

Miami Beach Redevelopment Agency

(A component Unit of the City of Miami Beach, Florida)

Financial Report

For the Fiscal Year Ended September 30, 2018



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency'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 financial statement presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Agency, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows 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 Notes 1 and 17 to the financial statements, 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/expenditures 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. Note disclosures and required supplementary information requirements about OPEB are also addressed. Beginning governmental activities net position was restated by (\$3,972,272) as part of the implementation of this standard. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the financial statements present only the Agency and do not purport to, and do not, present fairly the financial position of the City of Miami Beach, Florida as of September 30, 2018, the changes in its financial position, or where applicable its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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, schedule of contributions, schedule of proportionate share of the net pension liability, schedule of other post-employment benefits contributions, schedule of proportionate share of net other post-employment benefits liability and budgetary comparison schedule on pages 3 to 13, page 55, page 56, page 59, page 60, and page 61 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison schedule for the debt service fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule for the debt service fund has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019 on our consideration of the Agency'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 the Agency's internal control over financial reporting and compliance.


Crowe LLP

Miami, Florida
May 29, 2019

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Management's Discussion and Analysis
September 30, 2018

The Management's Discussion and Analysis (the "MD&A") of the Miami Beach Redevelopment Agency (the "Agency") is intended to provide an overview of the Agency's position and results of operations for the fiscal year ended September 30, 2018. The MD&A is an element of the reporting model required by the Governmental Accounting Standards Board (the "GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments* issued in 1999. The MD&A should be read in conjunction with the Agency's financial statements, including the accompanying notes, to enhance the understanding of the Agency's financial performance.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of fiscal year 2018 by \$217.1 million (net position).
- The Agency's net position increased by \$6.1 million. The governmental net position increased by \$5.3 million and the business-type net position increased by \$ 0.8 million.
- Business Type Activity revenue decreased by \$0.3 million and expenses increased by \$31,000.
- Governmental activities revenue decreased by \$0.7 million and expenses increased by \$5.7 million.
- At September 30, 2018 fund balance in the Agency's governmental funds was \$158.7 million. This includes \$65.9 million restricted fund balance in the general fund, \$92.7 million of restricted fund balance in the capital projects fund, and \$22,806 of non-spendable fund balance in the capital projects fund.
- The Agency's total long-term liabilities decreased by \$3.1 million or 0.9% during the current year. The decrease is due to the Agency's normal principal payments on its debt. See Note 6 and 7 for more information regarding the bonds.
- The Agency's assets and deferred outflows increased by approximately \$5.0 million or 0.8%. The increase is attributed to an increase of capital assets of \$125.8 million, a increase of deferred outflows of \$0.3 million, and a decrease in current assets of \$121.1 million

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Agency'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 Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during each 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 the statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements listed above distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the Agency include general government, public safety, physical environment, transportation, economic environment and culture and recreation. The business-type activity of the Agency includes the parking and leasing operations of the Anchor and Pennsylvania Avenue Garages and Anchor and Pennsylvania Avenue Shops, respectively.

The government-wide financial statements can be found on pages 14 – 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in 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 a 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 the comparison between governmental funds and governmental activities.

Key elements of the reconciliation of these two statements are that the government-wide statements report the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (depreciated) and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental funds statements report the issuance of debt as another financing source of funds, the repayment of debt as expenditure, the purchase of capital assets as expenditure and do not reflect changes in long-term liabilities.

The Agency maintains three 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, City Center debt service fund, and City Center capital projects fund which are considered to be major funds. For the current fiscal year, the Agency does not have any non-major governmental funds.

Proprietary Funds

The Agency maintains two different types of proprietary funds or enterprise funds. The Agency uses enterprise funds to account for the parking and leasing operations of the Anchor and Pennsylvania Avenue Garages and Anchor and Pennsylvania Avenue Shops, respectively.

The proprietary fund financial statements provide separate information for parking and leasing of the Anchor and Pennsylvania Avenue Garage/Shops which are considered to be major funds of the Agency. For the current fiscal year, the Agency does not have any non-major proprietary funds.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Management's Discussion and Analysis
September 30, 2018

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 24-57 of this report. The Agency is considered a component unit of the City of Miami Beach, Florida and as such, the financial information of the Agency is included in the City's Comprehensive Annual Financial Report for the current fiscal year.

Government-Wide Financial Analysis

The table below summarizes the statement of net position:

	Summary of Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 190,297	\$ 312,650	\$ 28,719	\$ 27,497	\$ 219,016	\$ 340,147
Capital assets	354,311	228,042	23,495	23,960	377,806	252,002
Total assets	544,608	540,692	52,214	51,457	596,822	592,149
Deferred Outflows	4,300	3,149	-	-	4,300	3,149
Total deferred outflows	4,300	3,149	-	-	4,300	3,149
Long-term liabilities	340,455	343,521	212	214	340,667	343,735
Other liabilities	42,631	40,049	347	373	42,978	40,422
Unearned revenue	-	-	75	75	75	75
Total liabilities	383,086	383,570	634	662	383,720	384,232
Deferred Inflows	265	11	-	-	265	11
Total deferred outflows	265	11	-	-	265	11
Net position:						
Net investment in capital assets	92,190	135,017	23,494	23,960	115,684	158,977
Restricted for debt service	-	-	-	-	-	-
Restricted for economic development	65,934	69,731	-	-	65,934	69,731
Restricted for capital improvement	38,185	36,836	-	-	38,185	36,836
Unrestricted (deficit)	(30,752)	(81,324)	28,086	26,835	(2,666)	(54,489)
Total net position	\$ 165,557	\$ 160,260	\$ 51,580	\$ 50,795	\$ 217,137	\$ 211,055

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There are six basic transactions that can affect the comparability of the Statement of Net Position. They are as follows:

- 1) Net results of activities will impact (increase/decrease) current assets and unrestricted net position.
- 2) Borrowing for capital will increase assets and long term debt.
- 3) Spending borrowed proceeds on new capital will reduce current assets and increase capital assets.
- 4) Spending non-borrowed current assets on new capital will reduce current assets and increase capital assets as well as reduce unrestricted net position and increase invested in capital assets, net of debt.
- 5) Principal payments on debt will reduce current assets and reduce long-term debt as well as reduce unrestricted net position and invested in capital assets, net of debt, if applicable.
- 6) Reduction of capital assets through depreciation will reduce capital assets and invested in capital assets, net of debt.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows exceeded liabilities and deferred inflows by \$217.1 million at September 30, 2018, an increase of \$6.1 million or 2.88% from September 30, 2017 (excludes restatement adjustment for GASB 75). Governmental activities accounted for an increase of \$5.3 million while Business-type accounted for an increase of \$0.8 million.

The Agency's net position represents resources that are subject to external restrictions on how they may be used.

There are also various normal impacts on revenue and expense that can affect the change in net position from year to year. The economic condition, which can reflect a declining, stable or growing economic environment, can have a substantial impact on tax revenue as well as the public's spending habits on fees and charges for services. An increase/or decrease in Commission approved rates can have a substantial impact on parking revenue if there is a current year increase/decrease in an approved rate. Also, current market condition may cause investment income to fluctuate from year to year. Impacts on expense from year to year could result from new programs, an increase or decrease in personnel, salary increases and of course inflation.

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The table below summarizes the change in net position:

	Summary of Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 5,597	\$ 6,099	\$ 5,597	\$ 6,099
General Revenues:						
Taxes:						
Property taxes	49,920	51,843	-	-	49,920	51,843
Investment earnings	3,899	2,669	332	149	4,231	2,818
Total revenues	53,819	54,512	5,929	6,248	59,748	60,760
Expenses:						
General government	6,235	6,500	-	-	6,235	6,500
Public safety	4,719	4,430	-	-	4,719	4,430
Physical environment	45	47	-	-	45	47
Transportation	2,649	1,675	-	-	2,649	1,675
Economic environment	6,097	3,250	-	-	6,097	3,250
Culture and recreation	4,479	2,632	-	-	4,479	2,632
Parking - Anchor & Penn. Garage	-	-	4,688	4,597	4,688	4,597
Leases - Anchor & Penn. Shops	-	-	456	516	456	516
Interest on long-term debt	13,688	13,640	-	-	13,688	13,640
Total expenses	37,912	32,174	5,144	5,113	43,056	37,287
Increase in net position before transfers and gain (loss) on sale of capital assets	15,907	22,338	785	1,135	16,692	23,473
Transfers	(6,638)	(481)	-	-	(6,638)	(481)
Increase in net position	9,269	21,857	785	1,135	10,054	22,992
Net position, beginning	160,260	138,403	50,795	49,660	211,055	165,548
Restatement for GASB 75	(3,972)	-	-	-	(3,972)	-
Net position, beginning, as restated	156,288	138,403	50,795	49,660	207,083	165,548
Net position, ending	\$ 165,557	\$ 160,260	\$ 51,580	\$ 50,795	\$ 217,137	\$ 188,540

Governmental activities increased the Agency's net position by \$5.3 million.

Key elements of the net increase are as follows:

- Total expenses from governmental activities in fiscal 2018 totaled \$37.9 million. This is an increase of \$5.7 million or 17.8% from the prior year.
- Revenues from governmental activities in fiscal year 2018 totaled \$53.8 million, a decrease of \$0.7 million from 2017. The decrease is primarily due to the decrease in tax increment revenue which decreased by \$1.9 million or 3.7% from the prior year.

Business-Type Activities

Business-type activities increased the Agency's net position by approximately \$0.8 million.

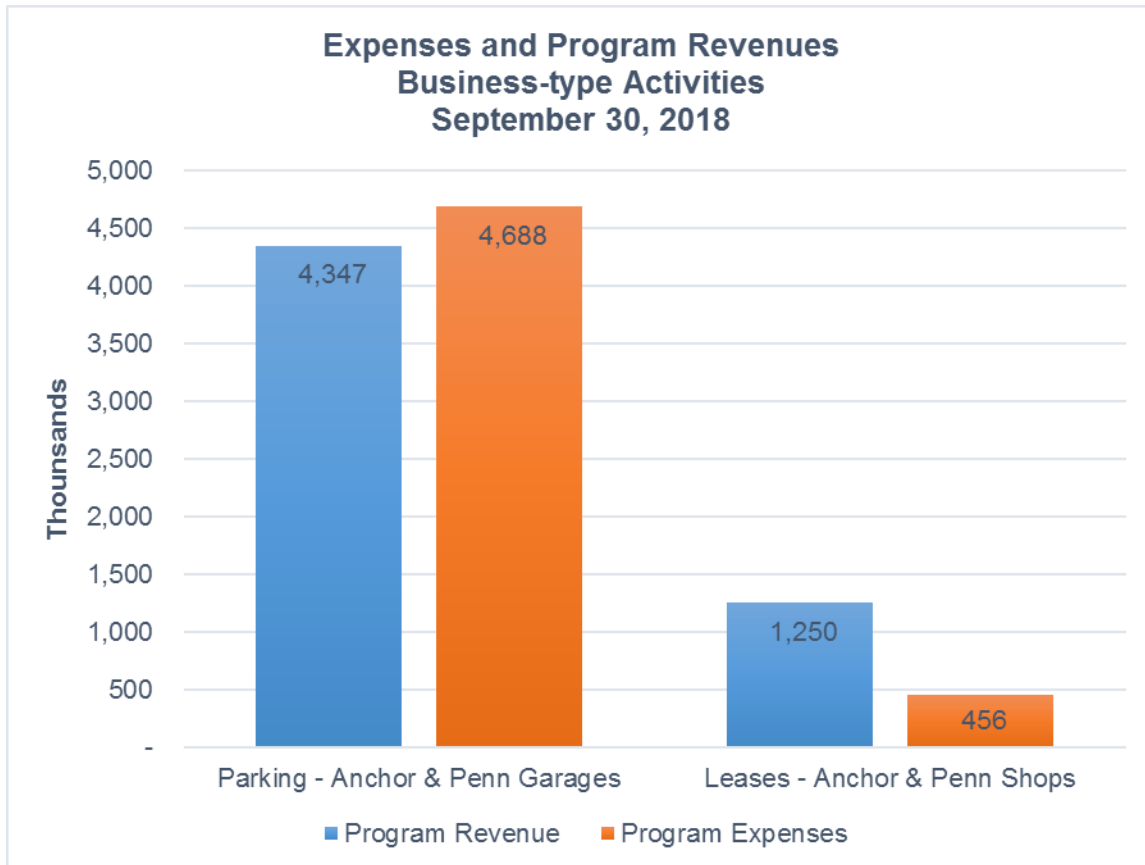
Key elements of this increase are as follows:

- The Parking Garages' net position decreased by \$0.1 million or 0.3%. The garage funds have a decrease in charges for service of \$0.4 million or 9.8%. Permits, rental and other operating revenues remained consistent with the prior year. Total operating expenses increased by \$0.1 million or 2.0%.
- The Leasing Shops' net position increased by \$0.9 million or 7.5%. Interest income increased by \$64,793 or 115.9% and operating revenues decreased by \$96,633 or 7.2% from the prior year.

