tax allocation	$ 2,708,000	$ 2,841,810
Interest	-	6,107
Total revenues	2,708,000	2,847,917
Expenditures		
Cultural-grants program	1,700,500	969,209
Administrative and other	1,202,500	878,874
Capital	5,000	-
Total expenditures	2,908,000	1,848,083
Changes in fund balance	$ (200,000)	$ 999,834

(Continued)

Cultural-grant program expenditures were $731,291 or 43.0%, less than budgeted. The revenue variance between the Authority's original budget and actual was resort tax allocation received from the City, which was $133,810, or 4.9%, more than budgeted, due to an overall increase in resort tax revenue collected by the City.

Capital Assets

The Authority's net investment in capital assets at September 30, 2018 was $125,856. Capital assets include equipment and building improvements. Capital assets, net of accumulated depreciation, at September 30, 2018 and 2017 are detailed as follows:

	2018	2017
Equipment and improvements	$ 227,184	$ 227,184
Accumulated depreciation	(101,328)	(87,694)
Total capital assets, net	$ 125,856	$ 139,490

Additional information on the Authority's capital assets can be found in Note 5 to the financial statements.

Economic Factors and Future Developments

The Authority will continue to award grants for Tourism Advancement Programs (TAP) tourism partnership, special events (recurring), special events (new or one-time) film incentive, cultural tourism, special projects and special projects recurring. Applications and guidelines can be assessed in several formats, including Microsoft Word and PDF on the website at www.miamibeachvca.com. The Authority's meeting minutes also are available.

The TAP has an original adopted budget of approximately $1,883,500 for the fiscal year 2019. This amount represents an increase of approximately $183,000 from the fiscal year 2018 original budget.

The Authority also budgeted $140,000 for strategic initiatives and expects to support new initiatives in the coming year at the request of partners and community resort leaders. Strategic plans, goals, and initiatives will be developed after consulting with partners and as a result of ongoing communications. Some of these initiatives include the implementation of summer-long events on Miami Beach including, but not limited to, supporting a food and wine festival, television origination projects, and a Miami Beach based film festival. The Authority also is taking a leadership role in encouraging events of mass appeal to take place in Miami Beach.

A total of $200,000 will be rolled over from fiscal year 2018 into the fiscal year 2019 budget. This rollover of funds is from the Cultural Grants and General Administrative categories in which the total monies allocated were not used during fiscal year 2017. These monies also include grants that were not awarded and/or rescinded.

Request for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Miami Beach Visitor and Convention Authority 1701 Meridian Avenue, Ste. 402A, Miami Beach, Florida 33139.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
STATEMENT OF NET POSITION
September 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	$ 4,790,749
Due from primary government	353,117
Total current assets	5,143,866
Non-current assets	
Capital assets, net of accumulated depreciation	125,856
Total non-current assets	125,856
Total assets	5,269,722
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - OPEB	28,786
Deferred outflows - Pension	258,752
Total deferred outflows of resources	287,538
LIABILITIES	
Current liabilities	
Accrued expenses	250
Accrued grants	165,606
Total current liabilities	165,856
Non-current liabilities	
Net OPEB liability	314,744
Net pension liability	675,618
Compensated absences	16,360
Total non-current liabilities	1,006,722
Total liabilities	1,172,578
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	2,161
Deferred inflows - Pension	60,222
Total deferred inflows of resources	62,383
NET POSITION	
Net investment in capital assets	125,856
Unrestricted	4,196,443
Total net position	$ 4,322,299

The accompanying notes are an integral part of these financial statements.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

Function/Program	Expenses	Operating Grants and Contributions	Total
Governmental activities:			
Cultural-grants program	$ 969,209	$ -	$ (969,209)
General administration	904,929	-	(904,929)
Total governmental activities	$ 1,874,138	$ -	(1,874,138)
General revenues:			
Resort tax allocation			2,841,810
Interest income			6,107
Total general revenues			2,847,917
Change in net position			973,779
Net position, beginning			3,648,340
Restatement for implementation of GASB 75			(299,820)
Net position, beginning - restated			3,348,520
Net position, ending			$ 4,322,299

The accompanying notes are an integral part of these financial statements.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2018

	General Fund
ASSETS	
Cash and cash equivalents	$ 4,790,749
Due from primary government	353,117
Total assets	$ 5,143,866
LIABILITIES	
Accrued expenses	$ 250
Accrued grants	165,606
Total liabilities	165,856
Fund balance	
Assigned	1,700,000
Unassigned	3,278,010
Total fund balance	4,978,010
Total liabilities and fund balance	$ 5,143,866

