

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

CITY OF MIAMI BEACH, FLORIDA



City of Miami Beach, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2018

Jimmy L. Morales
City Manager

John Woodruff
Chief Financial Officer

Report prepared by: Finance Department

Cover picture
Miami Beach Convention Center
Miami Beach, Florida
<https://www.miamibeachconvention.com>
<http://www.miamibeachfl.gov/>

**City of Miami Beach, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018**

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INTRODUCTORY SECTION



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

March 29, 2019

Honorable Mayor and Members of the City Commission:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Miami Beach, Florida (the "City"), for the fiscal year ended September 30, 2018.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, business-type activities, fiduciary activities, and discretely presented component units of the City. All disclosures necessary to enable the reader to gain an understanding of the financial activities of the City have been included.

Management of the City is responsible for establishing and maintaining an effective internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that complete and accurate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statutes require an annual audit by independent certified public accountants and for the City Commission to appoint an audit committee to make the selection of the independent auditor. Crowe Horwath LLP was selected by the audit committee and then approved by the City Commission. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the City's basic financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 as amended, the State of Florida Single Audit Act in accordance with the Uniform Guidance and Florida Rules of the Auditor General, Section 10.550. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with applicable laws and regulations and federal, state, and county programs. This internal control structure is subject to periodic evaluation by management and the Internal Audit Department of the City. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City was incorporated as a municipal corporation on March 26, 1915 and was created by the Florida Legislature, Chapter 7672, Laws of Florida (1917). The City is governed by an elected Mayor and six Commissioners. The City operates under a Commission-Manager form of government. The term for the Mayor is two years, with a lifetime term limit of three two-year terms. The term for the Commissioners is four years, with a lifetime term limit of two four-year terms. The Commission is responsible, among other things, for passing ordinances, adopting the budget, approval of property tax levies, authorizing and approving debt secured by the full faith and credit of the City or any of its revenue streams, appointing committees, and hiring the City's manager, clerk, attorney, and inspector general. The City Manager is responsible for carrying out the policies and ordinances of the Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments with the consent of the City Commission.

The accompanying financial statements present the City and its component units, entities that the City is considered financially responsible. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

The City provides a full range of services. These services include police and fire protection, recreational activities, cultural events, sanitation services, water, sewer and storm water services, public transportation, neighborhood and community services, and the construction and maintenance of streets and infrastructure. This report includes activities of the Miami Beach Visitor and Convention Authority, Miami Beach Employee's Retirement Plan, the City Pension Fund for Firefighters and Police Officers, Firemen's and Policemen's Relief and Pension Funds, Other Post-Employment Benefits (OPEB) Trust, the Miami Beach Health Facilities Authority, and the Miami Beach Redevelopment Agency (the "Agency").

The annual budget serves as the foundation for the City's financial planning and control. Prior to the first public hearing required by state law, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means for funding them. After Commission review and two public hearings, the budget is adopted. The budget is approved by fund and department. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or a department budgets and transfers between departments require Commission approval. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund, which adopts project-length budgets. Budget-to-actual comparisons are provided in the required supplementary information section of this report for the general fund, the resort tax special revenue fund, and the Miami Beach Redevelopment Agency special revenue fund. Funds and grants that have multi-year project budgets are not presented in the statements.

Local Economy

The City of Miami Beach (the "City") is located on a seven (7.1) mile barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. The world-renowned Miami Beach is often parceled out by three main districts: South Beach, Mid-Beach, and North Beach. Each of these districts has a distinct culture and identity offering a dazzling array of amenities catering to both residents and tourists. Overall, the City is recognized globally as a distinctive tourist and cultural destination, a vibrant business and residential community with world class art, culture, dining, nightlife, events and shopping.

The population of Miami Beach for 2018 was 93,323, with a household median income of \$51,822 and a median age of 40.6. The City's labor force consists of 55,892 individuals; the primary industries are food preparation and serving (15.6%), office and administrative services (13.9%), and sales (13.0%). The unemployment rate of 2018 was 3.1% in comparison to Miami-Dade County which was 4.1%, and 54.3% of the population in Miami Beach has a bachelor degree. The City's tourism and hospitality industry provides a foundation for revenue generated through room nights and resort taxes, while the newly renovated Miami Beach Convention Center plays host to major conferences and shows from around the world. The City's hotel data exhibited steady growth in key indicators during 2018 of 11.8% based on RevPar (revenue per available room), 9.0% based on ADR (average daily rate), and 2.6% based on hotel occupancy, demonstrating a healthy and robust tourism

economy. Consistent with previous years, Miami Beach remains the most common area for visitor lodging in the Greater Miami area with over 50% of the visitors.

In recent years, the City has diversified beyond its traditional tourism based economy to become a leading multi-industry business center to include arts and entertainment, health care, cultural programming, and professional services industries. The City has hosted world renowned events and conventions over the last few years including the 65th Annual U.S. Conference of Mayors, International Tennis Federation Seniors Championship, Major League Baseball's Fanfest, and Yachts Miami Beach Show. In 2018, the world's most prestigious art fair, Art Basel, based in Switzerland, celebrated the 17th anniversary of its Miami Beach exhibition, with attendance and sales increasing year over year.

Miami Beach is also beginning to see an increase in the growth of an entrepreneurial and tech community. Currently the City is home to two WeWork locations -- one in the South of Fifth neighborhood and the other on Lincoln Road. Many of the members represent the industries of real estate, hospitality and creative makers. Additionally, Venture City, a global investment and technology accelerator, launched its second location in Miami Beach at 1111 Lincoln Road in 2017.

Miami Beach contains some of the country's most sought after real estate. Lincoln Road ranks as Florida's most expensive retail leasing location and fifth nationally. The City's lifeblood hospitality industry features the world's most recognizable hotels, from innovative new development like the Faena district to the historic architecture along South Beach's Ocean Drive. Miami Beach also contains some of the nation's most expensive residential zip codes, continually supported by strong international investment.

Convention Center Renovation

The Miami Beach Convention Center (the "Center"), originally built in 1957, recently completed a \$515 million renovation and expansion. The new Center is setting a high standard of excellence and redefining meeting and entertainment solutions when hosting large-scale business, trade, civic, and cultural events. The City's professional design team, consisting of nationally recognized Fentress Architects, the local design firm of Arquitectonica, and international landscape architects West 8, have designed a Center that will position itself among the top globally significant convention centers in the world.

The new 1.4 million square foot, LEED certified facility includes a state-of-the-art 60,000 square foot grand ballroom, additional meeting rooms with flexible arrangements, a 20,000 square foot glass rooftop junior ballroom, advanced technology, and new versatile indoor/outdoor public spaces. For added convenience, 800 parking spaces located across from the Center have been relocated within the footprint of the building thus allowing the 5.8 acre parking lot to be converted into a public park surrounded by canopy trees, a flexible lawn area, a food pavilion, and a public plaza to honor the City's veterans. The park has potential to become the new civic "heart" of Miami Beach and is scheduled to be completed during 2019.

The transformation enables the Center to keep up with the demands of the competitive national and international convention community, while new outdoor public spaces have been created to improve walkability, connecting the Center and the City's adjacent historical cultural district and resorts. The project commenced in December, 2015 and was substantially completed in September, 2018.

New Convention Center Hotel

In November, 2018 voters approved the leasing of city land for a new 800 room Convention Center Hotel. An adjacent connected hotel is essential to completing the state-of-the-art Miami Beach Convention Center campus, which will enable the City of Miami Beach to be more competitive in attracting world-class events and meetings.

The development of an adjacent convention center hotel has been contemplated for more than two decades. In that span, the City has solidified its brand as an international destination for tourism, arts and culture, shopping, dining and entertainment. This privately-funded hotel will help make Miami Beach a more competitive convention destination and is anticipated to generate millions in annual revenue to benefit residents.

2018 General Obligation Program

In November, 2018 voters also approved all three ballot items of the proposed \$439 million General Obligation Bond, which addresses critical infrastructure needs for the city's parks, recreation facilities and cultural facilities (\$169 million); neighborhood and infrastructure (\$198 million); and police, fire and public safety (\$72 million).

The bond program is comprised of 57 projects, including creating a new North Beach community center and funding for 41 Street revitalization, which are intended to create town centers that will allow residents to enjoy themselves closer to their homes; boosting lighting, adding more license plate readers and upgrading the public safety radio system to enhance safety; replacing two aging fire stations that have nearly reached their endpoints; refurbishing many of our parks and repairing cultural centers; neighborhood resiliency improvements and beautification to compliment the planned storm water and water/sewer projects; and much more. Twenty-five percent of this G.O. Bond directly addresses the effects of climate change, while many of the other projects address other resiliency challenges.

Approval of the bond program will be transformative in enhancing the quality of life and property values of the City of Miami Beach. The first tranche of approximately \$150 million will be issued in April 2019.

Resiliency

The City of Miami Beach continues to be a leader in resilience. The City was selected by the Rockefeller Foundation to join 100 Resilient Cities in 2016, with a Resilience Strategy targeted to be released in early 2019. The City was selected within a unique partnership with Miami-Dade County and the City of Miami, known collectively as Greater Miami and the Beaches. Though this award, 100 Resilient Cities provides expert consultant support to develop a Resilience Strategy. The City is also leveraging access to \$200 million value of resilience solutions through 100 Resilient Cities partner services.

Urban resilience is the capacity of individuals, communities, institutions, businesses and systems within a city to survive, adapt and grown, no matter what kinds chronic stresses and acute shocks they experience. One of the City's top resilience stresses is sea level rise, and the City has made a commitment to invest in aging infrastructure, adapt to sea level rise, and use the best available science to do so. This includes elevating roads, upgrading its gravity-based stormwater infrastructure with tidal control valves, pump stations, pipes, and other innovative structures to improve drainage. The City has also updated the land development regulations to incorporate climate adaptation and resilience, such increasing sea wall height, increasing base flood elevation, establishing freeboard above FEMA base flood elevation, requiring sea level rise and resiliency review criteria for Land Use Boards, introducing additional commercial height standards, and increasing set-backs and open space for single family homes. Our natural resources, including the coral reef tract and the beach and our mature sand dune system protect the eastern side of our island from wave energy and storm surge events. The Resilience Strategy will define our top implementable actions to increase our resilience today and for years to come.

Budgeting

Although the development of our budget this year has been challenging, through rigorous review and good leadership, the Adopted Work Plan and Budget for fiscal year ended September 30, 2018 was balanced and enables the City to continue delivering outstanding, enhanced services to our residents, businesses and visitors, and continuing structural enhancements to ensure the long-term sustainability of the City.

Adopted tax rates: The millage rate is the tax per dollar of assessed value of property. The rate is expressed in "mills", where one mill is one-tenth of a cent (\$0.001). The City Commission adopted a total combined millage rate for the City of 5.8888 mills. The total adopted operating millage is 5.7224 mills, including a general operating millage rate of 5.6989 mills and a general fund capital renewal and replacement rate of 0.0235 mills. The adopted voted debt service millage rate is decreased from 0.1796 to 0.1664, a decrease of 0.0132 mills. The adopted combined millage rate reflects the lowest millage rate in the history of the City of Miami Beach.

Property Values and Ad Valorem Taxes: On July 1, 2017, the City received the "2017 Certification of Taxable Value" from the Property Appraiser's Office stating that the taxable value for the City of Miami Beach is \$37.4 billion, including \$859 million in new construction. The preliminary 2017 value represents an increase of \$2.7 billion or 7.8 percent more than the July 1, 2016, Certification of Taxable Value of \$34.7 billion.

Determining the Voted Debt Service Millage Levy: The general obligation debt service payment for fiscal year 2018 was approximately \$5.9 million. Based on the July 1, 2017 Certified Taxable Value from the Property Appraiser, these bonds would require the levy of a voted debt service millage of 0.1644 mills. This represents a decrease of 0.0132 mills.

Efficiencies and Reductions: As with the preparation of budgets for the last ten years, departments continued to analyze and present their budgets from two perspectives: 1) reviewing for potential efficiencies, reorganizations to reduce cost, etc., without impacting services; and 2) performing a modified zero-based analysis of each department budget, identifying potential service reduction alternatives versus core functions. As part of the fiscal year 2018 budget adopted in September 2017, the Finance & Citywide Projects Committee requested that departments submit lists of potential reductions and efficiencies totaling 5 percent of their 2017 budgets. Across all funds, a total of \$3.0 million of reductions were adopted including 13 full-time positions and 1 part-time position.

Debt Administration

The general obligation debt rating of the City remained at Aa2 with Moody's and AA+ with Standard and Poor's. Under current state statutes, general obligation bonded debt issued by the City is subject to a legal limitation based on 15% of total assessed value of real and personal property.

On December 14, 2017, the City issued at par value \$115.2 million of Water and Sewer Revenue Bonds secured by the net revenues of the City's combined water and sewer system. The Series 2017 Bonds are being used for the purpose of providing funds to finance the cost of certain capital improvements as part of the City's multi-year program to upgrade the facilities and enhance the effectiveness and reliability of the Water and Sewer Utility as well as to provide current refunding and defeasance of all outstanding Series 2000 Bonds, prepayment of all outstanding Series 2006B-2 Bonds, and prepayment of all the outstanding Series 2006E Bonds. The bonds are rated Aa3 by Moody's and AA- by Standard and Poor's. The Bonds have an all-inclusive true interest cost of 3.75% for 30 year fixed rate debt. The advance refunding generated \$7.2 million in savings, with average annual savings of \$550,000 in 2018 – 2030. The refinancing also restructured the debt to provide more overall level debt service, which reduces the impact of the additional debt service for capital improvements to ratepayers.

On December 22, 2017, the City issued at par value \$156.6 million of Stormwater Revenue Bonds secured by the net revenues of the City's stormwater system. The Series 2017 Bonds are being used for the purpose of providing funds to finance a portion of the costs of certain capital improvements as part of the City's multi-year program to improve and enhance the effectiveness and reliability of the Stormwater Utility as well as provide for the advance refunding and defeasance for a portion of the outstanding 2011A Bonds and 2011B Bonds. The City will provide for the refunded bonds to be redeemed on September 1, 2021 at a redemption price equal to the principal amount of the refunded bonds, without premium. The bonds are rated Aa3 by Moody's and AA- by Standard and Poor's. The Bonds have an all-inclusive true interest cost of 3.81% for 30 year fixed rate debt. The advance refunding generated \$5.5 million in savings, with average annual savings of \$230,000 in 2018 – 2041.

Subsequent to September 30, 2018, the City obtained a bank loan on December 5, 2018 in an aggregate principal amount not to exceed \$15.0 million to pay costs of vehicles and equipment.

Further information regarding outstanding debt, debt capacity, and debt ratios, is located in the Statistical Section.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the thirty-first (31) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

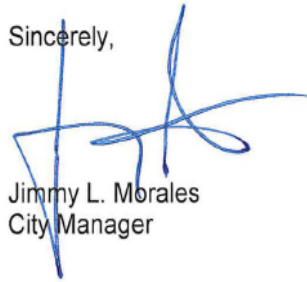
In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2017. In order to qualify for the Distinguished Budget Presentation Award, the

City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of the comprehensive annual financial report was made possible by the dedicated work and tireless efforts of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Commission, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JL Morales', with a large, stylized flourish extending to the right.

Jimmy L. Morales
City Manager

A handwritten signature in blue ink, appearing to read 'John Woodruff', with a large, stylized flourish extending to the right.