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Operating expenses in the shops had a net decrease of \$59,497 or 11.5% over the prior year. The shops had a decrease in administration fees of \$19,000 or 76.0%; these fees represent charges to the general fund to pay for direct and indirect staff support for the agency.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2018:



Governmental Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Total fund balance for the Governmental Funds totaled \$158.7 million at September 30, 2018. This is a total decrease of \$124.7 million or approximately 44.0%.

The general fund is the chief operating fund of the Agency. The fund balance of the Agency's general fund had a net decrease in fund balance of \$3.8 million during the current fiscal year. The general fund's tax increment revenues decreased by \$1.9 million or 3.7%. Tax increments revenue is computed by applying the operating tax rate for the City and Miami-Dade County, Florida, (the County) multiplied by the increased value of property in the district over the base property value minus 5%. Fluctuations in tax increment revenue is based on real estate property values City wide.

The Agency's General Fund is required to adopt an annual budget prepared on a basis consistent with generally accepted accounting principles.

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The agency's debt service fund did not have a change in net position. Principal and interest payments on the tax increment revenue bonds were \$21.7 million. Net transfers from the general fund to pay debt service expenditures were \$21.7 million.

The agency's capital project fund had a net decrease in fund balance of \$121.0 million. This fund received \$2.6 million from interest income. Capital expenditures increased by \$42.7 million or 50.2% compared to FY 2017.

The Agency's Capital Projects Fund accounts for the financing of the Agency's capital program. The primary resources are obtained from the receipt of tax increment funds from Miami-Dade County and from the issuance of Agency debt.

Financial Analysis of the Governmental Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the Agency's governmental funds (in \$1,000's):

	<u>General</u>	<u>Debt Service City Center</u>	<u>Capital Projects City Center</u>	<u>Total Governmental Funds</u>
Fund balance, September 30, 2017	\$ 69,731	\$ -	\$ 213,685	\$ 283,416
Revenues	51,172	-	2,648	53,820
Expenditures	19,752	21,665	131,825	173,242
Other financing sources (uses)	<u>(35,217)</u>	<u>21,665</u>	<u>8,226</u>	<u>(5,326)</u>
Fund balance, September 30, 2018	<u>\$ 65,934</u>	<u>\$ -</u>	<u>\$ 92,734</u>	<u>\$ 158,668</u>

Proprietary Funds

The Agency's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total growth in net position for both proprietary funds was approximately \$0.8 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the Agency's business-type activities.

Budgetary Highlights

The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

The major revenue variance between the adopted/final budget and actual is the resort tax revenues collected. Fluctuations in resort tax revenues are completely based on the fluctuation in the sales of the above item and vary from one year to another based on the economy and tourism.

Actual expenditures were \$19.8 million; \$31.2 million less than budgeted. The difference with budgeted amounts was mainly in the General Government and Capital Outlay functions. These variances of the

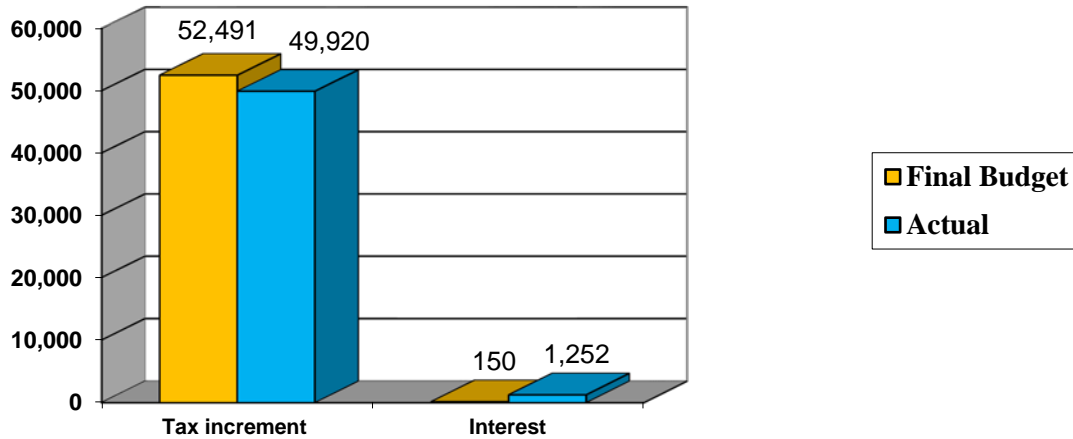
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actual versus budgeted expenditures within these functions were due to the contingencies relating to debt service requirements and capital expenditures of the agency.

General Fund Revenues

The following charts and tables summarize actual revenues by category for fiscal year 2018 and compares actual revenues with the Adopted/Final Budget:

General Fund Revenues
Fiscal Year 2018
 (in thousands)



General Fund Revenues
Fiscal Year 2018
 (in thousands)

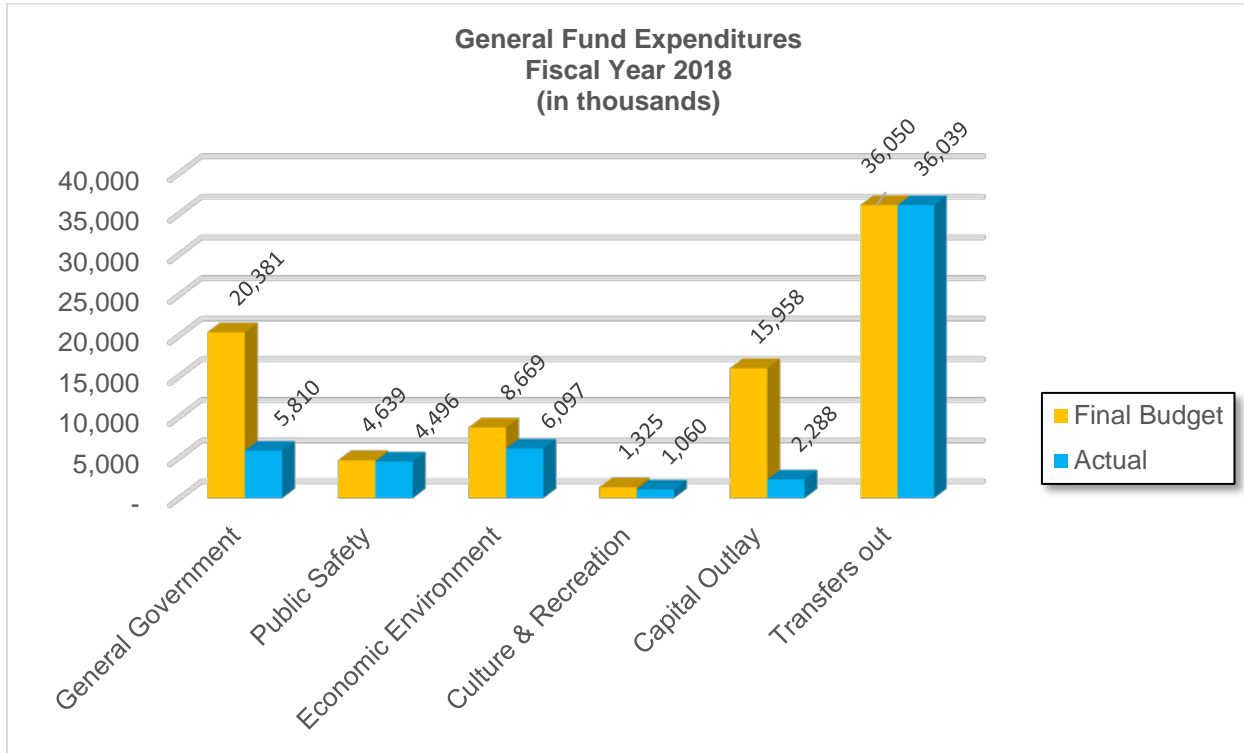
	Final Adopted Budget	Actual Amounts
Revenues:		
Tax increment (property taxes)	\$ 52,491	\$ 49,920
Interest income	150	1,252
Total revenues	\$ 52,641	\$ 51,172

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General Fund Expenditures

The following chart and table summarize actual expenditures by function/program for fiscal year 2018 and compare the actual expenditures with the Final Budget:



General Fund Expenditures
Fiscal Year 2018
 (in thousands)

Expenditures:	Final Adopted Budget	Actual Amounts
General government	\$ 20,381	\$ 5,810
Public safety	4,639	4,496
Economic environment	8,669	6,097
Culture and recreation	1,325	1,060
Capital outlay	15,958	2,288
Operating transfers out	36,050	36,039
Total expenditures	\$ 87,022	\$ 55,790

Capital Assets and Debt Administration

Capital Assets

The Agency's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$377.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, vehicles, machinery and equipment, streetscape improvements, restorations and renovations and construction work-in-progress, which are detailed as follows (net of accumulated depreciation):

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 10,818	\$ 10,818	\$ 3,003	\$ 3,003	\$ 13,821	\$ 13,821
Buildings and structures	19,694	20,153	19,795	20,576	39,489	40,729
Machinery and equipment	89	130	696	381	785	511
Furniture and fixtures	359	473	-	-	359	473
Streetscape improvements	31,250	33,291	-	-	31,250	33,291
Restorations and renovations	23,187	24,209	-	-	23,187	24,209
Construction in progress	268,914	138,968	-	-	268,914	138,968
Totals	\$ 354,311	\$ 228,042	\$ 23,494	\$ 23,960	\$ 377,805	\$ 252,002

The Agency has developed various capital improvement programs to improve the quality of life for the residents of the City of Miami Beach. Recent major projects included the restoration of the City Center Historic District, Collins Park parking garage, Bass Museum interior space enhancement, and a Lincoln Road master plan study. Major on-going projects include streetscape improvements. Additional information on the Agency's capital assets can be found in the notes to the financial statements. Major capital asset events in progress during the current fiscal year include the following:

- The City Center Right of Way (ROW) BP9B Infrastructure Improvement Project includes the restoration and enhancement of right-of-ways/streetscapes throughout City Center, including roadway, sidewalk, curb and gutter, landscape, streetscape irrigation, lighting, potable water, and storm drainage infrastructure as needed.
- Collins Park Parking Garage is going to be a new parking facility which will accommodate approximately 470 parking spaces and 17,000 sf of ground floor retail space.
- Lincoln Road Master Plan Study is to determine needed improvements for Lincoln Road considering the Convention Center District Plan, change uses of Lincoln Road, intensity of uses, Planning/defining connections with other adjacent or nearby urban assets and long-term maintenance of Lincoln Road.
- Bass Museum Interior Space Expansion to house additional gallery space and other amenities.
- Convention Center Renovation Project includes the complete renovation and façade modifications of the of the Miami Beach Convention Center, an expansion to include a ballroom and auxiliary spaces, rooftop parking, new public parks, as well as underground utilities and streetscape improvements in the immediate vicinity.

Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of \$334.5 million. The debt balance decreased by \$8.2 million during the year due to annual principal payments on the 2015A and 2015B Tax Increment Bonds.

**Miami Beach Redevelopment Agency's
 Outstanding Debt
 (in thousands)**

	Governmental Activities	
	2018	2017
Tax increment revenue bonds	\$ 334,479	\$ 342,669

Economic Factors and Future Developments

The Redevelopment Agency has continued to focus its efforts on a number of initiatives aimed at upgrading the area's infrastructure, streets and parks, alleviating traffic and parking congestion and encouraging the continued increase in tourism in the. In 2014, the Redevelopment Agency amended its Redevelopment Plan for City Center to better define the Convention Center redevelopment project and related infrastructure initiatives which are anticipated to increase the number of high-value conventions to the City. Additionally, this amendment included an extension of the Redevelopment Agency's term of existence through 2044.