The accompanying notes are an integral part of these financial statements.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
September 30, 2018

Total fund balance - governmental fund		$ 4,978,010
Amounts reported for governmental activities in the statement of net position are different because:		
The cost of capital assets required is reported as an expenditure in the governmental fund. The statement of net position includes those capital assets, net of accumulated depreciation among the assets of the government as a whole.		
The cost of capital assets presented as governmental activities are:		
Cost of capital assets	$ 227,184	
Accumulated depreciation	(101,328)	125,856
Liabilities not payable from current available resources are not reported as fund liabilities in governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements:		
Compensated absences	(16,360)	
Net OPEB liability	(314,744)	
Net pension liability	(675,618)	(1,006,722)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred inflows of resources relating to OPEB	(2,161)	
Deferred outlflows of resources relating to OPEB	28,786	
Deferred outllfows of resources relating to pensions	258,752	
Deferred inflows of resources relating to pensions	(60,222)	225,155
Net position of governmental activities		$ 4,322,299

The accompanying notes are an integral part of these financial statements.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended September 30, 2018

	General Fund
Revenues	
Resort tax allocation	$ 2,841,810
Interest	6,107
Total revenues	2,847,917
Expenditures	
General government:	
Cultural-grants program	969,209
General administrative	878,874
Total expenditures	1,848,083
Net change in fund balance	999,834
Fund balance, beginning of year	3,978,176
Fund balance, end of year	$ 4,978,010

The accompanying notes are an integral part of these financial statements.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
September 30, 2018

Net change in fund balance - governmental fund	$	999,834
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
In the current year these amounts are:		
Depreciation expense		(13,634)
Some expenses reported in the statement of activites do not require the use of current financial resources and therefore are not reported as expenditures in the general fund.		
Compensated absences		6,726
In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:		11,700
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(30,847)
Change in net position of governmental activities	$	973,779

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND REPORTING ENTITY

The Miami Beach Visitor and Convention Authority (the "Authority") of the City of Miami Beach, Florida (the "City") was established by Ordinance No. 1779, adopted by the City Commission on September 17, 1969, (as amended by City Ordinance No. 1885) pursuant to Chapter 67-930 of the Florida Statutes. The Authority was established for the purpose of encouraging, developing, and promoting tourism for the City.

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) 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. The criteria provided in Government Accounting Standards Board Statements Nos. 14, 39 and 61 have been considered and there are no agencies or entities which should be presented with the Authority. Using the same criteria, the Authority is a discretely presented component unit of the City; thereby, its financial statements are included in the City's basic financial statements as a discretely presented component unit.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the primary government is financially accountable if it appoints a voting majority of the organization's governing body, or (2) if the organization is fiscally dependent on the primary government and there is a potential for the organization either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for the organization. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are presented in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies.

Basis of Presentation: The basic financial statements include both the government-wide and fund financial statements:

Government-wide Statements

The statement of net position and the statement of activities present information about the financial activities of the Authority as a whole.

The statement of activities reports expenses identified by specific functions, offset by program revenues, resulting in a measurement of net revenue (expense) for each of the Authority's functions. Program revenues that are used to offset these expenses are operating grants and contributions.

Fund Financial Statements
The fund financial statements provide information about the Authority's major fund, the General Fund, which is the Authority's primary operating fund and accounts for all financial resources of the Authority.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, such as resort taxes, are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable resources during the year. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined; "available" means collectible within the current period or within 60 days of the end of the current period to be used to pay liabilities of the current period.

Resort taxes, grants, when all the eligibility requirements have been met, and interest associated with the current fiscal period, are all considered to be measureable and so have been recognized as revenues of the current fiscal period, if available.

Expenditures under the modified accrual basis of accounting are generally recognized when the related fund liability is incurred and expected to be liquidated with available resources. However, debt service, compensated absences, and claims expenditure are recorded only when payment is due.

Cash: Cash is held in demand deposits and money market bank accounts.

Capital Assets: Capital assets, which include office improvements, office furniture and computer equipment, are reported in the statement of net position in the government-wide statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life of more than one year. Assets are recorded at historical cost. However, in the governmental fund financial statements, capital expenditures (capital assets) are reported as expenditures.

Capital assets are depreciated using the straight-line method based on the following estimated useful lives:

	Useful Life Years
Furniture, fixtures and equipment	3-5
Improvements	15

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statement of activities.