John Woodruff
Chief Financial Officer



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
Reporting**

Presented to

**City of Miami Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

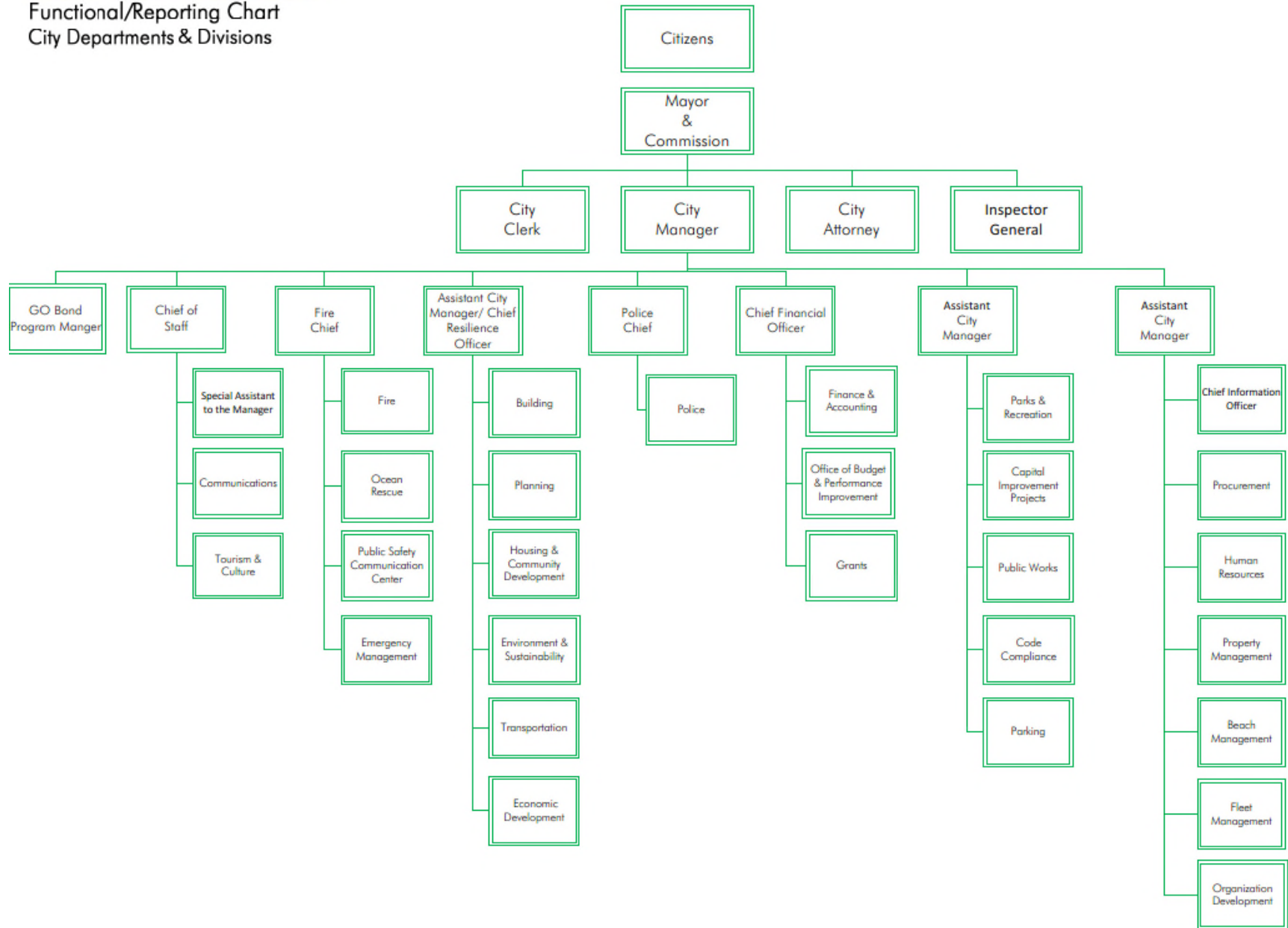
September 30, 2017

Christopher P. Morill

Executive Director/CEO

MIAMI BEACH

Functional/Reporting Chart City Departments & Divisions



CITY OF MIAMI BEACH, FLORIDA
List of Elected Officials and Administration

City Commission

Dan Gelber, Mayor

John Elizabeth Alemán, Commissioner

Ricky Arriola, Commissioner

Michael Góngora, Commissioner

Joy Malakoff, Commissioner

Mark Samuelian, Commissioner

Micky Steinberg, Commissioner

Administration

Jimmy L Morales, City Manager

John Woodruff, Chief Financial Officer

Kathie G. Brooks, Assistant City Manager

Eric Carpenter, Assistant City Manager

Mark Taxis, Assistant City Manager

Susy Torriente, Assistant City Manager

FINANCIAL SECTION

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information 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 City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Miami Beach Florida Employees' Retirement Plan and the City Pension Fund for Firefighters and Police Officers, which represent 34 percent, 36 percent, and 24 percent; and 48 percent, 51 percent, and 33 percent, respectively, of the assets, net position, and revenues of the financial statements of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Miami Beach Florida Employees' Retirement Plan and the City Pension Fund for Firefighters and Police Officers, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City Pension Fund for Firefighters and Police Officers were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, 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 Note 1 to the basic financial statements, the City implemented GASB Statement No. 75. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Beginning net position was restated as part of the implementation. Note disclosures and required supplementary information requirements about OPEB are also addressed. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, 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 costs 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. As a result, interest costs incurred before the end of a construction period are not included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. 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 *management's discussion and analysis and required supplementary information* on pages 13-26 and 108-116 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 City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City's internal control over financial reporting and compliance.



Crowe LLP

Miami, Florida
March 29, 2019

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

Our discussion and analysis of the City of Miami Beach's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2018. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2018 by \$1.1 billion (net position). Of this amount, \$1.0 billion was net investment in capital assets. Additionally, \$269.0 million was restricted by laws, agreements, or debt covenants. The City has a negative unrestricted net position of \$167.2 million.
- During fiscal year 2018, the City's net position increased by \$84.2 million when compared to the prior. Of this amount, there was a \$64.3 million increase in governmental activities and an increase of \$19.9 million in business-type activities. For the governmental activities, revenues from charges for services increased by \$3.8 million or 3.8%, operating grants and contributions increased by \$3.5 million or 19.6%, capital grants and contributions increased \$5.7 million or 559.3% and general revenues increased by \$46.2 million or 14.0%, while expenses increased by \$8.1 million or 1.8%. For the business-type activities, charges for services increased \$2.5 million or 1.4%, while expenses increased by \$9.4 million or 5.3% over the prior year.
- Overall the City's assets and deferred outflows increased from \$2.9 billion to \$3.2 billion. Major changes occurring in this area were; \$170.4 million increase in unrestricted cash and investments, \$118.4 million decrease in restricted cash due to capital outlays relating to bond proceeds, \$175.6 million in net additions to capital assets and \$45.1 million increase in deferred outflows of resources mainly due to actuarial determined amounts relating to Pension and Other Post Employment Liabilities.
- The City's overall liabilities and deferred inflows increased from \$1.9 billion to \$2.1 billion. Major changes occurring in this area were; \$174.7 million increase in long term debt due to the issuance of the Series 2017 Stormwater and Series 2017 Water and Sewer bonds. Also, there was an increase in Deferred Inflows of \$25.9 million due to increases in the actuarial determined Pension and Other Post Employment Liabilities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 City's finances in a manner similar to that of a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during each fiscal year. 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 (for example, uncollected taxes and earned, but unused vacation leave).

Both the statement of net position and the statement of activities of the government-wide financial statements distinguish functions of the City 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 City include general government, public safety, physical environment, transportation, economic development, human services, and culture and recreation. The business-type activities of the City include storm water, water, sewer, parking, convention center, sanitation, and Miami Beach Redevelopment Agency's parking and leasing operations.

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

The government-wide financial statements include not only the City itself, but also a legally separate Visitor and Convention Authority and a legally separate Health Facilities Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 27-28 of this report.

Fund Financial Statements

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

Governmental Funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus is 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.

The City maintains eighteen 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, resort tax special revenue fund, Miami Beach Redevelopment Agency special revenue fund, and capital projects fund which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, its resort tax special revenue fund, and its Miami Beach Redevelopment Agency's special revenue fund. A budgetary comparison statement has been provided for all of the above funds to demonstrate compliance with the fund's budget. The City also adopts a multi-year capital budget which is not included in this report, but can be found at the City's website.

The governmental funds financial statements can be found on pages 29-32 of this report.

Proprietary Funds.

The City maintains seven different types of enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its storm water utilities, water and sewer utilities, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing. The City maintains six internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management, property management, central services, risk management self-insurance, health self-insurance and communications operations. Since these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements separate information for the storm water utilities, water and sewer, parking, and convention center complex, which are considered to be major funds of the City. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements within the supplemental information section of this report.

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements within supplemental information section of this report.

The basic proprietary fund financial statements can be found on pages 33-36 of this report.

Fiduciary Funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The fiduciary funds include the four Pension Trust Funds, one OPEB Trust Fund and one general agency fund.

The fiduciary fund financial statements can be found on pages 37-38 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 pages 39-107 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also represents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplemental information can be found on pages 108-116 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 117 - 137 of this report.

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CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

Government-wide Financial Analysis

The table below summarizes the statement of net position:

CITY OF MIAMI BEACH						
Net Position						
(in thousands)						
	Governmental activities		Business-type activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 714,773	\$ 623,543	\$ 323,300	\$ 479,521	\$ 1,038,073	\$ 1,103,064
Capital assets	1,009,450	1,153,354	759,458	791,108	1,768,908	1,944,462
Total assets	<u>1,724,223</u>	<u>1,776,897</u>	<u>1,082,758</u>	<u>1,270,629</u>	<u>2,806,981</u>	<u>3,047,526</u>
Deferred outflows	124,703	157,681	13,248	25,886	137,951	183,567
Total deferred outflows	<u>124,703</u>	<u>157,681</u>	<u>13,248</u>	<u>25,886</u>	<u>137,951</u>	<u>183,567</u>
Long-term liabilities outstanding	1,240,407	1,239,003	445,446	621,504	1,685,853	1,860,507
Other liabilities	142,302	144,826	51,753	50,654	194,055	195,480
Total liabilities	<u>1,382,709</u>	<u>1,383,829</u>	<u>497,199</u>	<u>672,158</u>	<u>1,879,908</u>	<u>2,055,987</u>
Deferred inflows	2,095	22,333	1,206	6,821	3,301	29,154
Total deferred inflows	<u>2,095</u>	<u>22,333</u>	<u>1,206</u>	<u>6,821</u>	<u>3,301</u>	<u>29,154</u>
Net position:						
Net investment in capital assets	712,552	632,999	438,447	411,086	1,150,999	1,044,085
Restricted	196,074	196,553	135,521	72,477	331,595	269,030
Unrestricted	(444,504)	(301,136)	23,633	133,973	(420,871)	(167,163)
Total net position	<u>\$ 464,122</u>	<u>\$ 528,416</u>	<u>\$ 597,601</u>	<u>\$ 617,536</u>	<u>\$ 1,061,723</u>	<u>\$ 1,145,952</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$1.1 billion at September 30, 2018, an increase of \$84.2 million or 7.9% from the prior year as restated.

The largest portion of the City's net position, \$1.0 billion or 91.1%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$269.0 million or 23.5% represents resources that are subject to external restrictions on how they may be used. This includes but is not limited to grant proceeds, Redevelopment Agency tax increments, Resort Tax proceeds, impact fees, Interlocal agreements, and debt service requirements. The remaining balance of net position is negative and represents unrestricted net position. Unrestricted net position is a negative \$167.2 million, consists of negative \$301.1 million from governmental activities and a positive \$134.0 million from business type activities. For financial reporting purposes, these balances are considered unrestricted, however, most of these balances are committed or assigned at the fund level by the City Commission.

At the end of the current fiscal year, the City can report a positive net position. The same situation held true for the prior fiscal year. The City's net position increased by \$84.2 million, or 7.9%, during the current fiscal year. Governmental activities accounted for an increase of \$64.3 million and business type activities accounted for a decrease of \$19.9 million.

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

City of Miami Beach
Changes in Net Position - Governmental Activities
(in thousands)

	2017	2018	% of Total Rev/Exp/Other	
Revenues:				
Program revenues:				
Charges for services	\$ 100,283	\$ 104,129	20.5	%
Operating grants and contributions	17,672	21,130	4.2	
Capital grants and contributions	1,023	6,745	1.3	
General revenues:				
Taxes:				
Property taxes, levied for general purposes	161,290	177,359	34.9	
Property taxes, levied for debt services	5,917	5,938	1.2	
Resort tax	81,910	87,595	17.2	
Tax increments	51,843	72,236	14.2	
Utility	12,583	12,837	2.5	
Local business tax	5,029	5,592	1.1	
Communication Service Tax	3,746	4,076	0.8	
Miscellaneous	2,038	3,989	0.8	
Unrestricted investment earnings	5,786	6,732	1.3	
Total revenues	<u>449,120</u>	<u>508,358</u>	<u>100.0</u>	<u>%</u>
Expenses:				
General government	66,173	59,545	13.2%	
Public safety	246,568	244,306	54.0	
Physical environment	7,053	6,939	1.5	
Transportation	24,833	34,843	7.7	
Economic environment	6,670	10,248	2.3	
Human services	3,248	3,530	0.8	
Culture and recreation	64,873	69,371	15.3	
Interest on long-term debt	25,018	23,790	5.3	
Total expenses	<u>444,436</u>	<u>452,572</u>	<u>100.0</u>	<u>%</u>
Changes in net position before transfers and gain on sale of capital	4,684	55,786		
Gain on Sale of Capital Assets	14		0.0%	
Insurance Proceeds relating to impairments		1,312		
Extraordinary item	769	1,089	12.8	
Transfers	1,470	6,107	71.8	
Total of Other Revenues	<u>2,253</u>	<u>8,508</u>	<u>100.0</u>	<u>%</u>
Net Revenue/(Expense)	6,937	64,294		
Net position - beginning	518,230	464,122		
Restatement for GASB 75	(61,045)			
Net position - ending	<u>\$ 464,122</u>	<u>\$ 528,416</u>		

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

Governmental activities.

Governmental activities increased by \$64.3 million. Key elements of the fluctuation are as follows:

Governmental activities revenues consisted of program revenues which amounted to \$132.0 million and general revenues which amounted to \$376.4 million, for a total of \$508.4 million. Property tax revenue for general purposes which represents 36.1% of total revenues was \$188.3 million. This is an increase of \$16.1 million or 10.3% from the prior year.

Property taxes are levied by the City based on the Miami-Dade County property appraisers determined property values in the City. The Miami-Dade County Property Appraiser determined that certified taxable property values in the City increased from \$34.7 billion in 2017 to \$37.4 billion in 2018, an increase of \$2.7 billion or 7.8%. The City's operating millage rate for 2018 increased from 5.7092 to 5.7224, an increase of 0.2%

Charges for services which represent 20.5% of total revenues were \$104.1 million. This amount is an increase of \$3.8 million or 3.8% over the prior year. These charges at the government wide statement level are primarily derived from Parks and Recreation (including Golf Courses) user fees, ambulance fees, off duty services, franchise fees, rents and leases, license, permits, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues.

Tax increment revenue which represents 14.2% of the revenues was \$72.2 million. This amount is an increase of \$20.4 million or 39.3% from the prior year. 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%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations. Fluctuations in tax increment revenue are based on real estate property values City wide.

Resort tax which represents 17.2% of revenues was \$87.6 million which is an increase of \$5.7 million or 6.9% from the prior year. Resort tax is a 4% tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house and 2% on the total sales price of all food and beverage (included beer and wine sold at retail in any restaurant). Fluctuations in resort tax revenues are based on the fluctuations in the sales of the above items and vary from one year to another based on the economy.

Intergovernmental revenues totaled \$27.9 million during fiscal year 2018. Intergovernmental revenue increased by \$9.2 million or 49.1% from the prior year. These revenues are derived from federal and state grantors for various City initiatives, such as community development or state housing initiatives, impact fees, special assessments, other tax sources, and capital project grants.

Governmental activities expense consisted of functional expenses for the City's general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation and interest on long-term debt. These functional expenses amounted to \$452.6 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions.

General government function expense was \$59.5 million and represents 13.2% of total expense. The City's general government function includes the City attorney's office, public works department, planning department, capital investment and upkeep office, budget and finance office, office of procurement, city manager's office, city clerk's office, human resources office and other special projects. Total general government expenditures decreased by \$6.6 million or 10.0% from the prior year. The decrease in expenditures is primarily due to decreased operating expenditures relating to capital projects.

Public safety function expense was \$244.3 million and represents 54.0% of total expenses. The City's public safety function includes the personnel and operations for police, fire, ocean rescue, building operations, emergency 911 services and other. In addition, grant funded expenses for police, fire and other public safety activities are reported under this category. Total public safety expenses decreased by \$2.3 million or 0.9% from the prior year. The decrease in public safety expenditures are primarily related to OPEB expenditures.

Culture and recreation function expense was \$69.4 million and represents 15.3% of total expenses. The City's culture and recreation function includes expenses for grant funded culture and recreation activities, the City's parks and recreation department, Office of Tourism and Cultural Development, Bryon and Colony theater operations, golf course operations, and a variety of arts, cultural and entertainment programs. Expenses in this function had a net increase of \$4.5 million or

CITY OF MIAMI BEACH, FLORIDA
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6.9% from the prior year. The increase is primarily due to increased contract maintenance costs for activities such as security, environmental, and landscaping services.

The table below summarized the changes in net position for the City's business type activities.

CITY OF MIAMI BEACH
Changes in Net Position
Business-type Activities
(in thousands)

	2017	2018	% of Total Rev or Exp	
Revenues:				
Program revenues:				
Charges for services	\$ 185,838	\$ 188,381	88.1	%
Operating grants and contributions	2,916	18,843	8.8	
Capital Grants and Contributions	10,038		0.0	
General revenues:				
Tax increments	11,425		0.0	
Unrestricted investment earnings	1,482	6,539	3.1	
Total revenues	<u>211,699</u>	<u>213,763</u>	<u>100.0</u>	<u>%</u>
Expenses:				
Storm water	13,375	22,269	11.9	%
Water	29,814	30,978	16.5	
Sewer	44,613	44,473	23.7	
Parking	46,635	50,696	27.0	
Convention Center	18,256	12,039	6.4	
Sanitation	20,573	22,167	11.8	
Redevelopment Agency's Parking	4,625	4,756	2.5	
Redevelopment Agency's Leasing	520	461	0.2	
Total expenses	<u>178,411</u>	<u>187,839</u>	<u>100.0</u>	<u>%</u>
Increase in net position before transfers and gain on sale of capital assets and investments	33,288	25,924		
Gain on sale of capital assets	2	118		
Special item	(68,901)			
Transfers	(1,470)	(6,107)		
Increase in net position	(37,081)	19,935		
Net position - beginning	660,755	623,674		
Restatement fr implementation of GASB 75		(26,073)		
Net position - beginning, as restated.	660,755	597,601		
Net position - ending	<u>\$ 623,674</u>	<u>\$ 617,536</u>		

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CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

Business-type activities

Business-type activities increased the City's net position by \$19.9 million.