The Redevelopment Agency's has stayed true to its mission to coordinate, implement and fund the Plan's objectives and to compliment the City's established vision:

- Policing Culture
- Management and Service Delivery
- Infrastructure
- International Center for Tourism and Business
- Educational Excellence

The Redevelopment Agency's objective over the next five years shall focus on the implementation of capital projects associated with, but not limited to the Master Plan for the expansion of the Convention Center, reconstruction of the Lincoln Road pedestrian mall, upgrading streetscapes and related infrastructure in the City Center area and increasing the inventory of parking facilities, including the pending construction of a new parking garage and artist space to be located on 23rd street and Collins Avenue. The RDA shall also continue to fund public service enhancements provided for under the Community Policing Program as well as ensure the on-going maintenance of capital assets funded with TIF.

Requests for Information

This financial report is designed to provide a general overview of the Miami Beach Redevelopment Agency's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Miami Beach Redevelopment Agency, Finance Department, 1700 Convention Center Drive, Miami Beach, Florida 33139.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 108,566,977	\$ 28,278,354	\$ 136,845,331
Receivables (net):			
Accounts receivables	-	41,913	41,913
Interest	299,131	-	299,131
Prepaid expenses	22,806	109,056	131,862
Total current assets	<u>108,888,914</u>	<u>28,429,323</u>	<u>137,318,237</u>
Noncurrent assets:			
Restricted cash and investments	81,408,319	290,209	81,698,528
Capital assets not being depreciated:			
Land	10,817,763	3,003,282	13,821,045
Construction in progress	268,913,980	-	268,913,980
Capital assets net of accumulated depreciation:			
Buildings and structures	19,695,293	19,794,774	39,490,067
Streetscape improvements	31,249,314	-	31,249,314
Restorations and renovations	23,186,435	-	23,186,435
Machinery and equipment	88,550	696,438	784,988
Furniture and fixtures	359,287	-	359,287
Total capital assets	<u>354,310,622</u>	<u>23,494,494</u>	<u>377,805,116</u>
Total noncurrent assets	<u>435,718,941</u>	<u>23,784,703</u>	<u>459,503,644</u>
Total assets	<u>544,607,855</u>	<u>52,214,026</u>	<u>596,821,881</u>
Deferred outflows of resources			
Unamortized refunding costs	491,988	-	491,988
GASB 68 - Employees retirement plan	514,360	-	514,360
GASB 68 - Police & fire retirement plan	2,074,445	-	2,074,445
GASB 75 - OPEB	1,219,058	-	1,219,058
Total deferred outflows of resources	<u>4,299,851</u>	<u>-</u>	<u>4,299,851</u>
Total assets and deferred outflows of resources	<u>548,907,706</u>	<u>52,214,026</u>	<u>601,121,732</u>

(Continued)

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 18,290,324	\$ 247,661	\$ 18,537,985
Retainage payable	9,541,684	-	9,541,684
Accrued expenses	3,663,009	90,306	3,753,315
Due to other governments	-	5,350	5,350
Unearned Revenue	-	74,657	74,657
Deposits	-	3,658	3,658
Portion due or payable within one year:			
Environmental remediation	2,600,000	-	2,600,000
Accrued compensated absences	144,289	-	144,289
Bonds payable	8,391,775	-	8,391,775
Total current liabilities	<u>42,631,081</u>	<u>421,632</u>	<u>43,052,713</u>
Long-term liabilities:			
Deposits	-	211,894	211,894
Net pension liability - MBERP	1,343,024	-	1,343,024
Net pension liability - MBF&P	7,759,668	-	7,759,668
Net OPEB liability	5,090,097	-	5,090,097
Portion due or payable after one year:			
Accrued compensated absences	175,310	-	175,310
Bonds payable	326,087,109	-	326,087,109
Total long-term liabilities	<u>340,455,208</u>	<u>211,894</u>	<u>340,667,102</u>
Total liabilities	<u>383,086,289</u>	<u>633,526</u>	<u>383,719,815</u>
Deferred inflows of resources			
GASB 68 - Employees retirement plan	119,712	-	119,712
GASB 68 - Police & fire retirement plan	110,174	-	110,174
GASB 75 - OPEB	34,962	-	34,962
Total deferred inflows of resources	<u>264,848</u>	<u>-</u>	<u>264,848</u>
Net position			
Net investment in capital assets	92,190,361	23,494,494	115,684,855
Restricted for:			
Economic development	65,933,523	-	65,933,523
Capital improvement	38,184,574	-	38,184,574
Unrestricted	(30,751,889)	28,086,006	(2,665,883)
Total net position	<u>\$ 165,556,569</u>	<u>\$ 51,580,500</u>	<u>\$ 217,137,069</u>

See Notes to Financial Statements.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Activities
Fiscal Year Ended September 30, 2018

	Expenses	Program	Net (Expense) Revenue and Changes in Net Position		
		Revenues Charges for Services	Governmental Activities	Business-Type Activities	Total
Activities:					
Governmental:					
General government	\$ 6,235,445	\$ -	\$ (6,235,445)	\$ -	\$ (6,235,445)
Public safety	4,719,330	-	(4,719,330)	-	(4,719,330)
Physical environment	44,523	-	(44,523)	-	(44,523)
Transportation	2,649,382	-	(2,649,382)	-	(2,649,382)
Economic environment	6,097,202	-	(6,097,202)	-	(6,097,202)
Culture and recreation	4,479,276	-	(4,479,276)	-	(4,479,276)
Interest on long-term debt	13,687,737	-	(13,687,737)	-	(13,687,737)
Total governmental activities	<u>37,912,895</u>	<u>-</u>	<u>(37,912,895)</u>	<u>-</u>	<u>(37,912,895)</u>
Business-type:					
Parking – Anchor & Penn. Garages	4,687,977	4,346,683	-	(341,294)	(341,294)
Leasing – Anchor & Penn. Shops	456,466	1,249,915	-	793,449	793,449
Total business-type activities	<u>5,144,443</u>	<u>5,596,598</u>	<u>-</u>	<u>452,155</u>	<u>452,155</u>
Total primary government	<u>\$ 43,057,338</u>	<u>\$ 5,596,598</u>	<u>(37,912,895)</u>	<u>452,155</u>	<u>(37,460,740)</u>
General revenues:					
Taxes:					
Tax increments for redevelopment districts			49,920,277	-	49,920,277
Investment income			3,899,114	332,810	4,231,924
Transfers to the primary government			(6,637,601)	-	(6,637,601)
Total general revenues			<u>47,181,790</u>	<u>332,810</u>	<u>47,514,600</u>
Changes in net position			9,268,895	784,965	10,053,860
Net position, beginning			160,259,946	50,795,535	211,055,481
Restatement for GASB 75			(3,972,272)	-	(3,972,272)
Net Position, beginning - as restated			<u>156,287,674</u>	<u>50,795,535</u>	<u>207,083,209</u>
Net position, ending			<u>\$ 165,556,569</u>	<u>\$ 51,580,500</u>	<u>\$ 217,137,069</u>

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Balance Sheet
Governmental Funds
September 30, 2018

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 66,264,357	\$ -	\$ 123,710,939	\$ 189,975,296
Receivables:				
Interest	-	-	299,131	299,131
Prepaid expenses	-	-	22,806	22,806
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 66,264,357	-	\$ 124,032,876	\$ 190,297,233
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 187,296	\$ -	\$ 18,103,028	\$ 18,290,324
Retainage payable	-	-	9,541,684	9,541,684
Accrued expenses	143,538	-	1,054,361	1,197,899
Environmental remediation	-	-	2,600,000	2,600,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	330,834	-	31,299,073	31,629,907
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund balances:				
Nonspendable			22,806	22,806
Restricted	65,933,523	-	92,710,997	158,644,520
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	65,933,523	-	92,733,803	158,667,326
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund balances	\$ 66,264,357	\$ -	\$ 124,032,876	\$ 190,297,233
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

**Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2018**

Total fund balance – governmental funds **\$ 158,667,326**

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

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

Land	\$ 10,817,763	
Construction in progress	268,913,980	
Buildings and structures, net	19,695,293	
Street improvements, net	31,249,314	
Restoration and renovations, net	23,186,435	
Machinery and equipment, net	88,550	
Furniture and fixtures, net	359,287	
Total capital assets, net		354,310,622

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

Balances at September 30, 2018 are:

Accrued interest on bonds	(2,465,110)	
Bonds payable	(308,930,000)	
Premium on bonds payable	(25,548,884)	
Accrued compensated absences	(319,599)	
Net pension liability - MBERP	(1,343,024)	
Net pension liability - MBF&P	(7,759,668)	
Net OPEB liability	(5,090,097)	
Total long-term liabilities		(351,456,382)

In governmental funds, deferred outflows and inflows of resources relating to pensions and debt 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 outflows relating to unamortized refunding	491,988	
Deferred outflows of resources relating to MBERP	514,360	
Deferred outflows of resources relating to MBF&P	2,074,445	
Deferred outflows of resources relating to OPEB	1,219,058	
Deferred inflows of resources relating to MBERP	(119,712)	
Deferred inflows of resources relating to MBF&P	(110,174)	
Deferred inflows of resources relating to OPEB	(34,962)	
Total deferred resources		4,035,003
Total net position of governmental activities		\$ 165,556,569

See Notes to Financial Statements.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
September 30, 2018

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Tax increment	\$ 49,920,277	\$ -	\$ -	\$ 49,920,277
Interest	1,251,506	-	2,647,608	3,899,114
Total revenues	<u>51,171,783</u>	<u>-</u>	<u>2,647,608</u>	<u>53,819,391</u>
Expenditures				
Current				
General government	5,810,280	-	-	5,810,280
Public safety	4,496,365	-	-	4,496,365
Economic environment	6,097,202	-	-	6,097,202
Transportation	-	-	1,000,000	1,000,000
Culture and recreation	1,059,914	-	1,633,841	2,693,755
Capital outlay	2,288,222	-	127,879,484	130,167,706
Impairment	-	-	1,311,745	1,311,745
Debt service:				
Principal	-	6,670,000	-	6,670,000
Interest	-	14,993,923	-	14,993,923
Other fiscal charges	-	1,169	-	1,169
Total expenditures	<u>19,751,983</u>	<u>21,665,092</u>	<u>131,825,070</u>	<u>173,242,145</u>
Excess of revenues over (under) expenditures	31,419,800	(21,665,092)	(129,177,462)	(119,422,754)
Other financing sources (uses):				
Insurance recovery	-	-	1,311,745	1,311,745
Transfers in	822,399	21,665,092	6,914,221	29,401,712
Transfers out	(36,039,313)	-	-	(36,039,313)
Total other financing sources (uses)	<u>(35,216,914)</u>	<u>21,665,092</u>	<u>8,225,966</u>	<u>(5,325,856)</u>
Net change in fund balances	(3,797,114)	-	(120,951,496)	(124,748,610)
Fund balances, beginning	69,730,637	-	213,685,299	283,415,936
Fund balances, ending	<u>\$ 65,933,523</u>	<u>\$ -</u>	<u>\$ 92,733,803</u>	<u>\$ 158,667,326</u>

See Notes to Financial Statements.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Fiscal Year Ended September 30, 2018

Net change in fund balances - governmental funds **\$ (124,748,610)**

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	130,167,706	
Adjustments for capital asset disposals	(202,333)	
Depreciation expense	<u>(3,696,485)</u>	
Excess of deletions and depreciation over capital outlay		126,268,888

The issuance of long-term debt (e.g., bonds) provides current financial resources to government funds, while the repayment of the principal of long-term obligations is an expenditure in the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The statement of net position has been adjusted for transactions as follows:

Net amortization of bond premiums, discounts, refunding, and other debt costs	1,257,596	
Principal - debt service	<u>6,670,000</u>	
Total long-term debt retirement and related transactions		7,927,596

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 the governmental activities section of the statement of net position:

Increase in accrued compensated absences	(43,373)	
Decrease in accrued interest on bonds	<u>49,759</u>	
		6,386

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 contribution was:

MBERP	(15,973)	
MBF&P	(235,663)	
OPEB	<u>66,271</u>	
Total post-employment costs		<u>(185,365)</u>

Change in net position of governmental activities **\$ 9,268,895**

See Notes to Financial Statements.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Net Position
Enterprise Funds
September 30, 2018