Compensated Absences: The Authority's vacation and sick leave policies grant a specific number of days of annual and sick leave with pay. In addition, these policies provide for paying a regular employee after a six-month probationary period for accumulated unused annual and sick leave upon termination. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if it has matured, for example, as a result of employee resignation or retirements.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Pension Liability: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the Miami Beach General Employees' Retirement Plan (MBGERP) and additions to/deductions from the MBGERP plan net position has been determined on the same basis as they are reported by the MBGERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net OPEB Liability: For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan net position of the Miami Beach Other Postretirement Benefits Other than Pensions and additions to/deductions from the plan net position has been determined on the same basis as they are reported by the City of Miami Beach. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category.

a. Deferred outflows of resources related to the MBERP pension plans are recognized when the Authority makes contributions subsequent to the measurement date and when there are differences between expected and actual experience. Differences between expected and actual experience and changes in assumptions are deferred and amortized over the average of the expected remaining service lives of employees who are provided with benefits through the pension plans. Employer contributions made subsequent to the measurement date are deferred and recognized as a reduction of the net pension liability in the subsequent reporting year. Differences between projected and actual investment earnings are deferred and amortized over five years. The deferred outflows of resources related to pension is only reported in the government-wide financial statements.

b. Deferred outflows of resources relating to Other Post-Employment Benefits are recognized when the Authority makes contributions subsequent to the measurement date, when there are differences between expected and actual experience, changes in assumptions, changes in funds proportionate shares of the deferrals, and differences between expected and actual investment earnings. The difference between expected and actual investment earnings is amortized over five years. Other deferrals are amortized over the average remaining service life of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category.

a. Deferred inflows of resources related to the MBERP pension plan is reported when changes in the net pension liability are not included in the pension expense of the actuarially calculated net pension liability, such as differences between projected and actual investment earnings. Differences between projected and actual investment earnings are deferred and amortized over five years. The deferred inflows of resources related to pension is only reported in the government-wide financial statements.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Deferred inflows of resources relating to Other Post-Employment Benefits are recognized when there are differences between expected and actual experience, changes in assumptions, changes in funds proportionate shares of the deferrals, and difference differences between expected and actual investment earnings. The difference between expected and actual investment earnings is amortized over five years. Other deferrals are amortized over the average remaining service life of participants.

Net Position/Fund Equity:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance classifications are assigned by the Authority's board, and approved by the City of Miami Beach Commission.

When both restricted and unrestricted amounts are available for use, it is the Authority's practice to use restricted resources first. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

In the fund financial statements, fund balance classifications are:

- Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority Board through an ordinance or resolution which are equally binding as the highest decision making authority. The Board adopts a resolution, which includes the amount to be committed and the reason for the commitment. Only an adopted resolution by the Board can establish, modify or rescind the commitment.
- Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – may include residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (nonspendable fund balance) or an assignment (assigned fund balance).

Net position are categorized as follows:

a. Net Investment in Capital Assets – is intended to reflect the portion of net position which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.
b. Restricted Net Position – have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Unrestricted Net Position – have no third party limitations on their use. While Authority management may have categorized and segmented portions for various purposes, the Board has the unrestricted authority to revisit or alter these managerial decisions.

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

New Accounting Pronouncements:

In June 2015, the GASB issued Statements No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. The objective of this Statement is to improve the financial reporting by state and local governments for postemployment benefits other than pensions and improves information for OPEB that is provided by other entities. The provisions of this Statement were implemented for the Authority’s financial year ending September 30, 2018. The Authority has restated beginning net assets in the Statements of Activities and Statement of Revenues, Expenses and Changes in Fund Net Position. Please refer to Note 10 for more information relating to GASB 75.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents of $4,790,749 consist of demand deposits and money market deposit accounts. These accounts are not subject to interest rate risks, credit risks or concentration of credit risks. To mitigate custodial credit risk, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States government and agency securities, state of municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statutes. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 4 - RESORT TAX ALLOCATION

The City levies and collects resort taxes that are composed of a 4% tax levied as follows: (1) a 2% tax (initial resort tax) levied on the rent of every occupancy of a room in any hotel, motel, rooming house or apartment house in the City and on the total sales price of all items of food, beverages and alcoholic beverages sold at retail of any restaurant in the City (2) an additional 1% tax (bed tax) on the rent of every occupancy of a room in any hotel, motel, rooming house or apartment house in the City and (3) an additional 1% tax levied on short-term rental activity for debt service. The Authority's principal source of revenue represents an amount equal to 5% of the initial resort tax collected by the City, net of a 4% collection fee withheld by the City. The amount due of $353,117 from the City represents the unremitted resort tax allocation as of September 30, 2018.

(Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset balance and activity for the period ended September 30, 2018 are as follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
Capital assets, being depreciated:				
Equipment	$ 32,059	$ -	$ -	$ 32,059
Building improvements	195,125	-	-	195,125
Total capital assets	227,184	-	-	227,184
Less: accumulated depreciation				
Equipment	22,900	-	-	22,900
Building improvements	64,794	13,634	-	78,428
Total accumulated depreciation	87,694	13,634	-	101,328
Net capital assets	$ 139,490	$ 13,634	$ -	$ 125,856

All of the current year depreciation expense is allocated to the General Administration function.

NOTE 6 - FUND BALANCE

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows.

Nonspendable – At September 30, 2018, the Authority has $0 that is nonspendable.

Assigned - At September 30, 2018, the Authority has $1,700,000 that it intends to use for contingencies, either resulting from a downturn in the economy or other emergencies such as hurricanes. Of the total above, $650,000 is assigned for major events.

Unassigned - At September 30, 2018, the Authority has $3,278,010 that is available for any purpose.

NOTE 7 - COMMITMENTS

The Board of Directors of the Authority has approved approximately $1.9 million of grant commitments to provide future funding to certain organizations for Tourism Advancement Programs ("TAP") tourism partnership, special events (recurring), special events (new or one-time), film incentive, cultural tourism, festival season, special projects and special projects recurring. The grants are revocable at the discretion of the Board.

(Continued)

NOTE 8 - PENSION PLAN

Plan Description

Substantially all full-time employees of the Authority are provided with pensions through the Miami Beach Employees' Retirement Plan (the Plan) – a single employer defined benefit pension plan administered by the City of Miami Beach, Florida. The Plan issues a publicly available financial report that can be obtained at http://web.miamibeachfl.gov/mberp.

The benefit provisions and all other requirements are established and may be amended by City ordinance.

The plan provides for retirement benefits as well as death and disability benefits at three different tiers depending on when the members entered the Plan:

The First Tier is for members that entered the Plan prior to the Second Tier Dates. The Second Tier is for members that entered the Plan on or after the Second Tier Dates, but before the Third Tier Dates. The Third Tier is for members that entered the Plan on or after the Third Tier Dates. Both the Second Tier and

Third Tier Dates were established when each of the unions bargained with the City to establish new guidelines for retirement benefits relating to employees associated with their Unions. The Second Tier Dates are April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as Other and GSAF, and February 21, 1994 for members of CWA. The Third Tier Dates are September 30, 2010 for members of AFSCME, GSAF and for those classified as other, and October 27, 2010 for members of CWA.

Classified members administered under the First Tier are eligible for normal retirement at age 50 and five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings (FAME) multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15 years, with the total not to exceed 90% of FAME. First Tier unclassified members accrued 4% for creditable service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992, with the total not to exceed 80% of FAME. Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and five years of creditable service and are entitled to benefits of 3% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME. Classified and unclassified members administered under the Third Tier are eligible for Normal Retirement at age 55 with at least 30 years of creditable service, or age 62 with at least five years of creditable service and are entitled to benefits of 2.5% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME. For elected officials, City Manager or City Attorney, the benefit is 4% of FAME for each year of creditable service as an elected official, city manager or city attorney plus the retirement benefit as defined above for any other period of city employment, subject to a maximum of 80% of FAME.

(Continued)

NOTE 8 - PENSION PLAN (Continued)

Final average monthly earnings (FAME) means one-twelfth of the average annual earnings during the highest two paid years of credible service. For Unclassified First Tier members who became a member prior to October 18, 1992 and was continuously a member from that date until March 18, 2006, FAME is defined as the larger of one-twelfth average covered salary during the two highest paid years of creditable service or one-twelfth of the pay of the year immediately preceding March 18, 2006. Effective as of September 30, 2010, FAME for members who have obtained normal retirement age or are within 24 months from normal retirement age is defined as average covered salary during the two highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 24 and 36 months from normal retirement age is defined as average covered salary during the three highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 36 and 48 months from normal retirement age is defined as average covered salary during the four highest paid years of creditable service. FAME for those members who as of September 30, 2010 are more than 48 months from normal retirement age is defined as average covered salary during the five highest paid years of creditable service. A Member with five or more years of creditable service may, at any time prior to retirement, elect to purchase a maximum of two years additional creditable service.