Key elements of the net increase are as follows:

- The Storm Water Utility fund had an increase in net position of \$7.8 million. Operating revenues increased by \$0.7 million or 2.5% and operating expenses increased by \$.04 million or 4.4% from the prior year. The monthly storm water rate includes fees to cover debt service on \$264.4 million of outstanding storm water revenue bonds. Net non-operating expenses were \$9.3 million, and consisted of \$2.2 million in interest income and \$11.5 million in interest and fiscal charges. On October 18, 2017, the City passed an ordinance to adjust the Stormwater rate by the Consumer Price Index (CPI) published by the Bureau of Labor Statistics for All Urban Consumers, Miami-Fort Lauderdale area. The first CPI increase of 2.8% will increase the rate for Fiscal Year 2018 to \$23.30 per Equivalent Resident Unit (ERU).
- The Water and Sewer fund had an increase in net position of \$10.1 million. Operating revenues increased by \$1.3 million or 1.6% and operating expenses decreased by \$4.6 million or 6.3% from the prior year. Net non-operating expenses were \$5.3 million and consisted of \$7.6 million in interest and fiscal charges and \$2.3 in interest income. The monthly water and sewer rates include fees to cover debt service on \$163.0 million of outstanding water and sewer revenue bonds. The consumption rates on residential units vary from \$0.297 to \$0.722 based on the units of consumption. A unit is equivalent to 1,000 gallons. Base facility charges for a residential unit vary from \$8.04 for a ¾ inch meter size to \$12.13 for a 4 inch meter. For commercial and multi-family, the base facility charge ranges from \$8.04 for a ¾ inch meter to \$1,305.27 for a 12 inch meter. Additionally, there is a consumption charge for the water that varies on the meter size from \$0.365 per unit to \$0.573 per unit. Sewer rates are also based on water consumption with a flat base facility charge. The sewer consumption rate is \$0.938 per 1,000 gallons of water usage and a base facility charge of \$8.69 for residential units. The commercial and multi-family base facility charges vary from \$8.69 for a ¾ inch meter to \$1,537.66 for a 12 inch meter.
- The Parking System fund had a decrease in net position of \$6.1. Operating revenues increased by \$1.1 million or 2.3% and operating expenses increased by \$2.9 million or 6.8% from the prior year. Net non-operating expenses were \$625,851 million and consisted of \$4.6 million in interest and fiscal charges, \$13,846 in gain on disposal of capital asset and \$1.3 in interest income. Also included in this amount is \$2.6 million in intergovernmental revenues for the City's share in parking ticket revenue from Miami-Dade County. Intergovernmental revenue decreased by \$318,100 or 10.9% from the prior year. In October 2018, metered parking hours of operation in the Entertainment District were expanded to 24 hours a day; Municipal Parking Lot No. P71, located at 46th Street and Collins Avenue transitioned to daily flat rate of \$20.00, enforced 24 hours a day; and parking space rentals related to construction were increased to \$35 daily. In October 2016, rates increased at metered parking lots and on-street locations throughout South Beach and Middle Beach. On-street meter rates increased from \$1.75 to \$4.00 per hour in South Beach and \$1.00 to \$3.00 per hour in Middle Beach. Metered parking lot rates increased from \$1.75 to \$2.00 per hour in South Beach and from \$1.00 to \$2.00 per hour in select location in Middle Beach.
- The Convention Center fund had an increase in net position of \$10.8 million. Operating revenues decreased by \$220,255 or 8.1% and operating expenses decreased by \$6.3 million or 34.8% from the prior year. Net non-operating revenues were \$16.5 million consisting of \$266,972 in interest income and \$16.2 million in intergovernmental revenue. Intergovernmental revenues increased by \$6.2 million or 61.9% from the prior year due to increased funding from Miami-Dade County. The Convention Center's largest operating expenses were, contractual services and personal services costs. The Convention Center has been under construction since December 2015. The Convention Center has maintained half of the building operational for events. The facility partially opened to host Art Basel in December of 2018.
- Other Enterprise funds, which include the Sanitation and Miami Beach Redevelopment Agency's (RDA) Parking and Leasing funds, had a decrease in net position of \$2.7 million. The Parking funds accounts for the Anchor garage and Penn garage. The Leasing funds accounts for the Anchor Shoppe and Penn Shoppe. In the combined funds, operating revenues decreased by \$365,912 or 1.6% and operating expenses increased by \$1.5 million or 6.2% from the prior year. Net non-operating revenues were \$583,395 and consisted of \$78,968 gain on disposal of capital assets, \$506,290 in interest income and \$1,863 in interest and fiscal charges.

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Financial Analysis of the Governmental Funds

As noted earlier, the City 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 City's governmental funds.

Governmental Funds (in thousands)						
	General	Resort Tax	Miami Beach Redevel- opment Agency	Capital Projects	Other Govern- mental Funds	Total Govern- mental Funds
Fund balances						
Sep. 30, 2017	\$ 71,190	\$ 22,669	\$ 69,731	\$ 281,871	\$ 100,918	\$ 546,379
Revenues	290,127	88,444	51,172	32,695	33,299	495,737
Expenditures	(312,882)	(19,924)	(19,752)	(160,485)	(90,850)	(603,893)
Other financing sources (uses)	38,926	(62,994)	(35,217)	11,413	58,172	10,300
Extraordinary item	1,089					1,089
Fund balances						
Sept. 30, 2018	<u>\$ 88,450</u>	<u>\$ 28,195</u>	<u>\$ 65,934</u>	<u>\$ 165,494</u>	<u>\$ 101,539</u>	<u>\$ 449,612</u>

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City's general fund is required to adopt an annual budget prepared on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Surpluses from any prior fiscal years cannot be appropriated in future fiscal years.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$88.5 million. This consisted of \$11.4 million restricted for building department operations, \$45.6 million for emergencies and purchase commitments, \$0.5 million assigned for the future budget, and \$30.9 million in unrestricted fund balance.

The general fund's net increase in fund balance for the fiscal year was \$17.3 million. Overall revenues had a net increase of \$17.8 million or 6.6% over the prior year. Ad-valorem tax, which is 60.9% of the general fund revenue collected (excluding transfers), increased by \$15.7 million or 9.8%. There were also increases in administrative fees of \$2.1 million or 11.2% over the prior year. Expenditures in the general fund increased by \$14.7 million or 4.9%, primarily in the public safety function, which account for 66.5% of general fund expenditures.

The resort tax fund accounts for the collection of special tax levied city-wide on food, beverage and room rents used to support tourist related activities. At the end of the current fiscal year, fund balance of the resort tax fund was \$28.2 million an increase of \$5.5 million or 24.4% from the prior fiscal year. Resort tax collected during the year was \$87.6 million, an increase of \$5.7 million or 6.9% from the prior fiscal year. Net other financing uses, which was \$63.0 million decreased by \$6.1 million or 8.8% and expenditures increased by \$2.3 million or 13.2%.

The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. Tax increments collected during the year was \$49.9 million, which is a decrease of \$1.9 million or 3.7%, and net other financing uses increased by \$29.2 million or 487.5% due to the debt associated with the 2015A tax increment revenue refund bonds. Expenditures increased by \$3.9 million or 25.1%. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

decreased by \$3.8 million or 5.4% from the prior fiscal year.

The City's capital projects fund accounts for the funding of the City's capital program. The primary resources are obtained from the issuance of City debt, tax increments and intergovernmental revenues. Intergovernmental revenues were \$2.6 million. Intergovernmental revenues increased \$1.6 or 157.9% from the prior fiscal year. Net other financing sources during the year totaled \$11.4 million. Net other financing sources increased by \$10.2 million or 840.9% from the prior fiscal year. The increase in net other financing sources is primarily due to transfers for capital projects. The capital projects fund balance decreased by \$116.4 million or 41.3% from the prior fiscal year.

The other governmental funds consist of the City's debt service funds and other special revenue funds, which accounts primarily for grants and current debt service. Ad Valorem tax collected for debt service was \$5.9 million which was approximately the same as the prior year. Intergovernmental revenue, which was \$7.4 million, increased by \$4.2 million or 126.5%. Net other financing sources, which totaled \$58.2 million, increased by \$12.3 million or 26.8%. Expenditures in the fund decreased by \$8.9 million or 8.9%. The fund balance increased by \$621,278 or 0.6% from the prior year.

Proprietary funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total increase in net position for all enterprise funds was \$19.9 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing the original budget (adopted budget), and the final amended budget (amended budget), and reflects how actual results compare to these budgeted amounts. The amended budget can be modified subsequent to the end of the fiscal year. Detailed budget information can be found in the RSI section of this document. During the year, there was a \$1.1 million positive variance between final budget revenues and actual revenues. There were also a \$15.0 million positive variance between the final budget expenditures and actual expenditures resulting in expenditures being under budget.

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CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

General Fund Revenues
Fiscal Year Ended September 30, 2018
(in thousands)

	Original Adopted Budget	Final Amended Budget	Actual	% of Actual Revenue over Total Revenue
Revenues				
Taxes:				
Property	\$ 175,544	\$ 175,544	\$ 176,718	53.5 %
Sales, use and fuel taxes	979	979	1,064	0.3
Utility	11,679	11,679	11,951	3.6
Local business	5,025	5,025	5,592	1.7
Communication service	3,062	3,062	4,076	1.2
Total tax revenue	196,289	196,289	199,401	60.4
Revenues other than taxes:				
Franchise fees	8,115	8,115	8,173	2.5
Permits	24,661	25,138	23,905	7.2
Intergovernmental	10,734	10,734	11,008	3.3
Charges for services	18,831	18,831	18,434	5.6
Rents and leases	5,495	5,495	5,644	1.7
Interest income	692	692		
Fines and forfeits	1,341	1,341	1,988	0.6
Administrative fees	21,419	21,419	20,811	6.3
Other	923	923	762	0.2
Other financing sources	31,261	32,340	38,926	11.8
Extraordinary item			1,089	0.3
Fund balance	3,000	6,542		
Total revenues other than taxes	126,472	131,570	130,740	
Total revenues	\$ 322,761	\$ 327,859	\$ 330,141	100.0 %

General Fund Expenditures
Fiscal Year Ended September 30, 2018
(in thousands)

	Original Adopted Budget	Final Amended Budget	Actual	% of Actual Revenue over Total Revenue
General government	\$ 53,076	\$ 53,757	\$ 46,868	15.0 %
Public safety	211,006	212,506	207,995	66.5
Physical Environment	3,707	4,069	4,069	1.3
Transportation	5,109	5,436	5,128	1.6
Economic Environment	1,844	2,936	2,620	0.8
Human Services	2,478	2,576	2,189	0.7
Culture and recreation	43,421	43,902	42,087	13.5
Capital Outlay	602	1,158	410	0.1
Debt service	1,519	1,519	1,516	0.5
Total expenditures	\$ 322,761	\$ 327,859	\$ 312,882	100.0 %

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2018 amounts to \$1.9 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, water & sewer distribution, storm drainage systems, lighting systems, sidewalks, curbs, signage, equipment, street improvements, air rights and parks, which are detailed as follows (net of accumulated depreciation):

	Capital Assets (in thousands)					
	Governmental		Business-Type		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 58,759	\$ 58,759	\$ 25,835	\$ 25,838	\$ 84,594	\$ 84,597
Intangible assets	4,182	4,182	4,318	4,318	8,500	8,500
Construction						
work-in-progress	509,915	633,661	343,195	373,779	853,110	1,007,440
Building & Structure	72,922	75,848	114,876	103,602	187,798	179,450
Permanent						
improvements	255,677	246,303	11,381	25,306	267,058	271,609
Furniture, Fixtures						
& Equipment	24,970	30,956	44,798	42,402	69,768	73,358
Infrastructure	83,025	103,645	215,055	215,863	298,080	319,508
Total	\$ 1,009,450	\$ 1,153,354	\$ 759,458	\$ 791,108	\$ 1,768,908	\$ 1,944,462

The City has developed various capital improvement programs to improve the quality of life of its residents. Major projects include citywide water, wastewater and storm water improvements, streetscape enhancements and improvements to parks, beaches, and fire stations. Major capital asset events in progress during the current fiscal year included the following:

- Completed Lighting at Bayshore Lower North Bay Road - Installation of the decorative street lighting system along the entire length of North Bay Road from Sunset (20 street) to the North and south of Alton Road.
- Completed Relocation of Fire Hydrants at Biscayne Beach Neighborhood – To expand parking spaces at the Biscayne Beach neighborhood which is generally bounded by 79th Street on the south; 85th Street on the north, Crespi Boulevard on the east; and Hawthorne Avenue on the west. Relocation of fire hydrants yielding 12 additional parking spaces throughout the Biscayne Beach Neighborhood.
- Completed Seawall- Muss Park Rehabilitation – Replacement of 300 linear feet of seawall to minimize deposition of sediments into Biscayne Waterway which flows into Biscayne Bay Aquatic Preserve, improve water quality, and protect upland structures such as roads, bridges, and utilities from damage caused by a seawall failure.
- Biscayne Point Island Entrance Renovation – Construction that includes the revision to the entrance median, new fencing enhanced landscape, modifications to existing pavers and sidewalks, guard house improvements and additional lighting.
- Completed construction of Muss Park Playground and Other Improvements - New playground structure for children ages 5 to 12, to include safety surface and an extended shade structure that cover the entire area. Concrete sidewalks around the play areas and seating under the shade structure. Other park improvements include re-irrigation and re-sodding of the field, and installation of irrigation surrounding the building.
- Completed construction of Seawall – Fleet Management - Complete design and total replacement of approximately 200 feet of seawall to protect upland structures such as the adjacent city facilities building, city property and existing utilities from damage caused by a seawall failure. In addition, this project reduces the introduction of sediments into Government Cut. The project is a deep-water seawall that includes deeper, more costly, sheet piling and coordination with federal, state and local environmental regulatory agencies.

CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)

- Completed Renovation of Miami Beach Tennis Center - Renovation/expansion of the North Shore Tennis Center Building. This project includes a dedicated entrance and indoor space similar to the Flamingo Park Tennis Center Building. By enclosing the building, creates a tennis center-like environment as requested by the current players and will better accommodate the youth academy instruction.
- Completed Phase 1 of City Tidal Flooding Mitigation - Installed automated valves that close during high tides on stormwater infrastructure in low-lying locations.
- Completed Drainage Hot Spots (27300) - Stormwater improvements addressing drainage hot spots throughout the City including the 1800 block of Biarritz, 4400 block of Middle North Bay Road, and 46th Street and Royal Palm Avenue.
- Completed Phase 3 Infiltration/In-Flow Program - Rehabilitation of Sanitary Sewer Lines to eliminate and/or reduce levels of infiltration / in-flow.
- Completed Wastewater & Water Upgrades - Miscellaneous Wastewater and Water Upgrades Citywide including sewer manholes, sewer line replacement.
- Completed the 63rd Street 16" Watermain Replacement – Replaced existing 16" cast iron distribution water main at Pinetree Drive to Indian Creek at 63rd Street.
- Continued construction included the following:
 - Altos del Mar Park
 - Beach walk II - Phase II
 - Bayshore D – Sunset Islands III & IV Neighborhood Improvements
 - Collins Park Parking Garage
 - Convention Center Renovation
 - Convention Center Carl Fisher Renovation
 - Flamingo Park Handball Courts Renovations
 - Flamingo Park Fitness Cluster
 - Flamingo Park Master Plan – Park wide Improvements Ph. I
 - Lifeguard Stands Replacement Ph. VI, VII
 - Middle Beach Recreational Corridor Ph. 2 – Section 1
 - Middle Beach Recreational Corridor Ph. 2 – Section 2
 - Ocean Rescue 79th Street Sub Headquarter Trailer Replacement
 - Palm & Hibiscus Neighborhood Improvements
 - Stormwater Pump Station at 19 Street East of Meridian
 - South Pointe Remediation Cut Walk
 - Sunset Islands I & II Guardhouse
 - Surface Parking Lot P2 (1A) – Penrod's at One Ocean Drive
 - Venetian Islands Neighborhood Improvements
 - West Avenue – Phase II Improvements South of 14th Street

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

**CITY OF MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Unaudited)**

Long-term Debt

**Outstanding Debt
General Obligation, Special Obligation, Revenue Bonds and Loans
(in thousands)**

	Governmental activities		Business-type activities		Total	
	2017	2018	2017	2018	2017	2018
General obligation	\$ 46,380	\$ 42,535	\$	\$	\$ 46,380	\$ 42,535
Special obligation	507,870	496,890			507,870	496,890
Revenue bonds			374,335	519,320	374,335	519,320
Loans	25,843	20,200	276		26,119	20,200
Other debt	10,122	9,153			10,122	9,153
Total	<u>\$ 590,215</u>	<u>\$ 568,778</u>	<u>\$ 374,611</u>	<u>\$ 519,320</u>	<u>\$ 964,826</u>	<u>\$ 1,088,098</u>

At the end of the current fiscal year the City had total bonded debt, loans and other long-term debt of \$1.1 billion. Governmental activities had a net debt decrease of \$21.4 million or 3.6% while business-type activities debt increased by \$144.7 million or 38.6%. The increase is due to the issuance of the Series 2017 Water and Sewer and Series 2017 Stormwater bonds. Additional information on the City's long-term debt can be found in Note 10 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Miami Beach'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 City of Miami Beach, Finance Department, 1700 Convention Center Drive, Miami Beach, Florida 33139.