	Business-Type Activities		
	Enterprise Funds		
Assets	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	\$ 16,955,492	\$ 11,322,862	\$ 28,278,354
Receivables:			
Rent, net of allowance	-	41,913	41,913
Prepaid expenses	109,056	-	109,056
Total current assets	<u>17,064,548</u>	<u>11,364,775</u>	<u>28,429,323</u>
Noncurrent assets:			
Restricted cash and investments	81,247	208,962	290,209
Capital assets:			
Land	2,793,052	210,230	3,003,282
Buildings and structures	28,426,115	2,397,145	30,823,260
Machinery and equipment	926,351	-	926,351
Less accumulated depreciation	(10,344,174)	(914,225)	(11,258,399)
Total capital assets (net of accumulated depreciation)	<u>21,801,344</u>	<u>1,693,150</u>	<u>23,494,494</u>
Total noncurrent assets	<u>21,882,591</u>	<u>1,902,112</u>	<u>23,784,703</u>
Total assets	<u>38,947,139</u>	<u>13,266,887</u>	<u>52,214,026</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	241,531	6,130	247,661
Accrued expenses	90,306	-	90,306
Due to other government	-	5,350	5,350
Deposits	3,658	-	3,658
Unearned revenue	74,657	-	74,657
Total current liabilities	<u>410,152</u>	<u>11,480</u>	<u>421,632</u>
Noncurrent liabilities:			
Deposits	2,932	208,962	211,894
Total noncurrent liabilities	<u>2,932</u>	<u>208,962</u>	<u>211,894</u>
Total liabilities	<u>413,084</u>	<u>220,442</u>	<u>633,526</u>
Net position			
Net investment in capital assets	21,801,344	1,693,150	23,494,494
Unrestricted	16,732,711	11,353,295	28,086,006
Total net position	<u>\$ 38,534,055</u>	<u>\$ 13,046,445</u>	<u>\$ 51,580,500</u>

See Notes to Financial Statements.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Revenues, Expenses and Changes in Fund Net Position –
Enterprise Funds
Fiscal Year Ended September 30, 2018

	Business-Type Activities		
	Enterprise Funds		
	Parking	Leasing	Total
	Fund	Fund	
Operating revenues:			
Charges for services	\$ 3,783,741	\$ -	\$ 3,783,741
Permits, rentals and other	562,942	1,249,915	1,812,857
Total operating revenues	<u>4,346,683</u>	<u>1,249,915</u>	<u>5,596,598</u>
Operating expenses:			
Operating supplies	4,951	-	4,951
Contractual services	2,826,988	279,001	3,105,989
Utilities	168,992	19,479	188,471
Internal Charges	449,000	30,000	479,000
Administrative fees	250,000	6,000	256,000
Depreciation	823,687	77,352	901,039
Other	164,359	44,634	208,993
Total operating expenses	<u>4,687,977</u>	<u>456,466</u>	<u>5,144,443</u>
Operating income	<u>(341,294)</u>	<u>793,449</u>	<u>452,155</u>
Interest income	212,125	120,685	332,810
Total nonoperating revenues	<u>212,125</u>	<u>120,685</u>	<u>332,810</u>
Changes in net position	(129,169)	914,134	784,965
Total net position, beginning	<u>38,663,224</u>	<u>12,132,311</u>	<u>50,795,535</u>
Total net position, ending	<u>\$ 38,534,055</u>	<u>\$ 13,046,445</u>	<u>\$ 51,580,500</u>

See Notes to Financial Statements.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended September 30, 2018

	Business-Type Activities		
	Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Cash Flows From Operating Activities:			
Receipts received from customers	\$ 4,345,020	\$ 1,267,678	\$ 5,612,698
Payments to suppliers	(3,190,815)	(352,014)	(3,542,829)
Receipts for other operating revenue	(699,000)	(36,000)	(735,000)
Net cash provided by operating activities	<u>455,205</u>	<u>879,664</u>	<u>1,334,869</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(435,203)	-	(435,203)
Net cash used in capital and related financing activities	<u>(435,203)</u>	<u>-</u>	<u>(435,203)</u>
Cash Flows From Investing Activities:			
Interest on investments	212,125	120,685	332,810
Net cash provided by investing activities	<u>212,125</u>	<u>120,685</u>	<u>332,810</u>
Net increase in cash and investments	232,127	1,000,349	1,232,476
Cash and investments – beginning of year	16,804,612	10,531,475	27,336,087
Cash and investments – end of year	<u>\$ 17,036,739</u>	<u>\$ 11,531,824</u>	<u>\$ 28,568,563</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	\$ (341,294)	\$ 793,449	\$ 452,155
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	823,687	77,352	901,039
Provisions for uncollectible accounts	-	(75)	(75)
Changes in assets and liabilities:			
(Increase) decrease in receivables	-	17,838	17,838
(Increase) decrease in prepaid expenses	(7,891)	-	(7,891)
Increase (decrease) in accounts payable	(76,975)	6,129	(70,846)
Increase (decrease) in accrued expenses	78,610	(15,045)	63,565
Increase (decrease) in due to other governments	(19,269)	16	(19,253)
Increase (decrease) in deposits	(4,062)	-	(4,062)
Increase (decrease) in unavailable other revenue	2,399	-	2,399
Total adjustments	<u>796,499</u>	<u>86,215</u>	<u>882,714</u>
Net cash provided by operating activities	<u>\$ 455,205</u>	<u>\$ 879,664</u>	<u>\$ 1,334,869</u>

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

In February 1976, the Miami Beach Redevelopment Agency (the "Agency") was formed by the City of Miami Beach, Florida (the "City") under the provisions of Chapter 163 of the Florida Statutes.

The Agency's stated purpose was to spur development and redevelopment in the South Pointe area of the City, an area which includes approximately 250 acres at the southern tip of the City, and a redevelopment area called the City Center/Historic Convention Village Redevelopment and Revitalization Area. During fiscal year 2006, the South Pointe district, under the Agency's jurisdiction expired, and at that point, the City assumed the responsibilities for the South Pointe area. At that time, the stated purpose became specifically the City Center/Historic Convention Village Redevelopment and Revitalization Area.

Subsequent to its inception in March 1977, the City adopted the Agency's redevelopment plan which provided for the construction of residential housing, hotels, a marina and commercial, recreational and entertainment facilities. Because of the desire of the City Commission to revise the concept for redevelopment of the South Pointe area, on December 17, 1982, the City Commission declared itself to be, and to constitute the Agency. This action resulted in the City Commissioners becoming the new Agency's Board Members and the City manager becoming the executive director of the Agency. The Agency's budget is adopted by its Board of Directors.

The City Center/Historic Convention Village Redevelopment and Revitalization Area was formed in the same manner as the South Pointe Area. In March 1993, the City adopted the Agency's redevelopment plan for the City Center/Historic Convention Village Redevelopment and Revitalization Area, which called for the revitalization of the blighted area surrounding the Miami Beach Convention Center and Lincoln Road.

The City has expended certain funds prior to and subsequent to the inception of the Agency for various projects, which have benefited the redevelopment area. These expenditures have been recorded in the accounting records of the City, and accordingly, are not reflected in the accompanying financial statements of the Agency.

The City provides the Agency facilities for its operations.

The Board of Directors of the Agency (the "Board") is comprised of the six members of the City Commission and the Mayor. The Agency meets the criteria for inclusion in the City's reporting entity as a blended component unit, and therefore, has been reported in the basic financial statements of the City.

For financial reporting purposes, in accordance with Governmental Accounting Standards Board ("GASB") Codification Section 2100, the Agency includes those organizations and activities that are generally controlled by or dependent on the Agency. Control by or dependence of the Agency is determined on the basis of such factors as budget adoption, outstanding debt secured by revenue of the Agency and obligation of the Agency to finance any deficit that may occur.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. The government-wide focus is more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. 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 statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. The Agency's program revenue consists of charges to customers or applicants, who purchase use or directly benefit from goods, services or privileges provided by a given functional category. Taxes and other items not included among program revenues are reported instead as general revenues.

(Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 (tax increments) are recognized as revenue in the year when levied for. 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. Only current assets and current liabilities are generally included on their balance sheet. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation. Their operating statements present sources (revenue and financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. 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. For this purpose, the Agency considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absence and claims expenditures, are recorded only when the liability has matured and payment is due.

Tax increment when levied for and interest associated with the current fiscal period, are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenues are measurable upon receipt of cash and are recognized at that time.

Amounts reported as program revenue in the government-wide financial statements include charges to customers or applicants for goods and services or privileges provided and, operating grants and contributions and capital grants and contributions restricted to a particular program. Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes are included in general revenues.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Agency reports the following major governmental funds:

- The general fund is the general operating fund of the Agency. All financial resources, except those required to be accounted for in another fund, are accounted for in the general fund.
- The City Center debt service fund is used to account for the accumulation of resources for the payment of general long-term debt, principal, interest and related costs associated with the City Center District.
- The City Center capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities within the City Center District.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The Agency established the use of proprietary funds to account for its business-type activities; accordingly, the operations of the Agency's parking and leasing activities are accounted for in separate enterprise funds.

The Agency reports the following major proprietary funds:

- The Parking Fund accounts for the parking operations of the Anchor Garage and the Pennsylvania Avenue Garage, which are located within the City Center District.

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- The Leasing Fund accounts for the leasing operations of the Anchor Shops and the Pennsylvania Avenue Shops. The Anchor Shops and Pennsylvania Avenue Shops are both located within the City Center District.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance or Equity

1. Capital Assets

Capital assets, which include property, vehicles, machinery, furniture and fixtures, are reported in the applicable governmental or business-type columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost as described below, and an estimated useful life in excess of one year. Such assets are recorded at historical costs or based on valuations, which approximate cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, furniture and fixtures of the Agency are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives and the capitalization threshold effective October 1, 2010, are as follows:

Assets	Threshold Capitalized All	Years
Land and other nondepreciable assets	\$ 100,000	N/A
Construction work in progress	100,000	N/A
Building and building improvements	100,000	35-50
Roads, sidewalks, foot bridges, and curbs and streets	100,000	30
Causeways, bridges, canals, and drainage systems	100,000	50
Guard rails, noise abatement, alley and seawalls, boardwork, walkways	100,000	30
Furniture and equipment	5,000	7
Maintenance and heavy moving equipment	5,000	15
Motor vehicles	5,000	5
Motor vehicles (greater than \$50,000)	50,000	10

In governmental funds, capital outlay (capital assets) is reported as an expenditure and no depreciation expense is reported.

2. Cash and Investments

Cash is comprised of deposits with financial institutions. Investments are comprised of U.S. Treasury obligations, money market funds and external governmental investment pools. For the purpose of the statement of cash flows for the proprietary fund types, cash and investments are short-term, highly liquid investments with an original maturity of three months or less.

Investments are recorded at fair value using quoted market price or the best available estimate thereof, except for those investments with remaining maturities of one year or less, when purchased, which are recorded at amortized cost, in accordance with GASB Statement No. 72 "Fair Value Measurement and Application" and/or No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* where applicable.

3. Prepaid Items

Expenditures made for services that will benefit periods beyond September 30, 2018 are recorded as prepaid expenses in the government-wide statements and proprietary fund statements. Accordingly, a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

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4. Fund Equity/Net Position

Fund Equity:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, 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.

- a. Non-spendable Fund Balance – amounts that cannot be spend because they are either not in spendable form or legally or contractually required to be maintained intact. Examples on non-spendable fund balance include inventories and/or prepaid expenses.
- b. 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.
- c. Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. The commission adopts a City resolution, which includes the amount to be committed and the reason for the commitment. Only an adopted resolution by the Commission can establish, modify or rescind the commitment.
- d. Assigned Fund Balance – amounts that are constrained by the City Commission's or an official delegated by the governing body's (City Manager) intent to be used for specific purposes but are neither restricted nor committed. Fund balance is primarily assigned based on the City's budgeting policy. Some amounts are approved and assigned by the City commission subsequent to September 30, 2018.
- e. Unassigned Fund Balance – Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Net Position:

The government-wide and proprietary funds financial statements utilize a net position presentation. Net Position is categorized as investment in capital assets, restricted or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition of capital assets. Restricted net position represents amounts that are restricted by requirement of debt indenture. Unrestricted net position represents the net position of the Agency which is not restricted for any project or purpose.