Effective September 30, 2013, Members whose classification is included in the CWA and GSAF bargaining unit and Members who are not included in any collective bargaining unit shall not be eligible to purchase additional creditable service. Effective April 23, 2015, members whose classifications are included in the AFSCME bargaining unit are not eligible to purchase additional creditable service.

Any First Tier member who terminates employment may either request a refund of their own contributions plus interest, or receive their accrued benefit beginning at age 50, if at least five years of creditable service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of creditable service may either request a refund of their own contributions plus interest or receive their accrued benefit beginning at age 55. Any Third Tier member who entered on or after the Third Tier Date and who terminates employment after five years of creditable service but prior to the normal or early retirement date shall be eligible to receive a normal retirement benefit at age 62.

Deferred retirement option plan (DROP)

A DROP was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Plan, First and Second Tier members who have attained eligibility for Normal Retirement may continue working with the City for up to three years, while receiving a retirement benefit that is deposited into a DROP account. Third Tier members may participate in a DROP account for up to five years. Effective July 17, 2013, Members within classifications in the CWA bargaining unit who were hired prior to October 27, 2010, and Members not included in any bargaining unit who were hired prior to September 10, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to sixty months, and have their monthly retirement benefit paid into a DROP account during the DROP period. Effective October 1, 2013, any member within classifications in the GSAF bargaining may elect to retire for the purposes of the Program but continue employment with the City for up to sixty months, and have their monthly retirement paid into a DROP account during the DROP period. Effective April 23, 2014, members within classifications in the AFSCME bargaining unit who were hired prior to September 30, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to sixty months, and have their monthly retirement benefits paid into a DROP account during the DROP period. The amount of the benefit is calculated as if the participant had retired on the date of DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

(Continued)

NOTE 8 - PENSION PLAN (Continued)

A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant. Upon termination of employment, a member may receive distributions in accordance with the Plan.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. First and Second Tier members receive an annual cost-of–living adjustment (COLA) of 2.5%.

The COLA is not payable while members are in the DROP. For Third Tier members the COLA is 1.5%. As of September 30, 2018, there were 129 members in the DROP and the value of DROP investment was $14,988,030, which is included in the Plan's net position. The DROP also allows for member loans. Approximately $334,000 loans were outstanding as of September 30, 2018.

Contributions

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the members. All First Tier members who participate are required to contribute 12% of their covered salary to the Plan. All Second and Third Tier members are required to contribute 10% of their covered salary.

For the fiscal year ended September 30, 2018 the Authority was required to make contributions of $91,227 or 26.4% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2016 rolled forward to the September 30, 2017 measurement date. For the year ended September 30, 2018, the employees contributed $25,724.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At September 30, 2018, the Authority reported a liability of $675,618 for its proportionate share of the City's net pension liability. The net pension liability was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016. The Authority's proportion of the net pension liability was the Authority's share of contributions to the pension plan relative to contributions of all participating employers. At September 30, 2018, the Authority's proportion was 0.31%.

For the year ended September 30, 2018, the Authority recognized pension expense of $30,846. At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

NOTE 8 - PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 372	$ 14,252
Change in assumptions	159,278	-
Net difference between projected and actual earnings on pension plan investments	-	45,970
Contributions subsequent to the measurement date	99,102	-
	$ 258,752	$ 60,222

At September 30, 2018, the Authority reported $99,102 as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Deferred outflows and inflows of resources at September 30, 2018, related to pensions will be recognized in pension expense in future periods as follows:

2019	$ 40,497
2020	42,518
2021	8,242
2022	8,171
Total	$ 99,428

Actuarial assumptions - The following methods and assumptions were used to determine the total pension liability at the actuarial valuation date of October 1, 2016. The actuarial valuation was rolled forward to the September 30, 2017 measurement date.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Inflation	3.00%
Salary Increases	4.50% to 7.00% depending on service, including inflation
Investment Rate of Return	7.65%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy post-retirement mortality table is the RP-2000 mortality table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. The pre-retirement mortality table is the RP-2000 Combined Healthy Participant Mortality Table with the same white and blue collar adjustments and the same mortality improvement projection scales. For disabled retirees, the mortality table is the RP-2000 Mortality Table for disabled annuitants, setback 4 years for males and set forward 2 years for females, with no provision made for future mortality improvements. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their Actuarial Valuation as of July 1, 2016.