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CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
ASSETS				
Cash and investments	\$ 489,578,798	\$ 183,142,833	\$ 672,721,631	\$ 4,866,397
Cash with fiscal agent	250,000		250,000	
Receivables (net)	15,145,493	26,371,813	41,517,306	
Due from other governments	18,551,602		18,551,602	353,117
Prepaid expenses	1,603,610	580,632	2,184,242	
Inventories	399,134	1,795,501	2,194,635	
Restricted cash and investments	98,014,374	267,630,819	365,645,193	
Capital assets not being depreciated:				
Land	58,758,676	25,836,726	84,595,402	
Intangible assets	4,181,941	4,318,059	8,500,000	
Construction in progress	633,661,236	373,779,393	1,007,440,629	
Capital assets net of accumulated depreciation:				
Buildings and structures	75,847,812	110,779,861	186,627,673	
Permanent improvements	246,303,434	10,832,448	257,135,882	
Machinery and equipment	30,955,542	42,414,997	73,370,539	125,856
Infrastructure	103,645,163	223,146,060	326,791,223	
Total assets	1,776,896,815	1,270,629,142	3,047,525,957	5,345,370
DEFERRED OUTFLOWS OF RESOURCES				
GASB 68 - Employees Retirement Plan	65,855,022	17,156,349	83,011,371	258,752
GASB 68 - Police & Fire Retirement Plan	80,579,940		80,579,940	
GASB 75 - OPEB	10,032,049	1,137,790	11,169,839	28,786
Unamortized refunding costs	1,214,321	7,592,191	8,806,512	
Total deferred outflows of resources	157,681,332	25,886,330	183,567,662	287,538
LIABILITIES				
Accounts payable	36,561,032	15,642,426	52,203,458	
Retainage payable	20,224,818	7,944,427	28,169,245	
Accrued expenses	13,027,882	4,928,879	17,956,761	165,856
Accrued interest payable	3,468,541		3,468,541	
Unearned revenue	23,110,790	2,197,201	25,307,991	
Deposits	51,400	6,308,692	6,360,092	
Due to other governments	3,835	6,656	10,491	
Noncurrent liabilities:				
Due within one year	48,377,499	13,625,639	62,003,138	
Due in more than one year				
Other long-term liabilities	639,162,658	553,782,958	1,192,945,616	16,360
Net Pension Liability - MBERP	171,951,371	44,796,248	216,747,619	675,618
Net Pension Liability - MBF&P	301,417,365		301,417,365	
Net OPEB Liability	126,472,099	22,925,235	149,397,334	314,744
Total liabilities	1,383,829,290	672,158,361	2,055,987,651	1,172,578
DEFERRED INFLOWS OF RESOURCES				
GASB 68 - Employees Retirement Plan	15,327,144	3,992,980	19,320,124	60,222
GASB 68 - Police & Fire Retirement Plan	4,279,607		4,279,607	
GASB 75 - OPEB	1,966,189	2,828,309	4,794,498	2,161
Unearned other revenues	759,591		759,591	
Total deferred inflows of resources	22,332,531	6,821,289	29,153,820	62,383
NET POSITION				
Net investment in capital assets	632,998,945	411,086,647	1,044,085,592	125,856
Restricted for:				
Debt Service	1,510,531	68,900,836	70,411,367	
Economic development	67,817,989		67,817,989	
Capital Improvement	38,467,621		38,467,621	
Convention center		2,441,268	2,441,268	
Transportation	52,500,244		52,500,244	
Building operations	11,447,181		11,447,181	
Public safety	657,526		657,526	
Human services	68,801		68,801	
Quality of life improvement	23,681,542		23,681,542	
Water and sewer system		1,134,571	1,134,571	
Culture & recreation	401,909		401,909	
Unrestricted	(301,135,963)	133,972,500	(167,163,463)	4,272,091
Total net position	\$ 528,416,326	\$ 617,535,822	\$ 1,145,952,148	\$ 4,397,947

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 59,544,525	\$ 85,678,600	\$ 8,002,774	\$ 4,620,574	\$ 38,757,423	\$	\$ 38,757,423	\$
Public safety	244,304,594	9,014,798	1,192,269	54,400	(234,043,127)		(234,043,127)	
Physical environment	6,939,057		15,000	1,138,452	(5,785,605)		(5,785,605)	
Transportation	34,843,267	400	8,503,387	418,217	(25,921,263)		(25,921,263)	
Economic environment	10,247,677		952,570		(9,295,107)		(9,295,107)	
Human services	3,529,909		1,779,749		(1,750,160)		(1,750,160)	
Culture and recreation	69,371,471	9,434,770	684,256	513,223	(58,739,222)		(58,739,222)	
Interest on long-term debt	23,790,283				(23,790,283)		(23,790,283)	
Total governmental activities	<u>452,570,783</u>	<u>104,128,568</u>	<u>21,130,005</u>	<u>6,744,866</u>	<u>(320,567,344)</u>		<u>(320,567,344)</u>	
Business-type activities:								
Storm Water	22,269,049	29,293,550				7,024,501	7,024,501	
Water	30,977,477	35,106,688				4,129,211	4,129,211	
Sewer	44,472,734	51,077,411				6,604,677	6,604,677	
Parking	50,696,556	48,350,420	2,596,982			250,846	250,846	
Convention Center	12,039,318	2,499,387	16,245,707			6,705,776	6,705,776	
Sanitation	22,166,744	16,456,469				(5,710,275)	(5,710,275)	
Redevelopment Agency's								
Parking	4,756,468	4,346,683				(409,785)	(409,785)	
Redevelopment Agency's								
Leasing	461,042	1,249,915				788,873	788,873	
Total business-type activities	<u>187,839,388</u>	<u>188,380,523</u>	<u>18,842,689</u>			<u>19,383,824</u>	<u>19,383,824</u>	
Total primary government	<u>\$ 640,410,171</u>	<u>\$ 292,509,091</u>	<u>\$ 39,972,694</u>	<u>\$ 6,744,866</u>	<u>(320,567,344)</u>	<u>19,383,824</u>	<u>(301,183,520)</u>	
Component units:								
Visitor and Convention	\$ 1,874,138	\$	\$	\$				(1,874,138)
Health Facilities	420							(420)
Total component units	<u>\$ 1,874,558</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>				<u>(1,874,558)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					177,358,634		177,358,634	
Property taxes, levied for debt service					5,938,336		5,938,336	
Resort taxes					87,595,052		87,595,052	2,841,810
Tax increment					72,235,505		72,235,505	
Utility taxes					12,837,343		12,837,343	
Local business tax					5,592,363		5,592,363	
Communication service tax					4,075,570		4,075,570	
Miscellaneous					3,989,438		3,989,438	1,065
Gain (loss) on sale of capital assets						118,745	118,745	
Unrestricted investment earnings					6,731,596	6,538,780	13,270,376	6,854
Insurance proceeds relating to impairments					1,311,745		1,311,745	
Extraordinary item					1,089,334		1,089,334	
Transfers					6,106,910	(6,106,910)		
Total general revenues, extraordinary expense, and transfers					<u>384,861,826</u>	<u>550,615</u>	<u>385,412,441</u>	<u>2,849,729</u>
Change in net position					<u>64,294,482</u>	<u>19,934,439</u>	<u>84,228,921</u>	<u>975,171</u>
Net position - beginning					<u>525,166,801</u>	<u>623,674,313</u>	<u>1,148,841,114</u>	<u>3,722,596</u>
Restatement for implementation of GASB 75					<u>(61,044,957)</u>	<u>(26,072,930)</u>	<u>(87,117,887)</u>	<u>(299,820)</u>
Net position - beginning- restated					<u>464,121,844</u>	<u>597,601,383</u>	<u>1,061,723,227</u>	<u>3,422,776</u>
Net position - ending					<u>\$ 528,416,326</u>	<u>\$ 617,535,822</u>	<u>\$ 1,145,952,148</u>	<u>\$ 4,397,947</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 98,609,882	\$ 25,031,531	\$ 66,264,357	\$ 213,679,575	\$ 109,364,242	\$ 512,949,587
Receivables (net of allowance for uncollectibles)	4,643,132	5,426,188		61,787	919,676	11,050,783
Accrued interest	1,822,595			321,243		2,143,838
Due from other fund	1,581,048					1,581,048
Due from other governments				14,847,306	3,704,296	18,551,602
Prepays	23,255			22,806	1,612	47,673
Total assets	<u>\$ 106,679,912</u>	<u>\$ 30,457,719</u>	<u>\$ 66,264,357</u>	<u>\$ 228,932,717</u>	<u>\$ 113,989,826</u>	<u>\$ 546,324,531</u>
LIABILITIES						
Accounts payable	\$ 5,362,905	\$ 620,848	\$ 187,296	\$ 22,807,335	\$ 4,760,017	\$ 33,738,401
Retainage payable	19,744			19,456,215	748,859	20,224,818
Accrued expenditures	7,958,364	1,641,663	143,538	1,872,680	748,468	12,364,713
Unearned revenues	4,810,584			14,902,225	3,801,412	23,514,221
Deposits					51,400	51,400
Due to other governments	3,835				0	3,835
Due to other funds					0	0
Due to other fund					1,581,048	1,581,048
Environmental remediation	75,000			4,400,000		4,475,000
Total liabilities	<u>18,230,432</u>	<u>2,262,511</u>	<u>330,834</u>	<u>63,438,455</u>	<u>11,691,204</u>	<u>95,953,436</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable other revenues					759,591	759,591
Total deferred inflows of resources					<u>759,591</u>	<u>759,591</u>
FUND BALANCES						
Nonspendable	23,255			22,806	1,612	47,673
Restricted	11,447,181	28,195,208	65,933,523	155,739,574	90,413,432	351,728,918
Committed	45,607,227			25,002,247	15,174,432	85,783,906
Assigned	500,000				1,286,969	1,786,969
Unassigned	30,871,817			(15,270,365)	(5,337,414)	10,264,038
Total fund balances	<u>88,449,480</u>	<u>28,195,208</u>	<u>65,933,523</u>	<u>165,494,262</u>	<u>101,539,031</u>	<u>449,611,504</u>
Total liabilities and fund balances	<u>\$ 106,679,912</u>	<u>\$ 30,457,719</u>	<u>\$ 66,264,357</u>	<u>\$ 228,932,717</u>	<u>\$ 113,989,826</u>	<u>\$ 546,324,531</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2018

Total fund balances - governmental funds \$ 449,611,504

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 funds. These assets consist of:

Land	\$	58,150,156	
Intangible assets		4,181,941	
Construction in progress		631,688,476	
Building and structures		136,279,936	
Permanent improvements		394,018,701	
Machinery and equipment		25,637,243	
Infrastructure		241,481,978	
Accumulated depreciation		(365,023,821)	
Total capital assets			1,126,414,610

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable		(539,425,000)	
Loans payable		(26,247,616)	
Net premium on bonds		(46,039,349)	
Compensated absences		(23,386,782)	
Accrued interest payable		(3,468,541)	
OPEB		(119,307,925)	
Net pension liability - MBERP		(155,391,679)	
Net pension liability - MBF&P		(301,417,365)	
Total long term liabilities			(1,214,684,257)

Unavailable revenues that meet the criteria for recognition in the Statement of Activities. 2,342,979

In governmental funds, deferred outflows and inflows of resources relating to pensions and deferred refunding costs 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 refunding costs		1,214,321	
Deferred outflows of resources relating to ERP pension		59,512,886	
Deferred outflows of resources relating to P&F pension		80,579,940	
Deferred outflows of resources relating to OPEB		9,559,526	
Deferred inflows of resources relating to ERP pension		(13,851,070)	
Deferred inflows of resources relating to P&F pension		(4,279,607)	
Deferred inflows of resources relating to OPEB		(819,475)	
			131,916,521

Internal service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 32,814,969

Net position of governmental activities \$ 528,416,326

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 176,718,001	\$	\$	\$	\$ 5,938,336	\$ 182,656,337
Sales, use and fuel	1,064,324				3,875,355	4,939,679
Utility	11,951,223				886,120	12,837,343
Resort		87,595,052				87,595,052
Local business	5,592,363					5,592,363
Tax increment			49,920,277	22,315,228		72,235,505
Communication service	4,075,570					4,075,570
Other					2,125,635	2,125,635
Franchise fees	8,173,295					8,173,295
Permits	23,905,369				23,588	23,928,957
Intergovernmental	11,008,345			2,555,967	7,441,068	21,005,380
Charges for services	18,434,148				5,918,166	24,352,314
Rents and leases	5,643,817				1,510,003	7,153,820
Interest		634,752	1,251,506	3,095,800	791,696	5,773,754
Fines and forfeitures	1,987,646				868,041	2,855,687
Administrative fees	20,810,564					20,810,564
Special assessment		197,427		14,055		211,482
Impact fees					3,486,229	3,486,229
Other	761,949	16,770		4,713,674	434,549	5,926,942
Total revenues	290,126,614	88,444,001	51,171,783	32,694,724	33,298,786	495,735,908
EXPENDITURES						
Current:						
General government	46,868,306	1,647,060	5,810,280	15,970	843,005	55,184,621
Public safety	207,996,513	6,486,802	4,496,365	166,776	11,029,175	230,175,631
Physical environment	4,068,646			99,413	2,215,992	6,384,051
Transportation	5,127,814			2,298,542	15,401,934	22,828,290
Economic environment	2,619,698		6,097,202		1,063,337	9,780,237
Human services	2,188,871				1,287,204	3,476,075
Culture and recreation	42,087,107	11,765,744	1,059,914	2,300,651	2,414,658	59,628,074
Capital Outlay	409,606	23,337	2,288,222	155,603,081	9,901,421	168,225,667
Debt service:						
Principal retirement	1,212,873				19,699,733	20,912,606
Interest	192,250				26,990,645	27,182,895
Other	110,600	1,239			2,751	114,590
Total expenditures	312,882,284	19,924,182	19,751,983	160,484,433	90,849,855	603,892,737
Excess (deficiency) of revenues over (under) expenditures	(22,755,670)	68,519,819	31,419,800	(127,789,709)	(57,551,069)	(108,156,829)
OTHER FINANCING SOURCES (USES)						
Loan proceeds					1,362,339	1,362,339
Sale of capital assets	594,270					594,270
Impairment				(1,311,745)		(1,311,745)
Insurance recovery				1,311,745		1,311,745
Transfers in	46,420,325	1,787,261	822,399	13,087,221	65,122,112	127,239,318
Transfers out	(8,089,000)	(64,780,870)	(36,039,313)	(1,674,314)	(8,312,104)	(118,895,601)
Total other financing sources (uses)	38,925,595	(62,993,609)	(35,216,914)	11,412,907	58,172,347	10,300,326
EXTRAORDINARY ITEM						
Extraordinary item	1,089,334					1,089,334
Net change in fund balances	17,259,259	5,526,210	(3,797,114)	(116,376,802)	621,278	(96,767,169)
Fund balances - beginning of year	71,190,221	22,668,998	69,730,637	281,871,064	100,917,753	546,378,673
Fund balances - end of year	\$ 88,449,480	\$ 28,195,208	\$ 65,933,523	\$ 165,494,262	\$ 101,539,031	\$ 449,611,504

The notes to the financial statements are an integral part of this statement.

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
For the Year Ended September 30, 2018

Net change in fund balance - total governmental funds **\$ (96,767,169)**

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

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

Capital outlay	\$	168,225,667	
Contributions proprietary funds, net		(7,290,584)	
Deletions		(2,907,610)	
Depreciation expense		(23,133,641)	
Excess of capital outlay over depreciation expense			134,893,832

The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental 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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

In the current year, these amounts consist of:

Proceeds from state revolving loan	(1,362,339)		
Bonds principal retirement	20,912,606		
Amortization of unamortized refunding costs	345,365		
Amortization of net bond premium(s)	2,999,302		
OPEB	4,660,488		
Total long term-debt retirement and related transactions			27,555,422

Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

Increase in compensated absences	(2,117,650)		
Increase in accrued interest expense	300,307		
Total additional expense			(1,817,343)

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:

Employees Retirement Plan (ERP)	(3,782,748)		
Police & Fire Retirement Plan (P&F)	(7,599,414)		
			(11,382,162)

Unearned revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes.

640,644

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds.

11,171,258

Change in net position of governmental activities

\$ 64,294,482

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 35,870,981	\$ 42,742,742	\$ 46,680,847	\$ 18,553,268	\$ 39,294,995	\$ 183,142,833	\$ 74,643,585
Cash with fiscal agent							250,000
Restricted cash and investments:							
Revenue bonds covenant	8,522,207	14,930,727	11,558,489			35,011,423	
Accounts receivable (net of allowance for uncollectibles)	2,789,171	9,779,508	5,511,518	7,323,892	937,377	26,341,466	11,324
Accrued interest receivable	19,027	1,476	9,844			30,347	
Prepaid expenses			405,041	66,535	109,056	580,632	1,555,937
Inventories		1,795,501				1,795,501	399,134
Total current assets	47,201,386	69,249,954	64,165,739	25,943,695	40,341,428	246,902,202	76,859,980
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits and advance sales		6,578,399	482,606	1,658,536	290,209	9,009,750	
Impact fees - water and sewer		1,135,551				1,135,551	
Interlocal agreement				1,711,723		1,711,723	
Revenue bonds covenant	108,360,408	97,262,256	15,139,708			220,762,372	
Capital assets:							
Land	1,297.00	1,492,598	18,844,498	2,089,371	3,408,962	25,836,726	608,520
Intangible assets			4,318,059			4,318,059	
Buildings and structures	9,074,836	8,791,852	102,636,630	44,575,596	32,112,613	197,191,527	2,624,671
Parking lots			10,545,474			10,545,474	
Mains and lines	94,391,734	188,454,830				282,846,564	
Meters and hydrants		13,221,458	17,386,639			30,608,097	
Machinery and equipment	2,288,222.00	53,428,835	7,482,773	4,707,357	4,572,509	72,479,696	59,942,884
Construction in progress	169,703,414.00	79,492,659	65,650,525	58,932,795		373,779,393	1,972,760
Less accumulated depreciation	(15,943,530.00)	(86,287,864)	(57,838,866)	(32,824,878)	(13,602,854)	(206,497,992)	(38,209,640)
Total capital assets (net of accumulated depreciation)	259,515,973	258,594,368	169,025,732	77,480,241	26,491,230	791,107,544	26,939,195
Total noncurrent assets	367,876,381	363,570,574	184,648,046	80,850,500	26,781,439	1,023,726,940	26,939,195
Total assets	415,077,767	432,820,528	248,813,785	106,794,195	67,122,867	1,270,629,142	103,799,175
DEFERRED OUTFLOWS OF RESOURCES							
Pensions - MBERP	1,554,614	3,500,818	6,312,625	130,171	5,658,121	17,156,349	6,342,134
Deferred refunding	6,347,821	908,687	335,683			7,592,191	
OPEB	92,475	230,601	381,604	5,268	427,842	1,137,790	472,523
Total deferred outflows of resources	7,994,910	4,640,106	7,029,912	135,439	6,085,963	25,886,330	6,814,657
LIABILITIES							
Current liabilities:							
Accounts payable	1,592,259	7,067,319	5,027,360	1,267,921	687,567	15,642,426	2,822,635
Retainage payable	4,673,005	933,404	2,331,089	6,929		7,944,427	
Accrued expenses	1,257,690	1,539,464	968,769	732,563	430,393	4,928,879	663,169
Due to other governments			1,306		5,350	6,656	
Bonds payable	5,020,137	4,832,119	2,075,076			11,927,332	
Loans payable							1,962,782
Deposits		6,294,358	10,676		3,658	6,308,692	
Accrued compensated absences	137,194	303,728	571,565	4,719	481,101	1,498,307	595,838
Unearned revenues			452,639	1,669,905	74,657	2,197,201	
Environmental remediation liability				200,000		200,000	
Insurance claims incurred but not reported							1,810,000
Pending insurance claims							8,390,000
Total current liabilities	12,680,285	20,970,392	11,438,480	3,882,037	1,682,726	50,653,920	16,244,424
Noncurrent liabilities:							
Pending insurance claims							5,481,860
Insurance claims incurred but not reported							26,523,504
Deposits		284,041	19,291	1,658,536	211,894	2,173,762	
Accrued compensated absences	69,905	241,040	501,348	1,047	472,975	1,286,315	915,612
Net pension liability - MBERP	4,059,189	9,140,842	16,482,640	339,886	14,773,691	44,796,248	16,559,692
Net OPEB liability	1,863,265	4,646,370	7,688,916	106,135	8,620,549	22,925,235	7,164,173
Loans payable							2,286,811
Revenue bonds payable (net of unamortized discounts)	281,273,776	173,484,435	95,564,670			550,322,881	
Total noncurrent liabilities	287,266,135	187,796,728	120,256,865	2,105,604	24,079,109	621,504,441	58,931,652
Total liabilities	299,946,420	208,767,120	131,695,345	5,987,641	25,761,835	672,158,361	75,176,076
DEFERRED INFLOWS OF RESOURCES							
Pensions - MBERP	361,822	814,782	1,469,205	30,296	1,316,875	3,992,980	1,476,073
OPEB	183,753	1,170,580	285,926	10,211	1,177,839	2,828,309	1,146,714
Total deferred inflows of resources	545,575	1,985,362	1,755,131	40,507	2,494,714	6,821,289	2,622,787
NET POSITION							
Net investment in capital assets	72,238,514	151,410,907	83,472,684	77,473,312	26,491,230	411,086,647	22,689,602
Restricted:							
Interlocal agreement				2,441,268		2,441,268	
Water and sewer system		1,134,571				1,134,571	
Debt covenant	17,411,626	39,930,721	11,558,489			68,900,836	
Unrestricted	32,930,542	34,231,953	27,362,048	20,986,906	18,461,051	133,972,500	10,125,367
Total net position	\$ 122,580,682	\$ 226,708,152	\$ 122,393,221	\$ 100,901,486	\$ 44,952,281	\$ 617,535,822	\$ 32,814,969