5. 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 revenue and expenses during the reporting period. Actual results could differ from management's estimates.

6. Risk Management

The City, which includes coverage for the Agency, is self-insured for health insurance, automobile liability, general liability, police professional liability, workers' compensation, theft and property damage. The Agency is charged a premium fee by the City's self-insurance fund. The Agency does not retain any risk beyond premiums paid to the City. For fiscal year ended September 30, 2018, the City charged the Agency \$372,000 for health insurance, automobile liability, general liability, police professional liability and workers' compensation coverage.

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7. Employee Benefit Plan

The following is a brief description of the Agency employees' participation in the Miami Beach Employees' Retirement Plan and the City's Pension Fund for Firefighter's and Police (the "Plans"). Pursuant to Modification 29 of the Florida State Social Security Agreement, effective January 1, 1955, the City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. Instead, it provides eligible employees a comprehensive defined benefit pension. The City of Miami Beach does participate in the hospital insurance tax, also known as Medicare and withholds taxes accordingly. Readers should refer to Note 16 in the City's 2018 Comprehensive Annual Financial Report and Plan documents for detailed and comprehensive information on the Plans.

All full-time employees of the City who work more than 30 hours per week and hold classified or unclassified positions, except for Policemen and Firemen, are covered by the Miami Beach Employees' Retirement Plan (the "Plan"). The Plan provides retirement benefits as well as death and disability benefits at two different tiers depending on when the employees entered the plan. All First Tier employees who participate are required to contribute 12% of their salary to the Plan. All Second Tier employees are required to contribute 10% of their salary. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The City's Pension Fund for Firefighters and Police (the "Plan") is a defined benefit pension plan covering substantially all police officers and firefighters of the City. Members of the plan contribute 10% of their salary. The City is required to contribute an actuarially determined amount that, when combined with members' contributions, will fully provide for all benefits as they become payable.

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 ("MBERP") and the Miami Beach Fire and Police Retirement Plan ("MBF&P") and additions to/deductions from the MBERP and MBF&P plan net position has been determined on the same basis as they are reported by the MBERP and MBF&P, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

8. Post-Employment Benefits Other Than Pensions (OPEB)

Pursuant to Section 112.08, Florida Statutes, the Agency is required to permit eligible retirees and their eligible dependents to participate in the Agency'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 Agency is a part of the City of Miami Beach's single employer OPEB plan with benefits based on age and date of employment. The City has established an irrevocable trust fund to hold the assets of the OPEB plan. OPEB liabilities reported in the statement of activities are typically liquidated from the general fund. Please refer to Note 15 of the Agency and Note 17 of the City's 2018 Comprehensive Annual Financial Report for more information.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are recorded as additions to or deductions from the related debt and amortized in interest expense over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances 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. Debt principal payments are reported as debt service expenditures.

10. Deferred Outflows/Inflows of resources

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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 Agency has two items that qualify for reporting in this category.

- a. A deferred charge on refunding is reported in the government-wide and proprietary fund statements of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- b. Deferred outflows of resources related to the MBERP and MBF&P pension plans are recognized when the Agency 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 pensions are only reported on the proprietary funds and the government-wide financial statements.
- c. Deferred outflows of resources relating to Other Post Employment Benefits are recognized when the Agency 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 Agency has two items that qualify for reporting in this category.

- a. Deferred inflows of resources related to the MBERP and MBF&P pension plans are 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 pensions are only reported on the proprietary funds and the government-wide financial statements.
- 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 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.

11. Recent accounting pronouncements adopted/implemented

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 are effective for financial statements for the Agency's financial year ending September 30, 2018. Please refer to Note 15 and 17 for more information relating to GASB 75.

In March 2016, the GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-

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interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The provisions of this Statement are effective for financial statements for the Agency's financial year ending September 30, 2018. This statement did not have a material impact on the Agency.

In March 2017, the GASB issued Statement No. 85, "Omnibus 2017". The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions of this Statement are effective for the Agency's financial year ending September 30, 2018. This statement did not have a material impact on the Agency.

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishment Issues". The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of this Statement are effective for the Agency's financial year ending September 30, 2018. This statement did not have a material impact on the Agency.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions of this statement are effective for reporting periods beginning after December 15, 2019, however, the Agency has chosen to early implement this standard for reporting periods after September 30, 2017. This Statement did not have a significant impact on the Agency.

Note 2 - Deposits and Investments

Deposits

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, U.S. governmental and agency securities, state or 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.

Investments

The Agency adopted the City's ordinance designating the investments which are allowable for its cash management activities. The policy specifies the types and limits by instrument and establishes a diversified investment objective that takes into consideration the safety, return and liquidity of capital. The authorized investments include direct U.S. treasury obligations, U.S. government agencies, corporate bonds, commercial paper, state or municipal obligations and cash held at investment institutions. These investments are insured, or registered, or the securities are held by its agent in the Agency's name.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates.

Investments are made based on prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved by the sale of an investment, prior to maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting its exposure

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to fair value losses, the Agency's investment policy limits maturity of its investments to seven years or less. At September 30, 2018, all of the Agency's investments had a maturity of 1 year or less.

As of September 30, 2018, the Agency had the following investments and maturities:

	Fair Value	Investment Maturities
		(in years) Less Than One
U.S. Treasury securities	\$ 4,313,585	\$ 4,313,585
FLCLASS Pool	186,428,929	186,428,929
	<u>\$ 190,742,514</u>	<u>\$ 190,742,514</u>

Credit Risk: This 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. State law limits investments in commercial paper and corporate bonds rated in one of the top two ratings issued by the Nationally Recognized Statistical Rating Organization ("NRSRO"). It is the Agency's policy to limit its investments in these investment types to the top rating issued by the NSRSO. As of September 30, 2018, the Agency had no investments in commercial paper or corporate bonds.

Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

As of September 30, 2018, the Agency's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
US Govt Treasuries	U.S. Government	AA+	AAA	\$ 4,313,585
FLCLASS	Local Govt. Investment Pool	AAAm	N/A	186,428,929
				<u>\$ 190,742,514</u>

Concentration of Credit Risk: The Agency's investment plan limits the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The maximum portfolio allocation is 100% for both cash held at investment institutions and Treasury Securities as well as money market funds unless they are private money market mutual funds backed by "Full Faith and Credit" U.S. Government Securities in which case they cannot exceed 25%.

The Agency's cash and investments at September 30, 2018 are shown below:

	Carrying Amount	% of Portfolio
FLCLASS Pool	\$ 186,428,929	97.7%
Treasury securities	4,313,585	2.3%
	<u>\$ 190,742,514</u>	<u>100.0%</u>

Custodial Credit Risk: The Agency's investment policy requires that securities be registered in the name of the Agency. All safekeeping receipts for investment instruments are held in accounts in the Agency's name and all securities are registered in the Agency's name. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral

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securities that are in the possession of an outside party. All of the Agency's investments in Treasury securities are held by a counterparty in the Agency's name.

Fair Value Measurement: In February 2015, GASB issued Statement No. 72, addressing the accounting and financial reporting issues related to fair value measurements. GASB No. 72 defines fair value as the price that would be received to sell an asset. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

The Agency has the following recurring fair value measurements as of September 30, 2018:

	2018	Fair Value Measurements Using:	
		Level 1	Level 2
Investments by fair value level			
Debt Securities			
U.S. Treasuries	\$ 4,313,585	\$ -	\$ 4,313,585
Total debt securities	4,313,585	-	4,313,585
Total investments by fair value	4,313,585	\$ -	\$ 4,313,585
Investments measured at the net asset value:			
FL CLASS	186,428,929		
Total investments	\$ 190,742,514		

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under F.S. 163.01. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participants, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average maturity is 61 days as of September 30, 2018.

The City's cash and investments held at September 30, 2018 (including restricted cash and cash with paying agent) are shown below:

US Treasury	\$ 4,313,585
FL Class	186,428,929
Total investments	190,742,514
Cash and equivalents	27,801,345
	<u>\$ 218,543,859</u>

Cash and investments by fund:

General Fund	\$ 66,264,357
Debt Service Fund	-
Capital Projects Fund	123,710,939
Parking Fund	17,036,739
Leasing Fund	11,531,824
Total cash and investments	<u>\$ 218,543,859</u>

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Note 3 - Capital Assets

Capital asset activities for the year ended September 30, 2018 were as follows:

A. Governmental Activities

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,817,763	\$ -	\$ -	\$ 10,817,763
Construction in progress	138,968,216	130,148,098	202,334	268,913,980
Total capital assets not being depreciated	<u>149,785,979</u>	<u>130,148,098</u>	<u>202,334</u>	<u>279,731,743</u>
Capital assets, being depreciated:				
Buildings and structures	24,399,014	-	-	24,399,014
Streetscape improvements	42,829,815	-	-	42,829,815
Restoration/renovations	30,615,316	-	-	30,615,316
Vehicles	6,501	-	-	6,501
Machinery and equipment	456,448	-	-	456,448
Furniture and fixtures	854,387	19,609	-	873,996
Total capital assets being depreciated	<u>99,161,481</u>	<u>19,609</u>	<u>-</u>	<u>99,181,090</u>
Less accumulated depreciation for:				
Buildings and structures	4,245,460	458,261	-	4,703,721
Streetscape improvements	9,539,046	2,041,455	-	11,580,501
Restorations/renovations	6,406,433	1,022,448	-	7,428,881
Vehicles	6,501	-	-	6,501
Machinery and equipment	326,633	41,265	-	367,898
Furniture and fixtures	381,653	133,056	-	514,709
Total accumulated depreciation	<u>20,905,726</u>	<u>3,696,485</u>	<u>-</u>	<u>24,602,211</u>
Total capital assets, being depreciated, net	<u>78,255,755</u>	<u>(3,676,876)</u>	<u>-</u>	<u>74,578,879</u>
Governmental activities capital assets, net	<u>\$ 228,041,734</u>	<u>\$ 126,471,222</u>	<u>\$ 202,334</u>	<u>\$ 354,310,622</u>

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B. Business-Type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,003,282	\$ -	\$ -	\$ 3,003,282
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>3,003,282</u>	<u>-</u>	<u>-</u>	<u>3,003,282</u>
Capital assets, being depreciated:				
Buildings and structures	30,823,260	-	-	30,823,260
Machinery and equipment	705,098	435,203	213,950	926,351
Total capital assets being depreciated	<u>31,528,358</u>	<u>435,203</u>	<u>213,950</u>	<u>31,749,611</u>
Less accumulated depreciation for:				
Buildings and structures	10,246,874	781,612	-	11,028,486
Machinery and equipment	324,436	119,427	213,950	229,913
Total accumulated depreciation	<u>10,571,310</u>	<u>901,039</u>	<u>213,950</u>	<u>11,258,399</u>
Total capital assets, being depreciated, net	<u>20,957,048</u>	<u>(465,836)</u>	<u>-</u>	<u>20,491,212</u>
Business-type activities capital assets, net	<u>\$ 23,960,330</u>	<u>\$ (465,836)</u>	<u>\$ -</u>	<u>\$ 23,494,494</u>

Depreciation expense was charged to functions/programs of Agency as follows:

Governmental activities:

General government	\$ 414,852
Public safety	9,310
Physical environment	44,523
Transportation	1,649,382
Culture and recreation	1,578,418
Total depreciation expense - governmental activities	<u>\$ 3,696,485</u>

Business-type activities:

Parking	\$ 823,687
Leasing	77,352
Total depreciation expense - business-type activities	<u>\$ 901,039</u>

Note 4 - Construction Commitments

The Agency had the following construction commitments as of September 30, 2018:

City Center Capital Projects	\$ 48,440,756
General Fund Activities	1,503,373
Anchor Garage	2,238,195
	<u>\$ 52,182,324</u>

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Note 5 - Tenant Leases

The Agency serves as the lessor for the tenants leasing various retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2023. For leases that contain predetermined fixed escalations of the minimum rentals, the Agency recognizes the related rental revenue on the straight-line basis over the initial lease term. Future minimum lease payments to be received under the operating leases at September 30, 2018 are as follows:

Year ending September 30,	
2019	\$ 1,051,087
2020	1,088,382
2021	959,168
2022	954,736
2023	867,681
2024	523,575
	<u>\$ 5,444,629</u>

The following schedule provides an analysis of the Agency’s investment in property under operating leases and property held for lease by major classes as of September 30, 2018:

Parking facilities	\$ 4,889,763
Retail space	2,397,145
Recreational facilities	5,431,489
Less: Accumulated depreciation	(2,577,136)
	<u>\$ 10,141,261</u>

Note 6 - Tax Increment Revenue Bonds

On December 15, 2015 the City issued \$286,245,000 in Series 2015A Tax Increment Revenue and Revenue Refunding Bonds to provide for the current refunding of all of the Agency’s Tax Increment Revenue Refunding Bonds, Series 2005B; finance certain costs of acquiring and constructing renovations to the convention center and certain other improvements; and pay costs of issuance of the Series 2015A bonds. The Series 2015A bonds were issued with interest rates of 4.00% to 5.00% payable semiannually on February 1 and August 1.