(Continued)

NOTE 8 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Domestic equities	39%	5.73%
Fixed income	28	4.43
International equities	16	6.75
Infrastructure	10	5.50
Real estate	7	6.56
Total	100%	

Discount rate - A single discount rate of 7.65% was used to measure the total pension liability. This is a decrease of 0.05% from the discount rate of 7.70% used in the prior measurement. This single discount rate was based on the expected rate of return on Pension Plan investments of 7.65%. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Pension Plan investments (7.65%) was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The Authority's proportionate share of the net pension liability has been calculated using a discount rate of 7.65%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1.00% higher and 1.00% lower than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Proportionate of the Collective Net Pension Liability	$ 991,814	$ 675,618	$ 413,917

(Continued)

NOTE 8 - PENSION PLAN (Continued)

Summary Pension Plan Information:

	Authority's Pension Plan Information	
Net pension liability	$	675,618
Deferred outflows of resources	$	258,752
Deferred inflows of resources	$	60,222
Pension expense	$	30,847

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

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

Plan Description

Substantially all full-time employees of the Authority are provided with OPEB benefits through the City of Miami Beach's defined benefit Postemployment Benefit Plan (the "Plan"). Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City's single employer defined benefit Postemployment Benefit Plan (the "Plan") currently provides the following postemployment benefits:

1. Health and Dental Insurance - Employees hired prior to March 18, 2006 are eligible to receive a 50% health insurance contribution of the total premium cost. At age 65, if the retiree is eligible for Medicare Part B, the City contributes 50% of the Medicare Part B payment. Employees hired after March 18, 2006, after vesting in City's retirement plans, are eligible to receive an offset to the retiree premium equal to $10 per year of credible service, up to a maximum of $250 per month until age 65 and $5 per year of credible service up to a maximum of $125, thereafter.

2. Life Insurance ($1,000)

At September 30, 2008 and pursuant to resolution 2009-27024 the City established an OPEB Trust (the "Trust") and began funding its OPEB obligation. Stand-alone financial statements for the Trust are not prepared.

The City's Plan board is comprised of a Board of Trustees. The Board of Trustees is comprised of three members. The members are the City's Chief Financial Officer or designee, Budget and Performance Improvement Director or designee, and the Human Resources Officer of designee. Each member has a term of four years.

(Continued)

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

The determination of the net OPEB obligation at September 30, 2018 is based on a valuation date of September 30, 2018.

Funding Policy
The City has the authority to establish and amend funding policy. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports; however, no Trust contributions are legally or contractually required.

OPEB Plan Assets and Policies
The Plan's investment composition is controlled by the City's OPEB Trust investment policy as adopted by the OPEB Trustee and as limited by Florida Statute. 218.415. The Trustee utilizes an investment manager to invest the trust assets. The policy determines the maximum and minimum allocations between investment classes; as noted below. The investment policy may be amended with a majority vote of the OPEB Trustee members. It is the City's policy to maximize the returns of the plan's asset through diversification of equities and fixed income securities without a significant investment in cash or cash equivalents. The composition of the Plan's investments at September 30, 2018 in comparison to the Plan's investment policy is noted below:

	Allocation Mix		
	Minimum	Target	Maximum
Equity Investments	40%	60%	75%
Fixed Income	25%	39%	60%
Cash and Equivalents (Money Market)	0%	1%	100%
Total			

Investments are held by the City and all of the OPEB Trust investments at September 30, 2018 were held in mutual funds reported at net asset value (NAV) of $33,775,856.

Rate of Return
As of September 30, 2018, the annual money-weighted rate of return, net of OPEB plan expenses, was 8.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The rate of return incorporates the timing and size of cash flows to determine an internal rate of return on a monthly accrual basis. Cash flows used in the calculation excludes reinvested dividends, unrealized and realized gains or losses, and other fees and charges not converted into cash. Contributes are treated as a positive cash flow and benefit payments as a negative cash flow.

Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. For unfunded plans, interest rate using a long-term expected rate of return on tax-exempt, high-quality municipal bond. For funded plans, the expected long-term rate of return on trust assets, to the extent the net fiduciary position is projected to be sufficient to provide the benefits. For partially funded plans or if a funded shortfall is projected, the interest rate is blended between the funded and the unfunded rate.

(Continued)

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

Rate of Return (Continued)

The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. The long-term expected rate of return on the plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For the fiscal year ended 2018, the discount rate used for the actuarial valuation was 8.0% based on the long term expected rate of return on the City's OPEB Trust as a whole. The City's current OPEB plan investment allocation is noted above.