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating revenues:							
Charges for services	\$ 29,293,550	\$ 85,962,691	\$ 45,419,057	\$ 2,479,496	\$ 14,636,865	\$ 177,791,659	\$ 82,596,525
Permits, rentals, and other		221,408	2,931,363	19,891	7,416,202	10,588,864	4,151,399
Total operating revenues	29,293,550	86,184,099	48,350,420	2,499,387	22,053,067	188,380,523	86,747,924
Operating expenses:							
Personal services	2,743,705	6,051,930	13,077,184	4,275,506	11,230,614	37,378,939	12,477,389
Operating supplies	30,773	148,819	148,781	150,262	49,885	528,520	3,972,774
Contractual services	2,537,984	47,620,270	13,181,081	2,502,968	9,001,825	74,844,128	13,451,689
Utilities	260,611	1,236,123	3,038,732	25,648	215,470	4,776,584	1,862,971
Insurance			175,669	46,066		221,735	11,197,830
Internal charges	457,000	3,230,000	3,617,311	1,868,134	2,311,000	11,483,445	1,793,125
Depreciation	3,105,905	5,615,163	5,745,404	1,443,387	1,304,272	17,214,131	5,542,849
Administrative fees	1,467,000	1,809,000	3,392,261	586,000	1,927,000	9,181,261	1,100,000
Claims and judgments							31,767,887
Other operating	110,662	1,594,146	3,190,591	836,943	981,869	6,714,211	422,494
Total operating expenses	10,713,640	67,305,451	45,567,014	11,734,914	27,021,935	162,342,954	83,589,008
Operating income (loss)	18,579,910	18,878,648	2,783,406	(9,235,527)	(4,968,868)	26,037,569	3,158,916
Nonoperating revenues							
(expenses):							
Intergovernmental			2,596,982	16,245,707		18,842,689	
Interest and fiscal charges	(11,483,714)	(7,647,017)	(4,558,033)		(1,863)	(23,690,627)	(137,783)
Gain (loss) on disposal of capital assets		61,475	13,846	(35,544)	78,968	118,745	301,172
Interest income	2,189,459	2,254,705	1,321,354	266,972	506,290	6,538,780	989,369
Total nonoperating revenues (expenses)	(9,294,255)	(5,330,837)	(625,851)	16,477,135	583,395	1,809,587	1,152,758
Income before contributions, transfers and special item	9,285,655	13,547,811	2,157,555	7,241,608	(4,385,473)	27,847,156	4,311,674
Capital contributions							7,290,584
Transfers in		124,705		4,813,284	1,715,000	6,652,989	0
Transfers out	(1,438,706)	(3,602,000)	(8,274,000)	(1,214,000)	(37,000)	(14,565,706)	(431,000)
Change in net position	7,846,949	10,070,516	(6,116,445)	10,840,892	(2,707,473)	19,934,439	11,171,258
Net position - beginning	116,799,023	222,618,876	136,481,183	90,177,938	57,597,293	623,674,313	29,961,762
Restatement for GASB 75	(2,065,290)	(5,981,240)	(7,971,517)	(117,344)	(9,937,539)	(26,072,930)	(8,318,051)
Net position - as restated	114,733,733	216,637,636	128,509,666	90,060,594	47,659,754	597,601,383	21,643,711
Net position - ending	\$ 122,580,682	\$ 226,708,152	\$ 122,393,221	\$ 100,901,486	\$ 44,952,281	\$ 617,535,822	\$ 32,814,969

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash flows from operating activities:							
Receipts received from customers	\$ 29,727,954	\$ 86,352,466	\$ 48,372,671	\$ (2,382,520)	\$ 22,626,658	\$ 184,697,229	\$ 86,776,500
Payments to suppliers	(5,388,588)	(51,851,380)	(19,583,544)	(3,532,376)	(11,680,377)	(92,036,265)	(31,126,022)
Payments to employees	(3,035,841)	(7,316,903)	(13,142,378)	(4,282,630)	(11,303,989)	(39,081,741)	(12,635,853)
Payments for claims and judgments							(29,787,936)
Payments for interfund services used	(1,924,000)	(5,039,000)	(7,009,572)	(2,454,134)	(4,238,000)	(20,664,706)	(2,893,125)
Net cash provided by (used in) operating activities	19,379,525	22,145,183	8,637,177	(12,651,660)	(4,595,708)	32,914,517	10,333,564
Cash flows for non-capital financing activities:							
Contributions from other governments			2,596,982			2,596,982	
Transfers in				4,813,284	1,715,000	6,528,284	
Transfers out	(1,314,001)	(3,602,000)	(8,274,000)	(1,214,000)	(37,000)	(14,441,001)	(431,000)
Net cash provided by (used in) non-capital financing activities	(1,314,001)	(3,602,000)	(5,677,018)	3,599,284	1,678,000	(5,315,735)	(431,000)
Cash flows from capital and related financing activities:							
Principal paid on loans	(38,650)	(80,636)	(57,875)		(98,705)	(275,866)	(1,145,000)
Proceeds from issuance of bonds	79,255,693	70,119,388				149,375,081	
Bond issuance costs	(1,325,908)	(1,093,881)				(2,419,789)	
Proceeds from bond premium	20,957,766	15,560,197				36,517,963	
Interest and fiscal charges	(9,913,332)	(6,547,489)	(4,581,594)		(1,863)	(21,044,278)	(136,354)
Principal paid on bonds	(3,880,001)	(7,414,618)	(1,670,000)			(12,964,619)	
Contributions from other governments				16,245,707		16,245,707	
Purchase of capital assets	(21,040,146)	(6,730,791)	(18,316,109)	(2,203,317)	(709,736)	(49,000,099)	(7,457,921)
Proceeds from sale of capital assets		61,475	41,188	(35,544)	90,141	157,260	325,747
Net cash provided by (used in) capital and related financing activities	64,015,422	63,873,645	(24,584,390)	14,006,846	(720,163)	116,591,360	(8,413,528)
Cash flows from investing activities:							
Interest on investments	2,206,636	2,254,645	1,338,264	266,972	506,290	6,572,807	989,369
Net cash provided by investing activities	2,206,636	2,254,645	1,338,264	266,972	506,290	6,572,807	989,369
Net increase (decrease) in cash and investments	84,287,582	84,671,473	(20,285,967)	5,221,442	(3,131,581)	150,762,949	2,478,405
Cash and investments - beginning of year	68,466,014	77,978,202	94,147,617	16,702,085	42,716,785	300,010,703	72,415,180
Cash and investments - end of year	\$ 152,753,596	\$ 162,649,675	\$ 73,861,650	\$ 21,923,527	\$ 39,585,204	\$ 450,773,652	\$ 74,893,585
Classified as:							
Current assets	\$ 44,393,188	\$ 57,673,469	\$ 58,239,336	\$ 18,553,268	\$ 39,294,995	\$ 218,154,256	\$ 74,893,585
Restricted assets	108,360,408	104,976,206	15,622,314	3,370,259	290,209	232,619,396	
Total cash and investments	\$ 152,753,596	\$ 162,649,675	\$ 73,861,650	\$ 21,923,527	\$ 39,585,204	\$ 450,773,652	\$ 74,893,585
Non-cash transactions affecting financial position:							
Change in construction and related liabilities	\$ 52,958	\$ (100,566)	\$ 2,152	\$	\$	\$ (45,456)	\$
Capital contributions	-						7,290,584
Debt proceeds relating to escrow	77,294,307	45,060,612					
Escrow deposit	(77,294,307)	(45,060,612)					
Capital contributions of capital assets							1,409,725
Assets relating to capital leases							(1,409,725)
Change in deferred refunding costs	266,482	172,990	85,706			525,178	
Change in bond discount/premium	(18,989,926)	(281,765)	347,901			(18,923,790)	
Total non-cash transactions affecting financial position	\$ (18,670,486)	\$ (209,341)	\$ 435,759	\$	\$	\$ (18,444,068)	\$ 7,290,584

The notes to the financial statements are an integral part of this statement.

(continued)

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018
(continued)

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Operating income (loss)	\$ 18,579,910	\$ 18,878,648	\$ 2,783,406	\$ (9,235,527)	\$ (4,968,868)	\$ 26,037,569	\$ 3,158,916
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation	3,105,905	5,615,163	5,745,404	1,443,387	1,304,272	17,214,131	5,542,849
Provision for uncollectible accounts	416,216	393,209	(1,749)		(66,943)	740,733	(3,818)
Pension expense	(167,449)	(963,588)	88	(1,786)	269,368	(863,367)	178,904
OPEB Expense	(110,747)	(394,891)	(378,280)	(6,266)	(566,993)	(1,457,177)	(479,686)
Changes in assets/liabilities and deferred inflows:							
(Increase) decrease in inventories		(106,486)				(106,486)	(4,613)
(Increase) decrease in accounts receivable	18,188	(67,822)	13,475	(6,621,190)	642,197	(6,015,152)	32,394
(Increase) decrease in prepaid expense			(79,390)	(23,473)	(7,891)	(110,754)	(150,014)
Increase (decrease) in accounts payable	(2,534,416)	(1,273,842)	297,101	(1)	(1,354,444)	(4,865,602)	(236,971)
Increase (decrease) in accrued expenses	125,607	234,100	168,790	6,591	208,963	744,051	286,173
Increase (decrease) in deposits		(157,020)	866	744,378	(4,062)	584,162	
Increase (decrease) in due to other governments			(59,283)		(19,253)	(78,536)	
Increase (decrease) in unearned revenues			9,659	994,905	2,399	1,006,963	
Increase (decrease) in environmental remediation liability				50,000	(135,410)	(85,410)	
Increase in pending insurance claims							174,048
(Decrease) in insurance claims incurred but not reported							1,805,903
Increase (decrease) in accrued compensated absences	(53,689)	(12,288)	137,090	(2,678)	100,957	169,392	29,479
Total adjustments	799,615	3,266,535	5,853,771	(3,416,133)	373,160	6,876,948	7,174,648
Net cash provided by (used in) operating activities	\$ 19,379,525	\$ 22,145,183	\$ 8,637,177	\$ (12,651,660)	\$ (4,595,708)	\$ 32,914,517	\$ 10,333,564

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2018

	Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 3,932,034	\$ 19,018,206
Receivables:		
Accounts, net		47,982
Accrued interest	2,638,092	
Contributions	500,000	
Other	1,104,332	
Prepaid expenses	4,472	
Investments:		
Short-term investments	7,716,171	
U.S. Government securities	161,966,894	
Corporate bonds and notes	191,322,379	
Bond Funds	47,948,693	
Foreign Bonds and private placements	42,440,874	
Common stocks and index funds	776,421,632	
Foreign Stocks	139,936,162	
Real estate funds	155,942,831	
Infrastructure investments	40,805,491	
Mutual funds	70,630,850	
Total investments	1,635,131,977	
Total assets	1,643,310,907	\$ 19,066,188
Liabilities		
Accounts payable	375,903	\$ 477,176
Accrued expenses	278,998	
Deposits		18,589,012
Total liabilities	654,901	\$ 19,066,188
Net Position		
Restricted for pension and OPEB benefits	\$ 1,642,656,006	

The notes to the financial statements are an integral part of this statement.

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

For the Fiscal Year Ended September 30, 2018

	Trust Funds
Additions:	
Contributions -	
Employer	\$ 81,559,204
Employee	14,836,305
State of Florida	2,125,635
Total contributions	<u>98,521,144</u>
Investment Income -	
Net increase in fair value of investments	120,919,159
Interest and dividends income	23,719,271
	<u>144,638,430</u>
Investment management expenses	<u>(5,690,376)</u>
Net investment income	<u>138,948,054</u>
Total additions	<u>237,469,198</u>
Deductions:	
Benefit paid	139,544,762
Contributions refunded	1,383,069
Administrative expenses	1,753,035
Total deductions	<u>142,680,866</u>
Net increase	<u>94,788,332</u>
Net position - amount restricted for pension and OPEB benefits - beginning of year	<u>1,547,867,674</u>
Net position - amount restricted for pension and OPEB benefits - end of year	<u>\$ 1,642,656,006</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of Miami Beach, Florida (the "City") have been prepared in accordance with Accounting Principles Generally Accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

The City was incorporated as a municipal corporation on March 26, 1915 and was created by the Florida Legislature, Chapter 7672, Laws of Florida (1917). The City is governed by an elected mayor and six-member commission. The City operates under a Commission-Manager form of government.

Financial accountability includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by the full faith credit of the City or its revenue stream, and responsibility for funding deficits.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable, or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units presented herein, although legally separate entities, are substantively the same as the governing body of the primary government, and management of the primary government has operational responsibility for the component unit. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units are described below.

1. Blended Component Units:

Miami Beach Redevelopment Agency

The Miami Beach Redevelopment Agency (the "Agency") was created under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The Agency's Board of Directors is the City Commission. The Agency's executive director is the City Manager. The Agency's budget is adopted by its directors, and over 50% of the Agency's operating revenue is derived from the City's tax increment contributions.

Normandy Shores Local Government Neighborhood Improvement District

The Miami Beach Normandy Shores Local Government Neighborhood Improvement District (the "NSNID") was created under Chapter 163.506, of the Florida Statutes. The NSNID's Board of Directors is the City Commission. The NSNID's revenues are derived from ad valorem taxes. The NSNID is accounted for as a blended component unit in the City's Governmental Funds financial statements under the column entitled, "Other Governmental Funds". It is also reported in the supplementary information, Non-Major Special Revenue Funds under the column "Other Special Revenue Fund".

2. Discretely Presented Component Units-Governmental Fund Type:

Miami Beach Health Facilities Authority

The Miami Beach Health Facilities Authority (the "Authority") was created under the Health Facilities Authorities Law, Chapter 154, Part III of the Florida Statutes. The Authority's Board is appointed by the City Commission, serves a four-year term and is subject to reappointment. The revenue of the Authority is derived from fees generated from the sale of bonds to finance health facilities within Miami Beach. The City receives all funds of the Authority in excess of operational needs of the

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Authority. Debt issued under the oversight of the Authority is not debt of the City or the Authority and therefore is not included in the accompanying financial statements. The Authority is accounted for as a discretely presented component unit in the City's financial statements. The Authority accounts for its financial activities using only a general fund.

Miami Beach Visitor and Convention Authority

The Miami Beach Visitor and Convention Authority (the "VCA") was created under Chapter 67-930, Section 8, of the Florida Statutes. The VCA is appointed by the City Commission to administer a portion of the collections of the municipal resort tax in order to promote tourism and convention business. The VCA is accounted for as a discretely presented component unit in the City's financial statements.

Complete financial statements for the component units may be obtained at the entity's offices:

Miami Beach Redevelopment Agency
1700 Convention Center Drive
Miami Beach, Florida 33139

Miami Beach Visitor and Convention Authority
777 17th Street, Suite 402A
Miami Beach, Florida 33139

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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. In the government-wide Statement of Net Position, both the governmental and business-type activities columns reflect a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt and obligations.

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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The governmental funds financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments necessary to reconcile the fund based financial statements to the government-wide presentation.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for the agency fund which has no measurement focus and is reported using the accrual basis of accounting. Revenues, including charges for services are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City 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 expenditures, as well as expenditures related to compensated absences, claims and judgments, pensions, pollution remediation obligation and other postemployment benefits are recorded only when payment is due, or when the City has made a decision to fund those obligations with current available resources.