On December 15, 2015 the City issued \$35,850,000 in taxable Series 2015B Tax Increment Revenue Refunding Bonds to provide for the advance refunding of all of the Agency’s Tax Increment Revenue Refunding Bonds, Taxable Series 1998A; provide for the current refunding of all of the Agency’s Tax Increment Revenue Refunding Bonds, Taxable Series 2005A; and pay costs of issuance of the Series 2015B bonds. The Series 2015B bonds were issued with interest rates of 1.93% to 3.69% payable semiannually on February 1 and August 1.

The principal and interest of the Series 2015A and 2015B Tax Increment Revenue Refunding Bonds are fully secured by the tax increment revenues derived from the Redevelopment area and received solely from the City and the County. Annual pledged revenues received by the Agency are required to be at least equal to 150% of the maximum annual debt service. For fiscal year ending September 30, 2018, the City received \$49,920,277 in pledged revenues. The maximum annual debt service is \$21,729,597 and will occur in fiscal year 2023. For fiscal year 2018, the Agency’s ratio of pledged revenues to maximum annual debt service is 230%.

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The aggregate maturities of tax increment revenue bonds at September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,880,000	\$ 14,790,654	\$ 21,670,654
2020	7,120,000	14,562,428	21,682,428
2021	7,395,000	14,310,985	21,705,985
2022	7,675,000	14,037,615	21,712,615
2023	7,985,000	13,744,597	21,729,597
2024-2028	41,560,000	62,981,250	104,541,250
2029-2033	53,380,000	51,173,000	104,553,000
2034-2038	68,535,000	36,009,375	104,544,375
2039-2043	88,000,000	16,539,750	104,539,750
2044	20,400,000	510,000	20,910,000
	<u>308,930,000</u>	<u>238,659,654</u>	<u>547,589,654</u>
Add net unamortized bond premium	<u>25,548,884</u>	<u>-</u>	<u>25,548,884</u>
	<u>\$ 334,478,884</u>	<u>\$ 238,659,654</u>	<u>\$ 573,138,538</u>

Note 7 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue Bonds	\$ 315,600,000	\$ -	\$ (6,670,000)	\$ 308,930,000	\$ 6,880,000
Add: Series 2015 Premium	27,068,974	-	(1,520,090)	25,548,884	1,511,775
Total bonds payable	<u>342,668,974</u>	<u>-</u>	<u>(8,190,090)</u>	<u>334,478,884</u>	<u>8,391,775</u>
Compensated absences	276,226	187,662	(144,289)	319,599	144,289
Net OPEB Liability (restated 2017)	3,948,074	1,142,023	-	5,090,097	-
Net Pension Liability - MBERP	1,268,843	74,181	-	1,343,024	-
Net Pension Liability - MBF&P	7,607,398	152,270	-	7,759,668	-
Governmental activity long-term liabilities	<u>\$ 355,769,515</u>	<u>\$ 1,556,136</u>	<u>\$ (8,334,379)</u>	<u>\$ 348,991,272</u>	<u>\$ 8,536,064</u>
Business-type activities:					
Tenant deposits	\$ 216,682	\$ 2,528	\$ (3,658)	\$ 215,552	\$ 3,658
Business-type activity long-term liabilities	<u>\$ 216,322</u>	<u>\$ 2,528</u>	<u>\$ (3,658)</u>	<u>\$ 215,552</u>	<u>\$ 3,658</u>

Note 8 - Tax Increment Revenue

The Agency is primarily funded through tax-increment revenue. This revenue is computed by applying the operating tax for the City and Miami-Dade County, Florida, (the "County") multiplied by the increased value of property in the district over the base property value minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations.

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Note 9 - Related-Party Transactions

The Agency obtains certain managerial and administrative services from the Primary Government in accordance with a management agreement. The Agency incurred \$1,058,469 of management-fee expense under this agreement for the year ended September 30, 2018. At September 30, 2018, there were no outstanding balances resulting from other transactions with the Primary Government.

Note 10 - Interfund Transfers

Interfund transfers for the year ended September 30, 2018 consisted of the following:

Government funds:		
Transfers from the general fund to:		
Debt service	\$	21,665,092
Capital projects		6,914,221
Primary government		<u>7,460,000</u>
 Total transfers from the general fund	 \$	 <u><u>36,039,313</u></u>

Transfers are used to: (1) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them, and (2) move receipts restricted for debt services from the funds collecting the receipts to the debt service fund. In addition, the Agency's general fund received \$822,399 from the primary government.

Note 11 - Receivables

At September 30, 2018, the Agency had the following receivable balances:

		Business-Type Activities
		<u>Leasing Funds</u>
Receivables:		
Rent	\$	<u>749,779</u>
Gross receivable		749,779
Less allowance for uncollectible		<u>(707,866)</u>
 Net receivables	 \$	 <u><u>41,913</u></u>

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Note 12 - Governmental Fund – Fund Balance

Below is a table of fund balance categories and classifications at September 30, 2018 for the Agency’s governmental funds:

	<u>General Fund</u>	<u>Capital Projects</u>
Nonspendable	\$ -	\$ 22,806
Restricted:		
Economic environment	65,933,523	2,561,446
Culture and recreation	-	54,526,423
General public facility	-	29,540,179
Parks	-	3,601
Streets/sidwalks	-	5,994,591
Transit	-	84,757
	<hr/>	<hr/>
Total Fund Balance	\$ 65,933,523	\$ 92,733,803

Note 13 - Contingencies

The Agency, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the Agency.

Note 14 - Pension Plan

Miami Beach Employees’ Retirement System (“MBERP”)

Plan Description

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955, the City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. The Miami Beach Employees’ Retirement Plan (the Plan) is a single employer defined benefit pension plan for general employees established by the City of Miami Beach, Florida (the City) effective March 18, 2006. The plan acts as a cost-sharing plan to the Agency. The Miami Beach Employees’ Retirement System was created under and by the authority of Chapter 18691, Laws of Florida, Act of 1937, as amended, by merging the “Retirement System for General Employees of the City of Miami Beach” created by Ordinance 1901 with the “Retirement System for Unclassified Employees and Elected Officials of the City of Miami Beach” created by Ordinance 88-2603, as amended.

Members are full-time employees, classified and unclassified positions, who work more than 30 hours per week except for policemen and firemen and persons who elect to join the defined contribution retirement Plan sponsored by the City.

Substantially all full-time employees of the Agency 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.

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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

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

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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.

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 in loans were outstanding as of September 30, 2018.

Funding Policy, Contributions Required and Contributions Made

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. The City Commission has the authority to increase or decrease contributions.

For the fiscal year ended September 30, 2018, the Agency was required to make contributions of \$197,000 or 27.90% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2015. For the year ended September 30, 2018, the employees contributed \$50,915.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.

For the year ended September 30, 2018, the Agency recognized a pension expense of \$15,973. At September 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience		
experience	\$ 740	\$ 28,331
Agency contributions subsequent to measurement date	197,000	-
Net difference between projected and actual earnings on	-	91,381
Change in assumptions	316,620	-
Total	<u>\$ 514,360</u>	<u>\$ 119,712</u>

(Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended September 30:	
2019	\$ 80,502
2020	84,518
2021	16,384
2022	16,244
Total	<u>\$ 197,648</u>

The Plan uses the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	3.0%
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	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.

Net Pension Liability of the Agency

The components of the net pension liability of the Agency at September 30, 2018 were as follows:

Total pension liability	\$ 5,151,914
Plan's fiduciary net position	<u>(3,808,890)</u>
Agency net pension liability	<u>\$ 1,343,024</u>

The above methods and assumptions were used to determine the total pension liability at the actuarial valuation date of October 1, 2016. The actuarial measurement date is September 30, 2017. The Agency's proportionate share is determined as the ratio of the Agency's retirement contributions over the total retirement contributions for the City. For fiscal year 2018, the Agency's share of the liability was 0.62% or \$1,343,024.

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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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount

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 net pension liability to changes in the discount rate

The following present the Agency's net pension liability, calculated using a single discount rate of 7.65%, as well as what the Agency's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<u>Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption</u>		
<u>1% Decrease 6.65%</u>	<u>Rate Assumption 7.65%</u>	<u>1% Increase 8.65%</u>
<u>\$ 1,971,581</u>	<u>\$ 1,343,024</u>	<u>\$ 822,807</u>

Historical trend information is presented in the required supplementary information schedules following the notes to the financial statements to show the changes in the net pension liability and the contributions to the plan.

Retirement System for Firefighters and Police Officers (MBF&P)

Plan Description

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 The City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. The plan is a single employer defined benefit plan established by the City of Miami Beach, Florida (The "City") and was created under Chapter 23414, Laws of Florida, Special Acts of 1945, as amended through October 14, 2015. The Plan's governing board is the Board of Trustees, which comprises nine members: three of which are elected by the fire department, three of which are elected by the police department, and three of which are appointed by the mayor. Members are substantially all police officers and firefighters employed by the City of Miami Beach, Florida. Members are further divided in the following three tiers:

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- Tier One members are those hired prior to July 14, 2010.
- Tier Two members are those hired on or after July 14, 2010, but prior to September 30, 2013.
- Tier Three members are those hired on or after September 30, 2013, but prior to June 8, 2016 and July 20, 2016 for Fire Department and Police Department members, respectively.
- Tier Four members are those hired on or after June 8, 2016 and July 20, 2016 for Fire Department and Police Department members, respectively

Tier One members

Members who met eligibility to retire prior to September 30, 2013 may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when age and length of creditable service equals to at least 70 years. Members eligible to retire on or after September 30, 2013 may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 47 and length of creditable service equals to at least 70 years.

Upon retirement, a member who met eligibility to retire on or before September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 15 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 15 years, provided that the pension does not exceed 90% of the average monthly salary. Members who met eligibility to retire on or after to September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. All retirees and beneficiaries receiving a monthly pension as of September 30, 2010 will receive a 2.5% increase in benefits on October 1st of each year. Members that retire on or after September 30, 2010 will receive a 2.5% increase in benefits annually on the anniversary date of the member's retirement.

Tier Two members

Any member may retire on a service retirement pension upon the attainment of age 50 and the completion of at least 5 years of credible pension service or, if earlier, the date when the member attains age 48 plus the length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the three highest paid years prior to the date of retirement or the average of the last three paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

Tier Three members

Any member may retire on a service retirement pension upon the attainment of age 50 and the completion of at least 5 years of credible pension service or, if earlier, the date when the member attains age 48 plus the length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the five highest paid years prior to the date of retirement or the average of the last five paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

Tier Four members

Any member may retire on a service retirement pension upon the attainment of age 52 and the completion of at least 5 years of credible pension service or, if earlier, the date when the member attains age 48 plus the length of creditable service equals to at least 70 years.

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Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the five highest paid years prior to the date of retirement or the average of the last five paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement

Any member of the plan who becomes totally and permanently disabled at any time as a result of illness or injury suffered in the line of duty may be retired on an accidental disability pension. For a service connected disability, the minimum pension payable is 85% of monthly salary of the employee at the time of disability retirement, less any offset for worker's compensation. Any member who becomes totally or permanently disabled after 5 years of creditable service as a result of illness or injury not suffered in the line of duty may be retired on an ordinary disability retirement pension. Upon disability retirement, a member received a monthly pension equal to their service retirement benefits. For a non-service connected disability, the pension is the accrued benefit after 5 years of creditable service. The plan also provides death benefits for beneficiaries or members for service connected and non-service connected death.

If a member resigns or is lawfully discharged before retirement, their contributions with 3% interest per annum are returned to them. The Plan also provides a special provision for vested benefits for members who terminate after 5 years of service.