Net OPEB Liability

At September 30, 2018, the Authority reported a liability of $314,744 for its proportionate share of the City's net OPEB liability. The net OPEB liability was measured as of September 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018. The Authority's proportion of the net OPEB liability was the Authority's estimated share of contributions to the OPEB plan relative to contributions of all participating employers. At September 30, 2018, the Authority's proportion was 0.21% as compared to 0.20% at September 30, 2017. The Authority does not make contributions directly to the plan.

For the year ended September 30, 2018, the Authority recognized OPEB expense of $11,700. At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 15,620	$ -
Net difference between projected and actual investments	-	2,161
Change in proportion - funds	13,166	-
	$ 28,786	$ 2,161

Deferred outflows and inflows of resources at September 30, 2018, related to OPEB will be recognized in pension expense in future periods as follows:

2019	$ 3,759
2020	3,759
2021	3,759
2022	4,709
2023	5,066
Thereafter	5,573
	$ 26,625

(Continued)

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

Actuarial assumptions - The following methods and assumptions were used to determine the total OPEB liability at the actuarial valuation date of September 30, 2018.

Discount Rate	8% per annum. This was based on the estimated long term rate of return from the City's OPEB Trust.
Asset Valuation Method	Fair Market Value
Current Asset Mix	Currently the City is targeted to invest approximately 60% in equities and 39% in bonds, with the remainder as cash.
Salary Increase Rate	3.5%
Inflation Rate	2%
Census Data	The census was provided by the City as of August 2017.
Marriage Rate	It is assumed that 40% of future retirees have a spouse. This is based on the current retiree demographic.
Spouse Age	Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	Experience gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service). Investment gains and losses are mortised over a closed period of five years starting on October 1, 2016.
Plan Participation Percent	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of future retirees will participate in the retiree medical plan and 100% participate in the life insurance plan. For those employees hired after 3/18/2006, it is assumed that 40% continue on the plans post-Medicare. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality	RP-2014 generational table, scaled back to 2006, then forward using scale MP-16

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study, and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate. See the table below:

Expense Type	Select	Ultimate
Pre-Medicare Medical and Rx Benefits	7.0%	4.5%
Medicare Benefits	6.0	4.5
Stop Loss Fees	7.0	4.5
Administrative Fees	4.5	4.5

(Continued)

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

Sensitivity of the Authority's proportionate share of the OPEB liability to changes in the discount rate - The Authority's proportionate share of the net OPEB liability has been calculated using a discount rate of 8.0%. The following presents the Authority's proportionate share of the net OPEB liability calculated using a discount rate 1.00% higher and 1.00% lower than the current rate:

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
Net OPEB Liability	$ 319,416	$ 314,744	$ 226,177

Sensitivity of the Authority's proportionate share of the OPEB liability to changes in the healthcare cost trend rate - The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher (than the current healthcare cost trend rates):

	1% Decrease	Healthcare Cost Trend Rate (Refer to assumptions)	1% Increase
Net OPEB Liability	$ 226,179	$ 314,744	$ 318,556

NOTE 10 – RESTATEMENT FOR GASB 75

For the year ended September 30, 2018, the Authority adopted GASB 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The statement requires the Authority to recognize its Net OPEB liability as well as the deferred inflows and outflows associated with such valuation. In recognizing the Authority’s Net OPEB liability and related deferrals, the Authority has restated its beginning net position as noted below:

September 30, 2017	$ 3,648,340
Restatement for GASB 75	(299,820)
October 1, 2017	$ 3,348,520

Balances At October 1, 2017	
Net OPEB Liability	$ 297,993
Deferred inflow - OPEB	1,827
Net Total	$ 299,820

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE CITY'S NET PENSION LIABILITY
September 30, 2018

Miami Beach Employees' Retirement Plan	**2018**	**2017**	**2016**	**2015**
Authority's proportion of the net pension liability	0.31%	0.30%	0.33%	0.31%
Authority's proportionate share of the net pension liability	675,618	$ 607,226	$ 674,736	$ 512,291
Authority's covered payroll	345,550	305,523	281,739	250,050
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	195.52%	198.75%	239.49%	204.88%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.06%	72.07%	77.59%

* The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS
September 30, 2018

Miami Beach Employees' Retirement Plan	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 91,227	$ 87,099	$ 85,163	$ 85,163
Contributions in relation to the contractually required contribution	(91,227)	(87,099)	(85,163)	(85,163)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 345,550	$ 314,529	$ 305,523	$ 281,739
Contributions as a percentage of covered-employee payroll	26.40%	27.69%	27.87%	30.23%