Property taxes, when levied for, charges for services, franchise taxes, licenses, grants and intergovernmental revenues, when all eligibility requirements are met, and interest associated with the current fiscal period, if measurable and available, have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable when the City receives the cash.

Governmental funds – typically are used to account for tax-supported activities. The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources that relate to the general operations of the City, except those required to be accounted for in another fund.
- The *Resort Tax Special Revenue Fund* accounts for the collection of the special tax levied city-wide on food, beverage and room rents used to support tourist related activities.
- The *Miami Beach Redevelopment Agency Special Revenue Fund* accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Pointe and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. The South Pointe District under the jurisdiction of the Agency has expired and South Pointe is now under jurisdiction of the City.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

- The *Capital Projects Fund* accounts for proceeds of the City's bond sales and other revenues whose expenditure is restricted to the construction and acquisition of major capital assets.

Proprietary funds – are used to account for activities supported, at least in part, by fees or charges. The City reports the following major proprietary funds:

- The Storm Water Utility Fund accounts for the storm water utility operations of the City.
- The Water and Sewer Fund accounts for the water and sewer operations of the City.
- The Parking System Fund accounts for the parking operations of the City.
- The Convention Center Complex Fund accounts for the Convention Center and the Theatre of Performing Arts (TOPA) operations of the City.

Other fund types:

Internal service funds - account for services provided to other departments or agencies of the government. The internal service operations include:

- Fleet Management – accounts for the warehouse operations and the purchase and maintenance of the City's fleet of vehicles.
- Property Management – accounts for the cleaning, operating and renovations of City buildings.
- Central Services – accounts for the operation of the office supplies warehouse, central printing function and central mail facility.
- Risk Insurance – accounts for the City's Risk insurance operations, both retained and insured.
- Health Insurance – accounts for the City's Health insurance operations, both retained and insured.
- Communications – accounts for centralized telecommunications and information technology operations.

Fiduciary Funds - used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other Governments and other funds. The City reports the following fiduciary fund types:

- Pension trust funds include:
 - Retirement System for Miami Beach Employees',
 - Retirement System for Firefighters and Police Officers,
 - Policemen's Relief and Pension Fund,
 - Firemen's Relief and Pension Fund, and
 - Post-Employment Benefits Other Than Pensions (OPEB).
- General Agency fund – this fund accounts for general deposits held in trust until obligations are met or refunds are made.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and the General Fund as well as cost reimbursement transactions between the enterprise funds and various other functions of City government. Elimination of these charges would distort the direct costs and program revenues reported for those sectors. The following describes the four basic types of *interfund transactions* made during the year and the related accounting policies:

1. Transactions for services rendered or facilities provided are recorded as revenue in the receiving fund and expenditures, either as internal charges or administrative fees, in the disbursing fund;

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

2. Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund;
3. Transactions which are recurring annual transfers between two or more budgetary funds are recorded as transfers in and out; and
4. Transactions recording capital contributions between funds are recorded in the proprietary funds and are net to zero in the government-wide statement of activities. The governmental funds do not record capital assets or capital transfers of assets.

Amounts reported as *program revenues* include: charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes are included in general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. *Cash and investments*

All cash and investments are reflected as pooled cash and investments except for amounts held by fiscal agent. Cash and investments consist of demand deposits with banks, United States Treasury Obligations, State or Municipal Obligations, Money Market Funds, and cash held at investment institutions. Investments are recorded at fair value, except for those investments with remaining maturities of one year or less at the time of purchase, which are recorded at amortized cost. For the purpose of the Statement of Cash Flows for the Proprietary Fund Types, pooled cash and investments are considered cash and cash equivalents.

The cash and investments for the retirement system are maintained in separate cash and investment accounts. The retirement system investments are held in United States Treasury Obligations, loans guaranteed by Government agencies, Mutual and Money Market Funds, General Obligation or Revenue Bonds issued by States and Municipalities, dividend paying stocks of domestic corporations, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations. The retirement system's investments are recorded at fair value. Please refer to Note 3 for more detailed information regarding the City's investments.

2. *Receivables and payables*

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, balances of

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

interfund amounts receivable or payable have been reflected. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectible accounts. Accounts receivable in excess of 90 days that are not deemed collectible, comprise the allowance for uncollectible accounts.

Following are the significant components of the receivables due to the City at September 30, 2018:

- a. Water, Sewer and Waste Fees – This amount represents the unpaid, unbilled and billed charges for various fines and municipal services;
- b. Taxes, Franchise Fees and Rents – This amount represents Ad Valorem taxes, including delinquent taxes, communication and utility taxes, along with franchise fees and rent payments due by September 30, 2018, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2018, but not collected as of that date;
- d. Storm Water Receivable – This amount represents the unpaid, billed charges for treating water runoff from impervious areas; and
- e. Accrued Interest Receivable – This amount represents the interest earned but not collected on the City's investments at September 30, 2018.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2018 and state revenue sharing received within 45 days of year end.

3. *Inventories and prepaids*

Material and supplies in inventory are reported as current assets of the proprietary funds and on the government – wide financial statements at cost. Governmental funds inventory is stated at cost and accounted for on the consumption basis. Fund balance includes a nonspendable amount for the amount of the inventory since inventories are not available for appropriation and expenditure.

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

4. *Restricted assets*

Certain proceeds of the storm water enterprise fund revenue bonds, water and sewer enterprise fund revenue bonds, and the parking system enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Certain proceeds in the convention center complex enterprise fund are restricted as a result of an interlocal agreement between Miami-Dade County and the City to fund the cost of capital improvements to the Convention Center and the Theatre of Performing Arts (TOPA). Customer deposits are restricted for in the water and sewer fund, parking system fund, convention center fund and other non-major enterprise funds. The governmental fund types report unspent bond proceeds as restricted on the statement of net position.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

valuations, which approximate cost. In the case of initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. Gifts or contributions of property received are recorded at their estimated acquisition value at the time received by the City. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City, as well as the component units, is depreciated over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Capital Assets Category	Capitalizing Threshold	Estimated Useful Life (in years)
Land	Capitalize all	Not depreciable
Intangible assets	Capitalize all	Not depreciable
Construction in progress	\$ 100,000	Not depreciable
Building and structure	100,000	50 years
Permanent improvements	100,000	Limited to useful life of bldg. not to exceed 35 years
Furniture & equipment	5,000	7 years
Motor vehicles	5,000	5 years
Motor vehicles greater than \$50,000	50,000	10 years
Maintenance and heavy moving equipment	5,000	15 years
Infrastructure	100,000	30-50 years

In the governmental funds, capital assets are recorded as expenditure and no depreciation expense is recorded.

6. *Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. When terminated, an employee is paid for accumulated vacation leave and a percent of unused sick leave hours, subject to certain limitations. All vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured, as a result of employee resignations or retirements.

7. *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 amortized 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. 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.

8. *Unearned revenue*

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

revenue in the government-wide and the fund financial statements.

9. *Deferred outflows/inflows of resources*

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

- a. Unavailable property taxes are reported only in the governmental funds balance sheet. The government-wide statement of net position reports deferred inflows as a result of receiving grants with grantor stipulations that funds received cannot be used until future periods. These amounts are capitalized and recognized as an inflow of resources in the period that the time requirements have been met and the amounts may be spent.
- b. 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.
- c. 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.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
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10. *Net position/ fund balance*

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

On June 5, 1996, the City Commission adopted Resolution No. 96-22014 which appropriated \$10 million into a reserve for contingencies in the General Fund. This resolution called for this reserve to remain at 11% of the General Fund operating budget of the ensuing year. On February 18, 1998, the City Commission adopted Resolution No. 98-22661 which defined a public emergency for which funds could be used as well as stipulating that expenditure specifically requires a 5/7 vote rather than a majority of the Commission.

On September 21, 2006, the Commission adopted Resolution No. 2006-26341 which stated that in addition to the 11% of General Fund operating budget emergency reserve, the City shall have a goal to maintain a General Fund reserve for contingencies equal to 6% of the General Fund operating budget. In combination with the 11% of emergency reserve, this represents 2 months of the General Fund operating budget expenditures. If the reserve for contingencies level falls below the 6% level, a plan of action will be required to increase the reserves over three to seven years (to at least 6%) and a percentage of any additional undesignated fund balance shall be earmarked toward attainment of the 6% level.

On July 22, 2014, the City's Resort Tax Reserve Fund Policy was amended to state the goal is reserve three months of total fund revenue of the 2% resort tax fund. The minimum acceptable reserve is to be two months of operating expenses or two months of total revenues. The policy was established to ensure the continuity of operations of both the Resort Tax Fund and the General Fund.

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

The City reports the following fund balance classifications for the governmental fund balance:

- 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.
- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission through an ordinance or resolution which are equally binding as the highest 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.
- 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.

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- Unassigned Fund Balance – may include residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- a. Net Investment in Capital Assets – is intended to reflect the portion of net position which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.
- b. Restricted Net Position – have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.
- c. Unrestricted Net Position – have no third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

11. *Restricted component of net position*

Restricted Net Position consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2018, the Government-wide statement of net position reported \$196,553,344 in governmental activities' restricted net position. Of this amount, \$195,042,813 is restricted as a result of enabling legislation.

12. *Use of estimates*

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

13. *Risk management*

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents).

The City established an internal service Risk Insurance Fund (the "Fund") to account for its risk financing activities. The Fund charges the operating funds insurance premiums. The accrued liability for estimated insurance claims represents an estimate of the ultimate cost of settling claims arising prior to year end, including claims incurred but not yet reported. The Fund pays for all claims and judgments made against the City for accidental losses for which the City is self-insured, and the premium costs for insurance policies to protect the City's property.

14. *Employee benefit plans*

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The 457 Plan

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

and the 401(a) Plan are not included in the City's financial statements.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miami Beach Employees' Retirement System (MBERP) and Miami Beach Retirement Systems for Firefighters and Police Officers (MBF&P) and additions to and deletions from the systems' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms discussed in NOTE 16. Investments are reported at fair value.

15. *Post-employment benefits other than pensions (OPEB)*

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 has a 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 21 for more information.

16. *Health self-insurance*

Pursuant to City Code Chapter 78, Article II, Sections 78 through 81, the City provides for employees health care coverage with the cost of such coverage shared between the employee and the City. In addition, the collective bargaining agreements of the American Federation of State, County and Government Supervisors Association (GSA) all require the City to provide group health care coverage to their members. Currently the City provides its active, full time employees and retirees the opportunity to purchase group health care coverage (medical and dental). The City's group health plan excludes coverage for members of the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF). FOP members are eligible to participate in the City's dental plan. The City and the employee/ retiree contribute to the cost of this coverage, at different rates, based on the plan elected. Municipal Employees (ASFCME), the Communication Workers of America (CWA), and the plan elected.

The City established an internal service Health Insurance Fund (the "Fund") to account for Medical and Dental activities. Revenues from employee and City premiums are recorded in the Fund. The Fund pays for all claims and the premium cost of "stop loss" insurance coverage. Both medical and dental claims are administered by a third party service provider.

17. *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 City's financial year ending September 30, 2018. The City has restated beginning net assets in the Statement of Activities, Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds, and Combining Statement of Activities, Discretely Presented Component Units Please refer to Note 17 for more information relating to GASB 75.

In March 2016, the GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements". The

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(Continued)

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-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 City's financial year ending September 30, 2018. This statement did not have a material impact on the City.

In March 2016, the GASB issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73". This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this statement are effective for the City's financial year ending September 30, 2018. This statement did not have a material impact on the City.

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 City's financial year ending September 30, 2018. This statement did not have a material impact on the City.

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 City's financial year ending September 30, 2018. This statement did not have a material impact on the City.

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 City has chosen to early implement this standard for reporting periods after September 30, 2017.

NOTE 2 - Stewardship, Compliance, and Accountability

Fund Balance/Net Position

At September 30, 2018, the City's HOME Investment Partnership Program Grant fund (HOME) had a net negative fund balance of \$185,473. The HOME fund's negative fund balance is primary due to unreimbursed grant expenditures. The City's Sanitation and Property Management Funds' had a negative net position of \$6,628,219

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and \$1,153,292, respectively. The Sanitation and Property Management Funds' negative net position is due to their proportionate share of the City's overall GASB 75 OPEB balances.

NOTE 3 - Deposits and Investments

City's Pooled Portfolio Investments:

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

The City's 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 its maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting exposure to fair value losses, the City's investment policy limits maturity of its investments to seven (7) years or less.

As of September 30, 2018, the City had the following investments in its portfolio:

City's Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
U.S. Government Agencies	\$ 157,485,175	\$ 76,513,965	\$ 80,971,210
U.S. Government Treasuries	160,480,225	57,005,380	103,474,845
Commercial paper	6,191,359		6,191,359
Corporate bonds	67,571,481	18,918,526	48,652,955
Israeli Bonds	10,000,000		10,000,000
FLCLASS Pool	547,037,600	547,037,600	
Total	\$ <u>948,765,840</u>	\$ <u>699,475,471</u>	\$ <u>249,290,369</u>

Concentration of Credit Risk The City's investment plan limits the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The investment policy allows for a maximum of 100% of the portfolio in Time Deposits, U.S. Treasury Bills, U.S. Treasury Notes and Money Market Mutual/Trust Funds, 50% in U.S. Government Agencies and Municipal Obligations, 25% in Fixed Income Mutual Funds sponsored by the Florida League of Cities, 20% in Bankers Acceptances, Commercial Paper, Corporate Bond and Notes and Externally Managed Funds requiring specific approval by the City Commission, 15% in Mortgage Backed Securities, and 10% in Interest Rate Swaps. There were no individual investments that represent five percent or more of total investments at September 30, 2018.

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 (NRSROs). It is the City's policy to limit its exposure in these investment types to the top rating issued by NRSROs. U.S. government agencies are only implicitly guaranteed by the U.S. Government. U.S. Government Treasuries explicitly guaranteed by the U. S. Government are not considered to have credit risk exposure.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

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

Investment Type	Issuer	Standard & Poor's	Moody's	Reported Value
US Government Agencies:				
	FHLB	AA+	Aaa	\$ 45,273,572
	FNMA	AA+	Aaa	31,831,737
	FHLMC	AA+	Aaa	42,777,309
	FFCB	AA+	Aaa	37,602,557
				<u>\$ 157,485,175</u>
US Government Treasuries:				
	U. S. Government	AA+	Aaa	\$ 28,000,000
		AA+	Aaa	132,480,225
				<u>\$ 160,480,225</u>
Commercial Paper:				
	FNMA	AA+	Aaa	\$ 4,205,196
	FHLMC	AA+	Aaa	1,986,163
				<u>\$ 6,191,359</u>
Corporate Bonds:				
	Johnson & Johnson SR	AAA	Aaa	\$ 2,302,758
	Apple Inc. (2021)	AA+	Aa1	4,911,782
	Apple Inc. (2019)	AA+	Aa1	8,746,785
	Apple Inc. (2020)	AA+	Aa1	1,868,804
	Microsoft Corp. (2019)	AAA	Aaa	1,727,177
	Microsoft Corp. (2020)	AAA	Aaa	7,886,935
	Chevron Corp.	AA-	Aa2	4,996,829
	Chevron Corp. (2020)	AA-	Aa2	7,900,336
	Toyota Motor Credit	AA-	Aa3	9,944,074
	Berkshire Hathaway	AA	Aa2	4,936,553
	Exxon Mobil	AA+	Aaa	7,823,685
	Wal-Mart	AA	Aa2	4,525,763
				<u>\$ 67,571,481</u>
Israeli Bonds:				
	State of Israel	A+	A1	\$ 10,000,000
				<u>\$ 10,000,000</u>
FLCLASS	Local Government Inv. Pool	AAAm	N/A	<u>\$ 547,037,600</u>
Total				<u>\$ 948,765,840</u>

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.

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(Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 City has the following recurring fair value measurements as of September 30, 2018:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using
		Level 2
U.S. Government Agencies	\$ 157,485,175	\$ 157,485,175
U.S. Government Treasuries	160,480,225	160,480,225
Commercial Paper	6,191,359	6,191,359
Corporate Bonds	67,571,481	67,571,481
State of Israel Bonds	10,000,000	10,000,000
Total Debt Securities	<u>401,728,240</u>	<u>401,728,240</u>
Total investments by fair value	<u>401,728,240</u>	\$ <u>401,728,240</u>
Investments measured at Net Asset Value (FL CLASS)	<u>547,037,600</u>	
Total Investments	<u>\$ 948,765,840</u>	

Investments Measures at the NAV:

	Fair Value	Redemption Frequency	Notice Period
FLCLASS	<u>\$ 547,037,600</u>	Daily	Same day

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 481 days as of September 30, 2018.

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

Schedule of cash and investments by fund:		
General	\$	98,609,882
Resort Tax		25,031,531
Redevelopment Agency		66,264,357
Capital Projects		213,679,575
Storm Water		152,753,596
Water & Sewer		162,649,675
Parking		73,861,650
Convention Center Complex		21,923,527
Internal Service		74,893,585
Agency		19,018,206
Nonmajor Governmental		109,364,242
Nonmajor Enterprise		39,585,204
Total cash and investments	\$	<u>1,057,635,030</u>

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the City's deposits may not be returned to it.

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, United States 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.

Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The security cannot be released, substituted or sold without the City's approval and release of the security.

Investments The City's investment policy requires that securities be registered in the name of the City. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name.

At September 30, 2018, the General Fund had \$0 investment return. The General Fund earned \$3.0 million in investment income and incurred an unrealized loss on investments of \$3.0 million. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, the City is required to adjust interest earnings on the financial statements to reflect unrealized gains and losses due to year over year changes in the market value of the City's investment portfolio. As of September 30, 2018 the City's investment portfolios have an unrealized loss of approximately \$3.9 million as a result of significant increases in interest rates during the prior 12 months. This adjustment results in \$0 reported investment return for the purposes of reporting in the year-end financial statements. The City primarily utilizes a buy and hold to maturity investment strategy and unrealized gains and losses are not recognized for securities held to maturity. While increasing rates resulted in unrealized losses as of fiscal year end, this interest rate scenario has also provided increased income opportunities

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(Continued)

compared to the prior year for reinvested proceeds as interest rates increased more than 1.30% during the fiscal year ended September 30, 2018.