In the alternative and in lieu of the normal form of benefit, the member may, at any time prior to retirement, elect to receive a lifetime retirement benefit with 120 monthly payments guaranteed. If the member should die before 120 monthly payments are made, benefits will continue to be paid to the member's designated beneficiary for the balance of the 120 month period. If the retired member is living after 120 monthly payments are made, the payments shall be continued for the member's remaining lifetime. In case of termination of the Plan, benefits accrued to members to the extent funded will be non-forfeitable.

Deferred retirement option plan

An active member of Tier One may enter into the DROP on the first day of any month after meeting eligibility to retire. Members who entered the DROP on or before September 30, 2015, shall be eligible to participate for a period not to exceed 72 months. Members who entered the DROP on or after October 1, 2015, shall be eligible to participate for a period not to exceed 96 months. All members shall receive a 2.5% COLA increase in benefits annually on the anniversary date of the member's entry into the DROP, in conjunction with a few annual exceptions.

An active member of Tier Two, Three or Four may enter into the DROP on the first day of any month after meeting eligibility to retire. Members who entered the DROP on or after October 1, 2015, shall be eligible to participate for a period not to exceed 96 months. All members shall receive a 1.5% COLA increase in benefits annually on the anniversary date of the member's entry into the DROP, in conjunction with a few annual exceptions.

Once a member enters the DROP, their monthly retirement benefit is fixed, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including earnings, is payable to them and they will begin to receive their normal retirement benefit.

At September 30, 2018, the total amount of the Deferred Retirement Option Plan payable, \$21,866,964, represents the balance of the self-directed participants as all the participants are now in the self-directed DROP.

Funding Policy, Contributions Required and Contributions Made

The City (the "Employer") is required to contribute an actuarially determined amount that, when combined with members' contributions, will fully provide for all benefits as they become payable. All Tier One and Tier Two members are required to contribute 10% of their salary to the Plan, while all Tier Three members are required to contribute 10.5% of their salary to the Plan. The City Commission has the authority to increase or decrease contributions.

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For the fiscal year ended September 30, 2018, the Agency was required to make contributions of \$969,000 or 65.75% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2016. For the year ended September 30, 2018, the employees contributed \$169,748.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.

For the year ended September 30, 2018, the Agency recognized pension expense adjustment of \$235,663.

At September 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 329,781	\$ -
Changes in assumptions	775,664	-
City contributions subsequent to measurement date	969,000	
Net difference between projected and actual earnings on pension plan investments earnings on pension plan	-	110,174
Total	<u>\$ 2,074,445</u>	<u>\$ 110,174</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended September 30:	
2019	\$ 465,736
2020	463,142
2021	96,353
2022	(29,960)
Total	<u>\$ 995,271</u>

The above 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
Inflation	3.0%
Salary Increases	2.88% - 10.70%
Cost-of-Living Increases	1.50%, 2.00%, or 2.50%
Investment Rate of Return	7.85%, compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For healthy participants during employment, RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with 90% Blue Collar Adjustment / 10% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For healthy participants post employment, RP-2000 Annuitant Mortality Tables, separate rates for males and females, with 90% Blue Collar Adjustment / 10% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For disabled male participants, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP 2000 Disabled

(Continued)

Female Mortality Table set forward two years / 40% RP 2000 Annuitant
 Female Mortality Table with White Collar Adjustment with no setback,
 without projected mortality improvements.

Discount

A discount rate of 7.85% was used to measure the September 30, 2017 total pension liability; a decrease from the prior year rate of 7.90%. This discount rate was based on the expected rate of return on Fund investments of 7.85%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined current contribution rates and the member contribution rate. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future expected benefit payments to current Fund members. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability of the Agency

The components of the net pension liability of the Agency at September 30, 2018 were as follows:

Total pension liability	\$ 30,271,125
Plan's fiduciary net position	(22,511,457)
Agency net pension liability	<u>\$ 7,759,668</u>

The Agency's proportionate share is determined as the ratio of the Agency's retirement contributions over the total retirement contributions for the City. For fiscal year 2018, the Agency's share of the liability was 2.57% or \$7,759,668.

The target and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Target Asset Class</u>	<u>Assumed Asset Allocation</u>
Domestic equities	50%
Fixed income	30
International equities	5
Real estate equity	10
Cash/short-term investments	5
Total	<u>100%</u>

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.50%
International equity	8.50
Domestic bonds	2.50
International bonds	3.50
Real estate	4.50
Alternative investments	6.24

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The following present the Agency’s net pension liability calculated using a single discount rate of 7.85%, as well as what the Agency’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
1% Decrease	Rate Assumption	1% Increase
6.85%	7.85%	8.85%
\$ 11,673,077	\$ 7,759,668	\$ 4,570,844

Historical trend information is presented in the required supplementary information schedules following the notes to the financial statements to show the changes in the net pension liability and the contributions to the plan.

Financial Statements

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports. Each of the Retirement Systems are audited separately. Complete financial statements can be obtained at the following offices:

City of Miami Beach
 Employee Retirement System
 1700 Convention Center Drive
 Miami Beach, Florida 33139

City of Miami Beach
 Retirement System for Firefighters and Police Officers
 1691 Michigan Ave. Suite 555
 Miami Beach, Florida 33139

Florida’s Federal-State Social Security Agreement

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955, the City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. Instead, it provides eligible employees a comprehensive defined benefit pension plan. Contributions to Social Security for fiscal year 2018 and 2017 would have been \$10,618,430 and \$9,966,055, respectively. The City of Miami Beach does participate in the hospital insurance tax, also known as Medicare, and withholds taxes accordingly.

Firemen’s and Police Relief and Pension Funds

The City’s firefighters and police officers are members of two separate non-contributory money purchase benefit plans established under the provisions of Florida Statutes, Chapters 175 and 185, respectively. These plans are funded solely from proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within City limits. This tax, which is collected from insurers by the State of Florida, is remitted to the Plans’ Boards of Trustees. The City is under no obligation to make any further contributions to the plans. The excise taxes received from the State of Florida and remitted to the plans for the year ended September 30, 2018 was \$1,355,329 for firefighters and \$770,306 for police officers. These payments were recorded on the City’s books as revenues and expenditures during the fiscal year.

Plan benefits are allocated to participants based upon their service during the year and the level of funding received during the year. Participants are fully vested after 10 years of service with no benefits vested prior to 10 years of service, except those prior to June 1983. All benefits are paid in a lump sum format, except for the Police Relief Funds, where participants may also elect not to withdraw or to partially withdraw, his or her retirement funds.

Defined Contribution Retirement Plan-401(A)

Effective October 18, 1992 City’s Ordinance No. 92-2813 provided for the creation of a Defined Contribution Retirement Plan (the “Plan”) under section 401(A) of the internal revenue code of 1986. The Plan provides retirement and other related benefits for eligible employees as an option over the other retirement systems sponsored by the City.

(Continued)

Any person employed on or after October 18, 1992, in the unclassified service of the City, has the right to select the Plan as an optional retirement plan to the Unclassified Employees and Elected Officials Retirement System. At the time of the Ordinance, employees of the City who were members of the Unclassified Employee and Elected Official Retirement System (the "System") had the irrevocable right to elect to transfer membership from the System to the Plan for a limited period of time. Effective March 19, 2006 the Plan is no longer offered to new employees of the City. Employees participating in the Plan prior to March 19, 2006 were given the option to transfer membership to the System.

The Plan is administered by a Board of Trustees, which has the general responsibility for the proper operation and management of the Plan. The Plan complies with the provisions of section 401(A) of the Internal Revenue Code of 1986 and may be amended by the City Commission of the City. The City has no fiduciary responsibility for the Plan, consequently, amounts accrued for benefits are not recorded in the fiduciary fund.

Employees in the Plan hired prior to February 21, 1994 are required to contribute 10% of their salary while those hired subsequent to February 21, 1994 are required to contribute 8% of their salary. The City matches the employee's contribution 100%. The Plan of each employee is the immediate property of the employee. Employees have Nationwide Retirement Solutions or IMCA-RC as their plan administrator. In addition, the employee is responsible for the investment of their funds amongst choices of investment vehicles offered by their selected plan administrator.

Plan information as of and for the fiscal year ended September 30, 2018 is as follows:

Members in the Plan	23
City's contribution	\$ 130,812
Percentage of covered payroll	7.71%
Employees' contribution	131,117
Percentage of covered payroll	7.73%

Note 15 - Postemployment Benefits Other than Pension Benefits (OPEB)

Plan Description

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. 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 plan acts as a cost sharing plan to the Agency,

The City's plan's 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.

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At the time of the measurement date, the plan participation consisted of (the Agency's employees are commingled in the below figures):

Active OPEB plan participant	2,248
Inactive members receiving benefit payments	1,177
	<u>3,425</u>

Funding Policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2018, the City paid \$11,647,331 in OPEB benefits on a pay-as-go basis and \$500,000 to the Trust.

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			Long-Term Expected Rate of Return
	Minimum	Target	Maximum	
Equity Investments	40%	60%	75%	2.21%
Fixed Income	25%	39%	60%	5.88%
Cash and Equivalents (Money Market	0%	1%	100%	

The long-term expected rate of return is determined via arithmetic real rates of return for each major class of assets. Please refer to note 3 of the City's CAFR for more detailed information regarding the OPEB Trusts' plan assets.

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. Contributions 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. 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.

(Continued)

Receivables

As of September 30, 2018, the plan had \$500,000 in receivables from the City. Of this amount, the Agency is responsible for \$193,000. The amount represents the fiscal year's funding.

Net OPEB Liability of the Agency

The City's net OPEB liability at September 30, 2018 was \$149,712,078. The Total OPEB Liability was valued at a measurement date of September 30, 2018. The Agency's share of this liability is \$5,090,097 or 3.40%. The Agency's prior year proportionate share of the collective liability was 2.65%. The Fund's proportionate share is determined as the ratio of the Fund's pay-go and trust fund contributions over the total pay-go and trust contributions for the City. During the fiscal year, the Agency incurred an expense adjustment of \$66,271 (reduction of expense). The components of the net OPEB liability of the Agency at September 30, 2018, were as follows:

Total OPEB Liability	\$ 6,779,116
OPEB Plan Fiduciary Net Position	<u>(1,689,019)</u>
Net OPEB Liability	<u>\$ 5,090,097</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 <u>24.92%</u>

Schedule of Deferred Inflows/Outflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 252,624	\$ -
Net difference between projected and actual investments	-	34,962
Change in proportion - funds	966,434	
	<u>\$ 1,219,058</u>	<u>\$ 34,962</u>

Amortization of Net Deferred
Outflows/(Inflows)

<u>Year</u>	<u>Amortization</u>
2019	\$ 189,165
2020	189,165
2021	189,165
2022	196,927
2023	199,846
Thereafter	219,828
	<u>\$ 1,184,096</u>

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Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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
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 amortized 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 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.

Expense Type	Select	Ultimate
Pre-medicare Medical and Rx	7.00%	4.50%
Medicare Benefits	6.00	4.50
Stop Loss Fees	7.00	4.50
Administrative Fees	4.50	4.50

The Per Capita Health Claim Costs for expected retiree claim costs were developed using historical claim experience through September 2018. For the police and fire plans, the claims were developed based on the premium equivalents and age adjusted. The annual age 60 and 70 claim costs for retirees and their spouses are as follows:

Per Capita Costs	Age 60	Age 70
Police	\$ 10,554	\$ 5,630
Fire	10,974	5,979
Other	11,135	7,043

(Continued)

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Net OPEB Liability	\$ 516,564	\$ 5,090,097	\$ 3,657,774

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the City, as well as what the City'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 (refer to the assumptions)	1% Increase
Net OPEB Liability	\$ 3,657,793	\$ 5,090,097	\$ 5,151,735

For the September 30, 2018 OPEB Trust Fund financial statements, please refer to pages 133-134 of the City's CAFR.

Note 16 - Subsequent Events

Management is not aware of any significant subsequent events that would require disclosure.