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future years until 10 years of information is available.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF
THE CITY'S NET OPEB LIABILITY
September 30, 2018

Other Post Employment Benefits	**2018**
Authority's proportion of the net OPEB liability	0.21%
Authority's proportionate share of the net OPEB liability	314,744
Authority's covered-employee payroll	345,550
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	91.08%
Plan fiduciary net position as a percentage of the total OPEB liability	18.69%

* The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
September 30, 2018

Other Post Employment Benefits		**2018**
Contractually required contribution	$	25,538
Contributions in relation to the contractually required contribution		(25,538)
Contribution deficiency (excess)	$	-
Authority's covered-employee payroll	$	345,550
Contributions as a percentage of covered-employee payroll		7.39%

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
(A Component Unit of the City of Miami Beach, Florida)
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)
Year Ended September 30, 2018

	Original and Final Budget	Actual	Variance with Final Budget- Positive Negative
Revenues			
Resort tax allocation	$ 2,708,000	$ 2,841,810	$ 133,810
Interest	-	6,107	6,107
Total revenues	2,708,000	2,847,917	139,917
Expenditures			
General government:			
Cultural-grants program	1,700,500	969,209	731,291
General administrative and other	1,202,500	878,874	323,626
Capital	5,000	-	5,000
Total expenditures	2,908,000	1,848,083	1,059,917
Net change in fund balance	$ (200,000)	999,834	$ 1,199,834
Fund balance, beginning of year		3,978,176	
Fund balance, end of year		$ 4,978,010	

NOTE 1- BUDGETARY POLICY

Section 41-68(e) of the City Code requires the Authority to annually submit to the City Commission the Authority's general fund administrative budget pertaining to expenditures related to resort tax revenue allocated to the Authority. The legal level of control at which expenditures may not exceed the budget is at the entity level. For practical reasons, however, the Authority has elected to control expenditures at the grants program level for each grant within the grant program. The Board of Directors of the Authority can approve line item overruns as long as the budget within the entity is not exceeded.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The Authority may enter into commitments to the City for sums to be included in budgets for capital improvements authorized by the City Commission, in accordance with the laws of Florida, Ch. 67-930. Annually, on or before August 1st, the Authority prepares and submits to the City Commission a budget itemizing all estimated revenue and expenditures for the succeeding fiscal year beginning October 1st.

The Authority cannot expend funds or incur any liability that it is not authorized or provided for in its current budget, or in any amendment hereto. All expenditures made by the Authority within its budget are paid out by voucher and warrant as in the case of other municipal expenses. The Authority operates within, and is bound by, the budget as approved by the City Commission.

NOTE 2 - MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM ACTUARY ASSUMPTIONS

Valuation Date	October 1, 2016
Measurement Date	September 30, 2017
Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Salary Increases	4.5% to 7.0% depending on service, including inflation
Investment Rate of Return	7.65%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected after year 2000 to the year 2010 using Scale AA.

NOTE 3 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ACTUARY ASSUMPTIONS

Valuation Date	September 30, 2018
Discount Rate	8.00% per annum. This was based on the estimated long term rate of return from the City's OPEB trust
Asset Valuation Method	Fair Market Value
Current Asset Mix	Currently the City is targeted to invest approximately 60% in equities and 39% in bonds, with the remainder as cash.
Salary Increase Rate	3.5% per annum
Inflation Rate	2.0% per annum

NOTE 3 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ACTUARY ASSUMPTIONS (CONTINUED)

Marriage Rate	It is assumed that 40% of future retirees have a spouse. This is based on the current retiree demographic.
Spouse Age	Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	Experience gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service). Investment gains and losses are amortized over a closed period of five years starting on October 1, 2016.
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of future retirees will participate in the retiree medical plan and 100% participate in the life insurance plan. For those employees hired after 3/18/2006, it is assumed that 40% continue on the plans post-Medicare. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-16

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study, and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate. See the table below:

Expense Type	Select	Ultimate
Pre-Medicare Medical and Rx Benefits	7.0%	4.5%
Medicare Benefits	6.0	4.5
Stop Loss Fees	7.0	4.5
Administrative Fees	4.5	4.5

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

To the Board of Directors
Miami Beach Visitor and Convention Authority
Miami Beach, 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 and the major fund of Miami Beach Visitor and Convention Authority (the "Authority"), a component unit of the City of Miami Beach, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 over financial reporting 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.

Crowe LLP

Crowe LLP

Miami, Florida
May 6, 2019