Note 17 – Restatement for GASB 75

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

	Governmental Activities
September 30, 2017	\$ 160,259,946
Restatement for GASB 75	(3,972,272)
October 1, 2017	<u>\$ 156,287,674</u>
Balances At October 1, 2017	
Net OPEB liability	\$ 3,948,074
Deferred inflow - OPEB	24,198
Net Total	<u>\$ 3,972,272</u>

Note 18 – Insurance Recoveries and related Impairment

During fiscal year 2018, the Agency recovered \$1,311,745 in insurance proceeds. The losses pertain to the City's Convention Center project which was substantially completed after the fiscal year. The Agency's impairments relate to construction catastrophes, such as infrastructure collapses or fires, and/or natural disasters, such as severe weather.

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Note 19 – Pollution Remediation

GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations, establishes and accounting and financial reporting standards for pollution remediation obligations. As of September 30, 2018, the Agency has identified and recorded the following pollution remediation liabilities:

<u>Description</u>	<u>Total Obligation</u>	<u>Current</u>
Collins Park Garage Hydrocarbon Remediation	(1,000,000.00)	\$ 1,000,000
Miami Beach Convention Center- arsenic investigation	(1,600,000.00)	1,600,000
	<u>(2,600,000.00)</u>	<u>\$ 2,600,000</u>

Requests for Information

This financial report is designed to provide a general overview of the Miami Beach Redevelopment Agency's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Miami Beach Redevelopment Agency, Finance Department, 1700 Convention Center Drive, Miami Beach, Florida 33139.

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REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)
UNAUDITED

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)

SCHEDULE OF CONTRIBUTIONS
RETIREMENT SYSTEMS

(Unaudited)

***Miami Beach Employees Retirement Plan**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 197,000	\$ 182,000	\$ 165,000	\$ 191,385	\$ 185,204	\$ 141,360	\$ 117,122	\$ 96,416	\$ 114,152	\$ 85,686
Actual contribution	197,000	182,000	165,000	191,385	185,204	141,360	117,122	96,416	114,152	85,686
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 706,085	\$ 698,244	\$ 588,000	\$ 595,782	\$ 552,405	\$ 539,894	\$ 605,689	\$ 434,359	\$ 488,855	\$ 461,911
Actual contribution as a % of covered payroll	27.90%	26.07%	28.06%	32.12%	33.53%	26.18%	19.34%	22.20%	23.35%	18.55%

City Pension for Firefighters and Police Officers

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 969,000	\$ 900,919	\$ 976,000	\$ 846,000	\$ 921,087	\$ 1,011,549	\$ 929,722	\$ 840,435	\$ 599,465	\$ 516,378
Actual contribution	969,000	900,919	976,000	846,000	921,087	1,011,549	929,722	840,435	599,465	516,378
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
** Covered payroll	\$ 1,473,852	\$ 1,311,798	\$ 1,344,000	\$ 1,652,889	\$ 1,096,378	\$ 992,167	\$ 942,634	\$ 722,992	\$ 658,571	\$ 790,308
Actual contribution as a % of covered payroll	65.75%	68.68%	72.62%	51.18%	84.01%	101.95%	98.63%	116.24%	91.03%	65.34%

** Includes DROP members

Notes:

1. City Pension for Firefighters and Police Officers actual contributions include certain Chapter 175/185 non-employer contributions amounts. These amounts are from the State of Florida.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE CITY'S NET PENSION LIABILITY
RETIREMENT SYSTEMS
(Unaudited)

MBERP*	2017	2016	2015	2014
Agency's proportion of the net pension liability	0.62%	0.62%	0.59%	0.72%
Agency's proportionate share of the net pension liability	\$ 1,343,024	\$ 1,268,843	\$ 1,285,164	\$ 1,209,020
Agency's covered payroll	\$ 698,244	\$ 588,000	\$ 595,782	\$ 552,405
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	192.34%	215.79%	215.71%	218.86%
Plan fiduciary net position as a percentage of the total pension liability	73.06%	73.06%	70.11%	75.55%
MBF&P*	2017	2016	2015	2014
Agency's proportion of the net pension liability	2.57%	2.56%	2.79%	2.56%
Agency's proportionate share of the net pension liability	\$ 7,759,668	\$ 7,607,398	\$ 8,116,815	\$ 5,691,617
Agency's covered payroll	\$ 1,311,798	\$ 1,344,000	\$ 1,652,889	\$ 1,096,378
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	591.53%	566.03%	491.07%	519.13%
Plan fiduciary net position as a percentage of the total pension liability	73.04%	73.04%	72.07%	77.59%

*Only four years of data is readily available. The years will be populated each year until 10 years are presented.

Miami Beach Redevelopment Agency
 (A Component Unit of the City of Miami Beach, Florida)
 NOTES TO THE RETIREMENT SYSTEMS SCHEDULES
 September 30, 2018

The above schedules are ten year schedules, however, the information in the schedules are not required to be presented retroactively. Years will be added to these schedules in future periods until ten years of information is available.

Notes to the net pension liability - MBERP

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	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.

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Miami Beach Redevelopment Agency
 (A Component Unit of the City of Miami Beach, Florida)
 NOTES TO THE RETIREMENT SYSTEMS SCHEDULES
 September 30, 2016

Notes to the net pension liability – MBF&P

Valuation Date	October 1, 2016
Measurement Date	September 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage, Closed
Amortization Period	30 years
Asset Valuation Method:	5-year smoothed market
Inflation	3.00%
Payroll Growth	2.60%
Salary Increases	2.88% - 10.70%
Investment Rate of Return	7.85%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality For healthy participants during employment, RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with 90% Blue Collar Adjustment / 10% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For healthy participants post employment, RP 2000 Annuitant Mortality Tables, separate rates for males and females, with 90% Blue Collar Adjustment / 10% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For disabled male participants, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements.

Cost of Living Increase 1.50%, 2.00%, or 2.50%

Each of the Retirement Systems are audited separately. Complete financial statements can be obtained at the following offices:

City of Miami Beach
 Employee Retirement System

 1700 Convention Center Drive
 Miami Beach, Florida 33139

City of Miami Beach
 Retirement System for Firefighters and Police
 Officers
 1691 Michigan Ave. Suite 555
 Miami Beach, Florida 33139

MIAMI BEACH REDEVELOPMENT AGENCY
SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS - AGENCY CONTRIBUTIONS
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 511,891	\$ 398,924	\$ 747,160	\$ 347,661	\$ 548,964	\$ 478,631	\$ 311,214	\$ 292,340	\$ 220,602	\$ 118,976
Contributions in relation to the actuarially determined contributions	413,000	282,207	280,643	125,006	190,450	187,510	196,536	215,478	102,092	70,024
Contribution deficiency (excess)	<u>\$ 98,891</u>	<u>\$ 116,717</u>	<u>\$ 466,517</u>	<u>\$ 222,655</u>	<u>\$ 358,514</u>	<u>\$ 291,121</u>	<u>\$ 114,678</u>	<u>\$ 76,862</u>	<u>\$ 118,510</u>	<u>\$ 48,952</u>
Covered-employee payroll	2,179,937	2,010,041	1,892,398	82,359,302	76,362,960	65,054,000	66,347,000	68,844,000	70,098,000	68,010,000
Contributions as a percentage of covered-employee payroll	18.95%	14.04%	14.83%	0.15%	0.25%	0.29%	0.30%	0.31%	0.15%	0.10%

Methods and Assumptions Used to Determine Contribution Rates

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
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 amortized over
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 reti
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-16

Miami Beach Redvelopment Agency
(A Component Unit of the City of Miami Beach, Florida)
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE CITY'S NET OPEB LIABILITY
RETIREMENT SYSTEMS
(Unaudited)

	<u>2018</u>	<u>2017</u>
Agency's proportion of the net OPEB liability	3.40%	2.65%
Agency's proportionate share of the net OPEB liability	\$ 5,090,097	\$ 3,948,074
Agency's covered-employee payroll	\$ 2,179,937	\$ 2,010,041
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	233.50%	196.42%
Plan fiduciary net position as a percentage of the total pension liability	18.69%	17.18%

*Only two years of data is readily available. The years will be populated each year until 10 years are presented.

Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2018
(Unaudited)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:				
Tax increment	\$ 52,491,000	\$ 52,491,000	\$ 49,920,277	\$ (2,570,723)
Interest	150,000	150,000	1,251,506	1,101,506
Total revenues	<u>52,641,000</u>	<u>52,641,000</u>	<u>51,171,783</u>	<u>(1,469,217)</u>
Expenditures:				
General government	20,380,533	20,380,533	5,810,280	14,570,253
Public safety	4,369,000	4,638,972	4,496,365	142,607
Economic environment	3,472,000	8,669,398	6,097,202	2,572,196
Culture and recreation	1,325,000	1,325,000	1,059,914	265,086
Capital outlay	15,977,842	15,957,870	2,288,222	13,669,648
Total expenditures	<u>45,524,375</u>	<u>50,971,773</u>	<u>19,751,983</u>	<u>31,219,790</u>
Excess of revenues over expenditures	<u>7,116,625</u>	<u>1,669,227</u>	<u>31,419,800</u>	<u>29,750,573</u>
Other financing sources (uses):				
Operating transfers in	-	-	822,399	822,399
Operating transfers out	(22,784,000)	(36,050,221)	(36,039,313)	10,908
Total other financing sources (uses)	<u>(22,784,000)</u>	<u>(36,050,221)</u>	<u>(35,216,914)</u>	<u>833,307</u>
Net change in fund balance	<u>(15,667,375)</u>	<u>(34,380,994)</u>	<u>(3,797,114)</u>	<u>30,583,880</u>
Fund balance, beginning	69,730,637	69,730,637	69,730,637	-
Fund balance, ending	<u>\$ 54,063,262</u>	<u>\$ 35,349,643</u>	<u>\$ 65,933,523</u>	<u>\$ 30,583,880</u>

Notes to Budgetary Comparison Schedule
September 30, 2018 (Unaudited)

Note 1. Budgetary Policy

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The Agency uses appropriations in the capital budget to authorize the expenditures of funds for various capital projects. Capital appropriations, unless modified or rescinded, remain in effect until the completion of each project.

At least 65 days prior to the beginning of the fiscal year, the City Commission, which also serves as the Agency's Board of Directors, is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1st. The budget is approved by district and fund. Management may transfer amounts between line items within a fund as long as the transfer does not result in an increase in the fund's budget. Increases to fund budgets require Commission approval.

There were four (4) supplemental budgetary appropriations during fiscal year ended September 30, 2018.

Budgets are considered a management control and planning tool and as such are incorporated in the accounting system of the Agency. Budgets are adopted on the modified accrual basis of accounting with the inclusion of encumbrances as reductions in the budgetary amount available. All appropriations lapse at year-end.

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SUPPLEMENTARY INFORMATION

**Miami Beach Redevelopment Agency
(A Component Unit of the City of Miami Beach, Florida)**

**Budgetary Comparison Schedule
Debt Service Fund
Year Ended September 30, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Expenditures:				
Debt Service:				
Principal	\$ 6,670,000	\$ 6,670,000	\$ 6,670,000	\$ -
Interest	14,994,000	14,994,000	14,993,923	77
Other	12,000	12,000	1,169	10,831
Total expenditures	<u>21,676,000</u>	<u>21,676,000</u>	<u>21,665,092</u>	<u>10,908</u>
Excess of revenues over expenditures	<u>(21,676,000)</u>	<u>(21,676,000)</u>	<u>(21,665,092)</u>	<u>10,908</u>
Other financing sources:				
Operating transfers in	21,676,000	21,676,000	21,665,092	(10,908)
Total other financing sources	<u>21,676,000</u>	<u>21,676,000</u>	<u>21,665,092</u>	<u>(10,908)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER REPORTS

**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**

The Honorable Mayor and City Commissioners
City of 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, the business-type activities and each major fund of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Miami, Florida
May 29, 2019

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

Report on the Financial Statements

We have audited the financial statements of the Miami Beach Redevelopment Agency (the “Agency”), a component unit of the City of Miami Beach, Florida (the “City”), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 29, 2019.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the financial statements.

Financial Condition and Management

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

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

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.

Additional Matters

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

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


Crowe LLP

Miami, Florida
May 29, 2019

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

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

We have examined the Miami Beach Redevelopment Agency's (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), compliance with Section 218.415, *Florida Statutes*, concerning the investment of public Agency's during the year ended September 30, 2018. Management of the Agency is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency complied, in all material respects, with the requirements contained in Section 218.415, *Florida Statutes* for the year ended September 30, 2018.

The purpose of this report is solely to comply with Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Miami, Florida
May 29, 2019