Employee Retirement Systems Investments:

The City has adopted ordinances which govern the investment of funds for all of the Employee's Retirement Systems (the System). Each Plan is allowed to invest in a wide range of instruments including but not limited to United States Treasury obligations, loans guaranteed by government agencies, Mutual and Money Market funds, Private Placement, Real Estate funds, General Obligation or Revenue Bonds issued by states and municipalities, dividend paying stocks of domestic corporations, International Equity Funds, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations. Each Plan has a Board of Trustees who authorizes the investment policy.

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 an investment has, the greater the sensitivity of fair value changes due to its dependence on the market interest rate.

Information about the sensitivity of fair value of the System's investments to market interest rate fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2018.

City Pension Fund for Firefighters and Police Officers:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
U.S. government securities	\$ 30,898,782	\$ 5,989,687	\$	\$ 24,909,095	\$
Corporate bonds and notes	184,944,266	11,684,241	98,859,816	74,400,209	
Foreign bonds	10,124,625		10,124,625		
Private placement	32,316,249	5,339	142,829	169,934	31,998,147
Total	<u>\$ 258,283,922</u>	<u>\$ 17,679,267</u>	<u>\$ 109,127,270</u>	<u>\$ 99,479,238</u>	<u>\$ 31,998,147</u>

Miami Beach Employees' Retirement Plan:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
U.S. government securities	\$ 128,937,443	\$	\$ 128,937,443	\$	\$
Bond funds	47,948,693		47,948,693		
Total	<u>\$ 176,886,136</u>	<u>\$</u>	<u>\$ 176,886,136</u>	<u>\$</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS
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Firemen's Relief and Pension Fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More 6-10
U.S. government securities	\$ 1,235,864	\$ 449,398	\$ 97,664	\$ 688,802
Corporate bonds and notes	4,365,367	199,955	2,548,214	1,617,198
Total	<u>\$ 5,601,231</u>	<u>\$ 649,353</u>	<u>\$ 2,645,878</u>	<u>\$ 2,306,000</u>

Policemen's Relief and Pension Fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
U.S. government securities	\$ 894,805	\$ 552,941	\$ 341,864	\$
Corporate bonds and notes	2,012,746	124,719	1,095,253	792,774
Total	<u>\$ 2,907,551</u>	<u>\$ 677,660</u>	<u>\$ 1,437,117</u>	<u>\$ 792,774</u>

Credit Risk and Concentration of Credit Risk The System's investment policy utilizes portfolio diversification in order to control credit risk. The Systems have no limit imposed on fixed income securities issued directly by the U.S. Government or any agency or instrumentality thereof. The City pension fund for firefighters and police officers limits corporate debt securities (bonds, notes, debentures at the time of purchase) to only the highest three categories of quality by any of the following listed services: Moody's, Standards and Poor's or Fitch's Manual. Any issue which is downgraded to investment grade fourth category may be held. Any issue if downgraded below investment grade by two of the three of the above mentioned ratings services must either be sold or specifically approved for retention by the Board. Commercial paper must be rated Moody's P1 or Standard and Poor's A1. Bonds issued by the State of Israel may also be purchased. The City employee's retirement system limits commercial paper to those rated only in the highest category. Other fixed income securities that are classified "Investment Grade" in the top four rating by Standard & Poor's and Moody's can also be purchased. The firefighters and police officers pension funds follow state law, which limits investments in debt securities to those with the top three ratings issued by a nationally recognized statistical rating organization. There were no individual investments that represent five percent or more of the total investments at September 30, 2018.

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(Continued)

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan has exposure through international holding in a private placement trust fund. The Plan has exposure to currency fluctuations at September 30, 2018 as follows:

		Estimated Holdings of the City's Pension Fund for Police and Fire of the total Private Placement Fund (Valued in U.S. Dollars)
Australian Dollar	\$	4,668,063
Brazilian Real		875,890
British Pound Sterling		1,624,410
Canadian Dollar		2,505,565
Danish Krone		1,996,694
Euro		1,850,430
Indian Rupee		956,501
Indonesian Rupiah		968,019
Malaysian Ringgit		1,585,227
Mexican Peso		1,686,159
New Zealand Dollar		1,650,113
Polish Zloty		1,632,577
Peruvian Nuevo Sol		615,536
Romanian Leu		327,852
Singapore Dollar		1,613,572
South African Rand		1,024,121
Thai Baht		965,915
Total	\$	<u>26,546,644</u>

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Credit risk is generally measured by the assignment of a rating by a nationally recognized rating organization. The following table discloses credit ratings by investment type at September 30, 2018.

City Pension Fund for Firefighters and Police Officers:

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 30,898,782	11.96 %
Quality rating of credit risk debt securities		
AAA	12,777,799	4.95
AA+	1,555,794	0.60
AA	16,884,178	6.54
AA-	16,217,920	6.28
A+	23,794,975	9.21
A	30,453,697	11.79
A-	49,584,195	19.20
BBB+	29,178,853	11.30
BBB	11,026,529	4.27
BBB-	31,885,799	12.35
BB+	32,884	
BB	475	
BB-	7,632	
B+	175	
B	463	
B-	162	
Total credit risk debt securities	<u>223,401,530</u>	<u>86.49</u>
* Not Rated	<u>3,983,610</u>	<u>1.55</u>
Total fixed income securities	<u>\$ 258,283,922</u>	<u>100.00 %</u>

Miami Beach Employees' Retirement Plan:

	Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities		
AA	\$ 47,948,693	27.11 %
AA-	128,937,443	72.89
Total credit risk debt securities	<u>\$ 176,886,136</u>	<u>100.00 %</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Firemen's Relief and Pension Fund:

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 1,235,864	22.07	%
Quality rating of credit risk debt securities			
Aaa	240,527	4.29	
Aa1	150,311	2.68	
Aa2	102,641	1.83	
Aa3	302,345	5.40	
Baa1	550,520	9.83	
A1	393,328	7.02	
A2	911,244	16.27	
A3	1,714,451	30.61	
Total credit risk debt securities	<u>4,365,367</u>	<u>77.93</u>	
Total fixed income securities	\$ <u>5,601,231</u>	<u>100.00</u>	%

Policemen's Relief and Pension Fund:

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 894,805	30.78	%
Quality rating of credit risk debt securities			
AAA	149,515	5.14	
AA+	74,978	2.58	
A+	345,583	11.89	
A	446,643	15.36	
A-	444,049	15.27	
BBB+	453,270	15.59	
BBB	98,708	3.39	
Total credit risk debt securities	<u>2,012,746</u>	<u>69.22</u>	
Total fixed income securities	\$ <u>2,907,551</u>	<u>100.00</u>	%

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

As of September 30, 2018 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 7,603,918
U.S. government securities	33,029,451
Corporate bonds and notes	368,208,515
Foreign bonds	42,440,874
Common stocks and index funds	776,421,632
Foreign stocks	139,936,162
Real estate funds	155,942,831
Infrastructure investments	40,805,491
Mutual funds	36,854,994
Total cash and investments	\$ <u>1,601,243,868</u>

Fair Value Measurement: In February 2016, 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 City 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.

Investments are reported at fair value. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Fair value for stocks is determined by using the closing price listed on the national securities exchanges at September 30. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. Commercial paper, time deposits and short-term investment pools are valued at cost, which approximates fair value.

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

The City Pension Fund for Firefighters and Police Officers 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			
Short-term investment funds	\$ 4,989,221	\$ 4,989,221	\$
Equity securities			
Common stocks	348,453,158	348,453,158	
Total equity securities	353,442,379	353,442,379	
Debt securities			
Government and agency obligations	24,472,778		24,472,778
Municipal/provincial obligations	6,426,004		6,426,004
Corporate bonds	195,068,891		195,068,891
Total debt securities	225,967,673		225,967,673
Total investments by fair value level	579,410,052	\$ 353,442,379	\$ 225,967,673
Investments measured at the net asset value			
Commingled domestic equity funds	165,246,203		
Real estate fund	87,318,906		
Private placement	32,316,249		
Commingled international equity funds	36,118,858		
Mutual funds	21,866,964		
Total investments measured at net asset value	342,867,180		
Total investments	\$ 922,277,232		

Short-term investment funds: These consist primarily of money market funds, commercial paper and similar instruments with maturities of less than one year. Short term investments are reported at fair value or at cost or amortized cost, which approximates fair value. For those investments which are reported at fair value, the investments are valued using similar methodologies as described within the debt securities section below.

Equity securities: These include common stock, domestic and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2018. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, and foreign debt securities (included in international fixed income in the Statement of Fiduciary Net Position). These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

Real estate: Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2018. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

and investment advisors.

The Plans valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2018, are as follows:

	2018		
	Investments Measured at the NAV		
	2018	Redemption Frequency	Redemption Notice Period
Commingled			
Domestic equity fund (1)	\$ 165,246,203	Monthly	10 Days
Real estate fund (2)	87,318,906	Quarterly	45 Days
Private placement (3)	32,316,249	Weekly	1 Day
Commingled			
International equity fund (4)	36,118,858	Daily	Same Day
Mutual funds (5)	21,866,964	Daily	Same Day
Total investments measured at the NAV	<u>\$ 342,867,180</u>		

There were no unfunded commitments at September 30, 2018.

(1) Commingled domestic equity fund consists of one comingled investment vehicle which invests primarily in publicly traded equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) The real estate fund invests primarily in United States commercial real estate. The fair value of the investment in the fund is valued at the net asset value of outstanding units held at the end of the period based upon the fair value of the underlying investments.

(3) The private placement fund invests primarily in international bonds. The fair value of this investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(4) Commingled international equity fund consists of one comingled investment vehicle which invests primarily in publicly traded global equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(5) These mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. They are determined to be actively traded.

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

The Miami Beach Employees' Retirement Plan has the following recurring fair value measurements as of September 30, 2018:

Investments by fair value level	2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Equity securities				
Domestic equities				
S&P Index	\$ 106,294,889	\$	\$ 106,294,889	\$
Large cap fund PLUS	90,899,545		90,899,545	
Mid-cap index fund	29,079,149		29,079,149	
Small-cap index	21,091,331		21,091,331	
International equities				
International equity growth	75,978,588		75,978,588	
Emerging markets core	27,621,812	27,621,812		
Mutual fund equities (DROP)	14,988,030	14,988,030		
Total equity securities	<u>365,953,344</u>	<u>42,609,842</u>	<u>323,343,502</u>	
Fixed income				
Core bond index fund	47,948,693		47,948,693	
Bond fund	128,937,443		128,937,443	
Total fixed income	<u>176,886,136</u>		<u>176,886,136</u>	
Real estate strategic property fund	66,286,956			66,286,956
Total investments by fair value level	<u>609,126,436</u>	<u>\$ 42,609,842</u>	<u>\$ 500,229,638</u>	<u>\$ 66,286,956</u>
Investment measured at the net asset value (NAV)				
Infrastructure Fund	40,805,491			
Total investment measured at NAV	<u>40,805,491</u>			
Short-term investment fund (exempt)	2,496,064			
Total investments	<u>\$ 652,427,991</u>			

Investments Measured at the NAV

	Fair Value	Redemption Frequency (if Currency Eligible)	Redemption Notice
Infrastructure Fund	<u>\$ 40,805,491</u>	Semi-annual	90 Days

At September 30, 2018, there were no unfounded commitments. This fund is focused on identifying a universe of investments that best meet the portfolio's risk management objectives. This involves the identification of investments that have assets predominantly invested in developed economies. Limits have been applied to country and regional exposure. The return pattern expected from global infrastructure is an inflationary return component plus a substantial premium, as well as competitive performance relative to the S&P Global Infrastructure Index. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments held by the fund less its liability.

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

The Firemen's Relief and Pension Fund had the following recurring fair value measurements as of September 30, 2018:

Investments by fair value level	2018	Fair Value Measurements Using	
		Level 1	Level 2
Equity securities			
Common stocks	\$ 10,847,202	\$ 10,847,202	\$
Total equity securities	10,847,202	10,847,202	
Debt securities			
U.S. treasury securities	990,406	990,406	
U.S. agency securities	245,458		245,458
Corporate bonds	4,365,367		4,365,367
Total debt securities	5,601,231		4,610,825
Total investments by fair value level	16,448,433	\$ 10,847,202	\$ 4,610,825
Investment measured at the net asset value (NAV)			
Real estate fund	1,450,504		
Total investment measured at NAV	1,450,504		
Money market funds (exempt)	116,248		
Total investments	\$ 18,015,185		

Investments Measured at the NAV

	Fair Value	Redemption Frequency (if Currency Eligible)	Notice Period
Real estate fund	1,450,504	Quarterly	10 days

The Policemen's Relief and Pension Fund have the following recurring fair value measurements as of September 30, 2018:

Investment Category	2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate bonds	\$ 2,012,746	\$ 2,012,746	\$	\$
U.S. government and agency bonds	894,805	894,805		
Money market account	2,385		2,385	
Equities	4,510,155	4,510,155		
Foreign assets	216,904	216,904		
RE Fund LLC	886,465			886,465
Total	\$ 8,523,460	\$ 7,634,610	\$ 2,385	\$ 886,465

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the System's deposits may not be returned to it. Consistent with the System's investment policy, the investments are held by the System's custodial bank and registered in the System's name. All System's deposits are insured and or collateralized by a financial institution separate from the System's depository financial institution. At September 30, 2018, the Miami Beach Employees' Retirement Plan had an uninsured cash balance of approximately \$3,479,000 with one financial institution.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

City's OPEB Trust Investments:

At September 30, 2018, the City's OPEB Trust Fund investments were comprised of \$138,354 in cash and money market accounts and \$33,775,856 in mutual funds.

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 City 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 OPEB Trust had the following fair value measurements at September 30, 2018:

	2018
Investments measured at the net asset value (NAV)	
Mutual Funds	\$ 33,775,856
Total investments measured at the net asset value (NAV)	33,775,856
Total Investments	\$ 33,775,856

The OPEB Trusts' valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2018, are as follows:

	2018			
		Investments Measured at the NAV		
	2018	Unfunded Commitments	Redemption Frequency	Redemption Noticed Period
Mutual Fund	\$ 33,775,856	N/A	Daily	Same Day

The mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. They are determined to be actively traded.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the System's deposits may not be returned to it. Consistent with the City's investment policy, the investments are registered in the City's name. All City deposits are insured and or collateralized by a financial institution separate from the System's depository financial institution. At September 30, 2018, the Plan had an uninsured cash balance of approximately \$3,479,000 with one financial institution.

Discretely Presented Component Units:

Component unit's cash and investment in the amount of \$4,866,397 consists of demand deposit and money market deposit accounts. These accounts are not subjected to interest rate risks, credit risks or concentration of credit risks. All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

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.

For the Miami Beach Health Facilities Authority and the Miami Beach Visitor and Convention Authority, securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the component unit. The security cannot be released, substituted or sold without the component unit's approval and release of the security.

NOTE 4 - Receivables

Receivables at September 30, 2018 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds							
	General	Resort Tax	Capital Projects	Nonmajor Funds	Total		
Receivables:							
Accounts	\$ 8,242,985	\$ 4,660,919	\$	\$ 1,550,593	\$ 14,454,497		
Special Assessments		765,269	61,787		827,056		
Gross receivables	8,242,985	5,426,188	61,787	1,550,593	15,281,553		
Less: allowance for uncollectible accounts	(3,599,853)			(630,917)	(4,230,770)		
Net total receivables	\$ 4,643,132	\$ 5,426,188	\$ 61,787	\$ 919,676	\$ 11,050,783		
Proprietary Funds							
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Internal Service	Total
Receivables:							
Accounts	\$ 4,644,584	\$ 13,445,309	\$ 5,539,993	\$ 7,323,892	\$ 2,428,275	\$ 75,901	\$ 33,457,954
Gross receivables	4,644,584	13,445,309	5,539,993	7,323,892	2,428,275	75,901	33,457,954
Less: allowance for uncollectible accounts	(1,855,413)	(3,665,801)	(28,475)		(1,490,898)	(64,577)	(7,105,164)
Net total receivables	\$ 2,789,171	\$ 9,779,508	\$ 5,511,518	\$ 7,323,892	\$ 937,377	\$ 11,324	\$ 26,352,790

NOTE 5 - Property Taxes

Property values are assessed (levied) by the Miami-Dade County Property Assessor as of January 1 of each year, at which time taxes become an enforceable lien on property. State of Florida Amendment No. 10 to the Florida Constitution known as "Save our Homes" limits assessment increases on homestead property to the lesser of 3% or the consumer price index. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

the month of March. For fiscal year 2018, due to hurricane Irma, Miami-Dade County was delayed in sending the 2017 Tax Notices. As a result, the early payment discount of 4% was extended for thirty (30) days following the mailing of the original tax notice until December 13, 2017. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of personal property taxes by seizure of the property or by the sale of the property or by the sale of interest bearing tax certificates to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

NOTE 6 - Capital Assets

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

Primary Government
Governmental activities:

	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 58,758,676	\$	\$	\$ 58,758,676
Intangible assets	4,181,941			4,181,941
Construction work-in-progress	509,914,889	167,128,087	43,381,740	633,661,236
Total capital assets, not being depreciated	<u>572,855,506</u>	<u>167,128,087</u>	<u>43,381,740</u>	<u>696,601,853</u>
Capital assets, being depreciated:				
Building and structures	133,354,673	5,549,934		138,904,607
Permanent improvements	392,205,304	1,836,689	23,292	394,018,701
Furniture & fixtures	8,492,057	363,259	557,053	8,298,263
Machinery and equipment	70,081,462	13,740,122	6,539,720	77,281,864
Infrastructure	213,898,230	27,583,927	179	241,481,978
Total capital assets, being depreciated	<u>818,031,726</u>	<u>49,073,931</u>	<u>7,120,244</u>	<u>859,985,413</u>
Less: accumulated depreciation for:				
Building and structures	60,432,335	2,624,460		63,056,795
Permanent improvements	136,528,276	11,191,520	4,529	147,715,267
Furniture & fixtures	5,285,585	1,026,967	557,054	5,755,498
Machinery and equipment	48,317,544	6,869,715	6,318,172	48,869,087
Infrastructure	130,873,165	6,963,828	178	137,836,815
Total accumulated depreciation	<u>381,436,905</u>	<u>28,676,490</u>	<u>6,879,933</u>	<u>403,233,462</u>
Total capital assets, being depreciated, net	<u>436,594,821</u>	<u>20,397,441</u>	<u>240,311</u>	<u>456,751,951</u>
Governmental activities capital assets, net	<u>\$ 1,009,450,327</u>	<u>\$ 187,525,528</u>	<u>\$ 43,622,051</u>	<u>\$ 1,153,353,804</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Primary Government
Business-type activities:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 25,835,429	\$ 1,297	\$	\$ 25,836,726
Intangible assets	4,318,059			4,318,059
Construction work-in-progress	343,194,779	45,272,593	14,687,979	373,779,393
Total capital assets, not being depreciated	373,348,267	45,273,890	14,687,979	403,934,178
Capital assets, being depreciated:				
Main & lines	268,836,200	14,010,364		282,846,564
Building & structure	184,863,796	662,866	45,695	185,480,967
Meters & hydrants	32,715,123	25,414	2,132,440	30,608,097
Furniture, equipment & vehicles	72,013,197	3,650,877	3,184,378	72,479,696
Improvements other than building including parking lots	22,256,034			22,256,034
Total capital assets, being depreciated	580,684,350	18,349,521	5,362,513	593,671,358
Less: accumulated depreciation for:				
Main & lines	53,781,187	5,919,316		59,700,503
Building & structure	69,987,869	4,758,933	45,694	74,701,108
Meters & hydrants	21,072,312	2,413,309	2,115,228	21,370,393
Furniture, equipment & vehicles	38,858,336	3,574,261	3,130,194	39,302,403
Improvements other than building	10,875,273	548,312		11,423,585
Total accumulated depreciation	194,574,977	17,214,131	5,291,116	206,497,992
Total capital assets, being depreciated, net	386,109,373	1,135,390	71,397	387,173,366
Business-type activities, combined capital assets, net	\$ 759,457,640	\$ 46,409,280	\$ 14,759,376	\$ 791,107,544

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 7,822,244
Public safety	2,798,579
Physical environment	395,645
Transportation	9,325,523
Economic environment	291,335
Human services	714
Culture and recreation	8,042,490
Total depreciation expense – governmental activities	<u>\$ 28,676,490</u>
Business-type activities:	
Storm Water	\$ 3,105,905
Water & Sewer	5,615,163
Parking Systems	5,745,404
Convention Center Complex	1,443,387
Nonmajor enterprise	1,304,272
Total depreciation expense – business-type activities	<u>\$ 17,214,131</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$5,542,849 of depreciation expenses for internal services.

NOTE 7 – Construction and other Commitments

At September 30, 2018 the City funds had active construction projects which includes, but is not limited to water; waste water and storm water improvements; as well as a variety of streetscape enhancement projects. The following table sets forth these commitments by fund:

Storm Water Utility	\$ 43,722,923
Water & Sewer	16,625,992
Sanitation	95,975
Parking Systems	3,947,500
Convention Center Complex	3,441,235
Non-major Enterprise	2,238,195
Internal Service	1,595,163
	<u>\$ 71,666,983</u>

The City funds had the following encumbrance commitments at September 30, 2018.

General	\$ 1,236,636
Redevelopment Agency	1,503,373
Resort Tax	236,838
Capital Project	71,246,314
Other Governmental	14,297,806
	<u>\$ 88,520,967</u>

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE 8 - Interfund Receivables, Payables and Transfers

As of September 30, 2018, the General Fund was due \$1,581,048 from the Other Governmental Funds. The interfund outstanding balance is due to an interfund advance for the Sunset Island underground utilities project in the amount of \$1,532,002 and pending grant receipts in the HOME fund of \$49,046.

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

Transfer To	Transfer From											Total
	General	Resort Tax	Redeve- lopment Agency	Capital Projects	Other Govern- mental	Storm Water	Water Sewer	Parking	Con- vention Center	Other Enter- prise	Internal Service	
General	\$	\$ 35,483,165	\$ 1,079,000		\$ 1,878,160		\$ 3,580,000	\$ 4,400,000				\$ 46,420,325
Resort Tax					1,787,261							1,787,261
Redeve- lopment Agency					822,399							822,399
Capital Projects	2,400,000		10,687,221									13,087,221
Other Govern- mental	5,689,000	28,426,705	23,273,092	1,674,314	11,000	470,001	22,000	3,874,000	1,214,000	37,000	431,000	65,122,112
Water						124,705						124,705
Convention Ctr			1,000,000		3,813,284							4,813,284
Other Enterprise		871,000				844,000						1,715,000
	<u>\$ 8,089,000</u>	<u>\$ 64,780,870</u>	<u>\$ 36,039,313</u>	<u>\$ 1,674,314</u>	<u>\$ 8,312,104</u>	<u>\$ 1,438,706</u>	<u>\$ 3,602,000</u>	<u>\$ 8,274,000</u>	<u>\$ 1,214,000</u>	<u>\$ 37,000</u>	<u>\$ 431,000</u>	<u>\$ 133,892,307</u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Major transfers for the year were:

The General Fund transferred \$4.6 million for debt service payments, \$1.0 million to other special revenue funds, and \$2.4 million to the pay as you go capital fund. The resort tax fund transferred to the general fund \$35.5 million for citywide tourism. The resort tax fund also transferred \$14.7 million for debt services, \$6.4 million for transportation, \$1.4 million for cultural arts council programs, \$0.9 million to the Sanitation Fund and \$6.4 million to other funds to fund various south beach, middle and north beach approved projects. Redevelopment Agency Fund transferred \$23.3 million to other governmental funds for debt service payments and Beach Renourishment. The RDA also transferred \$10.7 million to capital project funds. The Parking System transferred \$4.4 million to the general fund and \$3.8 million to the transportation fund for operating activities and \$81,000 to other governmental funds for debt service.

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE 9 - Operating Leases

The City serves as the lessor for tenants leasing various parking facilities, marina, and offices and retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2053. Future minimum lease receivables under the operating leases at September 30, 2018, are as follows:

<u>September 30</u>	<u>Business-type Operating Leases</u>	<u>Governmental Operating Leases</u>
2019	\$ 1,897,230	\$ 2,491,429
2020	1,934,525	2,423,700
2021	1,805,311	2,079,724
2022	1,800,879	1,864,045
2023	1,713,824	1,825,919
2024 and thereafter	<u>18,914,418</u>	<u>10,729,589</u>
	<u>\$ 28,066,187</u>	<u>\$ 21,414,406</u>

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

Parking facilities	\$ 7,947,504
Recreational facilities	15,831,132
Retail space	51,121,003
Marina	<u>5,654,752</u>
	80,554,391
Less: Accumulated depreciation	<u>(48,709,454)</u>
Net book value of leased assets	<u>\$ 31,844,937</u>

NOTE 10 - Long-Term Debt

A. General Obligation Bonds – Governmental Activities

The City issues general obligation bonds to provide funds for the acquisition, construction and improvements of major capital facilities. General obligation bonds have been issued for governmental activities. The amount of outstanding general obligation bonds issued is \$42,535,000. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 20-year serial bonds.

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CITY OF MIAMI BEACH, FLORIDA
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SEPTEMBER 30, 2018
(Continued)

The General Obligation Bonds outstanding at September 30, 2018 consist of the following:

<u>Issue Name</u>	<u>Interest Rate</u>	<u>Year Issued</u>	<u>Final Maturity</u>	<u>Original Issue</u>	<u>Outstanding 9/30/2018</u>
General Obligation - Series 2003	2.00-5.25	2003	2033	\$ 62,465,000	\$ 28,080,000
General Obligation - Series 2011	3.00-5.00	2011	2023	34,840,000	14,455,000
Total General Obligation Bonds				<u>\$ 97,305,000</u>	<u>\$ 42,535,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>General Obligation Bonds Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,995,000	\$ 1,904,969	\$ 5,899,969
2020	4,145,000	1,745,169	5,890,169
2021	1,990,000	1,537,919	3,527,919
2022	2,150,000	1,458,319	3,608,319
2023	2,175,000	1,350,819	3,525,819
2024-2028	12,530,000	5,181,044	17,711,044
2029-2033	15,550,000	2,160,225	17,710,225
	<u>42,535,000</u>	<u>15,338,464</u>	<u>57,873,464</u>
Plus: Unamortized Bond Premium	699,230		699,230
	<u>\$ 43,234,230</u>	<u>\$ 15,338,464</u>	<u>\$ 58,572,694</u>

On July 22, 2003, the City issued General Obligation Bonds, Series 2003, in the amount of \$62,465,000. These bonds were issued to provide funds to pay the cost of improving neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization and related maintenance facilities, and Fire Safety Projects and the Parks and Beaches projects. The Bonds will be repaid solely from ad-valorem taxes assessed, levied and collected. On December 1, 2011, the \$62,465,000 General Obligation Bonds, Series 2003 were partially refinanced by the issuance of the \$34,840,000 General Obligation Refunding Bonds, Series 2011.

On December 1, 2011, the City issued \$34,840,000 in General Obligation Refunding Bonds, Series 2011. This Series of bonds were issued by the City for the purpose of (i) refunding the Series 2000 General Obligation Bonds maturing after December 1, 2011, and the Series 2003 General Obligation Bonds maturing on and after September 1, 2014 through and including September 1, 2023, and (ii) paying the costs of issuance of the Bonds. The General Obligation Refunding Bonds, Series 2011 will be payable from ad valorem taxes assessed, levied and collected, without limitation as to rate or amount, on all taxable property within the corporate limits of the City. The Series 2011 Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2023.

At September 30, 2018, the City did not have any defeased General Obligation debt.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

B. Special Obligation Bonds – Governmental Activities

At September 30, 2018 the outstanding principal of special obligation bond issues and repayment sources are as follows:

Issue Name		Repayment Source	Total Original Issue	Total Outstanding Principal
1985E	Gulf Breeze Fixed Rate, Series C	Non ad-valorem	\$ 22,500,000	\$ 3,340,000
2015	Resort Tax Revenue Bonds	Resort tax revenue	194,920,000	184,620,000
2015A	Tax Increment Revenue Refunding Bonds	RDA tax increment revenue	286,245,000	282,545,000
2015B	Tax Increment Revenue Refunding Bonds	RDA tax increment revenue	35,850,000	26,385,000
Total Special Obligation Bonds			<u>\$ 539,515,000</u>	<u>\$ 496,890,000</u>

On August 1, 2001, the City executed three loan agreements with the City of Gulf Breeze, Florida, Local Government Pool to borrow \$47,145,000 on fixed rate notes. The Gulf Breeze Series B, in the amount of \$2,200,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series C, in the amount of \$22,445,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series E, in the amount of \$22,500,000, principal is to be repaid in nineteen annual installments commencing December 1, 2002 with interest paid semi-annually. \$17,115,000 was used to repay the outstanding balance of the City Gulf Breeze, Florida Local Government Loan Program Series 1985C variable rate notes. \$14,977,000 was used to repay a portion of the outstanding principal from the Sunshine State Loan. The remaining funds will be used for the renovation and improvement of two City owned golf courses and their related facilities.

On December 15, 2015 the City issued \$194,920,000 in Series 2015 Resort Tax Revenue Bonds for the purpose of providing funds to finance a portion of the costs of acquiring and constructing renovations to the Convention Center and related improvements and pay the costs of issuing the Series 2015 bonds. The Series 2015 bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1.

In August 2007, the Resort Tax Refunding Bonds, Series 1996, were defeased. As a result, the outstanding balance of \$3,060,000 was removed from the governmental activities column of the statement of net position. At September 30, 2018, \$1,035,000 is still considered defeased.

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.

On September 22, 2005, the City partially refunded/defeased the Tax Increment Revenue Bonds, Series 1998A by the issuance of the Series 2005A and 2005B tax increment revenue refunding bonds. On

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

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. At September 30, 2018, \$3,420,000 is still considered defeased.

At September 30, 2018 debt service requirements to maturity for special obligation bonds are as follows:

Fiscal Year Ending September 30	Debt Service Requirements Special Obligation Bonds		
	Principal	Interest	Total
2019	\$ 11,405,000	\$ 23,920,654	\$ 35,325,654
2020	11,865,000	23,464,928	35,329,928
2021	12,385,000	22,974,735	35,359,735
2022	11,685,000	22,481,115	34,166,115
2023	12,155,000	22,027,697	34,182,697
2024-2028	65,650,000	101,154,400	166,804,400
2029-2033	83,665,000	83,149,500	166,814,500
2034-2038	107,190,000	59,618,875	166,808,875
2039-2043	137,275,000	29,526,350	166,801,350
2044-2045	43,615,000	2,200,200	45,815,200
	<u>496,890,000</u>	<u>390,518,454</u>	<u>887,408,454</u>
Plus: Net unamortized Bond Premium	45,340,119		45,340,119
	<u>\$ 542,230,119</u>	<u>\$ 390,518,454</u>	<u>\$ 932,748,573</u>

For the fiscal year ended September 30, 2018, maximum annual debt service on the tax increment bonds was \$21,729,597 and the tax increment revenues totaled \$49,920,277. Remaining outstanding principal and interest is \$547,589,654.

C. Revenue Bonds – Business-Type Activities

Parking Fund

On November 16, 2010, the City issued \$17,155,000 in Parking Revenue Refunding Bonds, Series 2010A and \$27,405,000 in Parking Revenue Bonds, Series 2010B. The Series 2010A Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) current refund the City's outstanding Parking Revenue Bonds, Series 1997, previously issued in the aggregate principal amount of \$21,000,000, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010A Bonds. The Series 2010A Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2022.

The Series 2010B Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) pay the costs of acquiring and constructing a new parking garage and other capital improvements to the Parking System, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010B Bonds. The Series 2010B Bonds were issued with interest rates of 4.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2040.

On December 15, 2015, the City issued \$58,825,000 in Parking Revenue Bonds, Series 2015. The Series 2015 Bonds are being issued for the purpose of providing funds to finance a portion of the costs of constructing a new parking facility and improvements to a surface parking lot to service the City's convention center, which is being renovated, and pay the costs of issuing the Series 2015 Bonds. The Series 2015

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature through September 1, 2045.

Parking Revenue Fund indebtedness at September 30, 2018, is comprised of the following issued indebtedness:

\$ 17,155,000	Series 2010A Parking Revenue Refunding Bonds due in annual installments through 2022: interest at 3.00% - 5.00%	\$ <u>5,815,000</u>
\$ 27,405,000	Series 2010B Parking Revenue Bonds due in annual installments through 2040: interest at 4.00% - 5.00%	\$ <u>27,405,000</u>
\$ 58,825,000	Series 2015 Parking Revenue Bonds due in annual installments through 2045: interest at 3.00% - 5.00%	\$ <u>58,670,000</u>

At September 30, 2018, no Parking obligations were considered defeased.

The aggregate maturities of Long-Term Debt at September 30, 2018, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2019	\$ 1,740,000.00	\$ 4,512,913.00	\$ 6,252,913
2020	1,805,000.00	4,444,113.00	6,249,113
2021	1,895,000.00	4,354,663.00	6,249,663
2022	1,990,000.00	4,261,613.00	6,251,613
2023	2,070,000.00	4,182,013.00	6,252,013
2024-2028	11,905,000.00	19,350,139.00	31,255,139
2029-2033	15,080,000.00	16,170,988.00	31,250,988
2034-2038	19,235,000.00	12,021,500.00	31,256,500
2039-2043	24,545,000.00	6,707,750.00	31,252,750
2044-2045	11,625,000.00	879,000.00	12,504,000
	91,890,000	76,884,692	168,774,692
Plus: Net Unamortized Bond Premium	5,749,746		5,749,746
	\$ <u>97,639,746</u>	\$ <u>76,884,692</u>	\$ <u>174,524,438</u>

All parking revenue bonds are payable from and secured by a lien on and pledge of net revenues derived from the operation of the City's parking system. The total principal and interest remaining to be paid on all Parking bonds is \$168,774,692. Principal and interest paid for the current year and total customer net revenues were \$6,249,713 and \$14,260,889 respectively.

Water and Sewer Fund

The Water & Sewer Fund issued \$54,310,000 in Water and Sewer Revenue Bonds, Series 2000, on September 1, 2000. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility. This bond was partially refunded by the issuance of the Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A and Taxable Series 2009J-1B. The portion of the Series 2000 bonds refunded was \$23,480,000. These bonds were fully refunded by the Series 2017

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(Continued)

bonds at September 30, 2018.

On May 1, 2006, the City obtained four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City of Miami Beach intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan from the City of Gulf Breeze, Florida, Series 1985C proceeds to refund all of the City of Miami Beach's outstanding Water & Sewer Revenue Bonds, Series 1995. In addition, the City intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan of the City of Gulf Breeze, Florida, Series 1985E Bond proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$8,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, \$18,300,000 in Water and Sewer Revenue Bonds, Taxable Series 2006B-2, \$27,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series, 2006C, and \$5,700,000 in Water and Sewer Revenue Bonds, Taxable Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility. These bonds were fully refunded by the Series 2017 bonds at September 30, 2018.

On February 17, 2010, the City obtained three loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use one of the loans from the City of Gulf Breeze, Florida, Series 1985J proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$13,590,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, \$10,000,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, and \$30,000,000 in Water and Sewer Revenue Bonds, Taxable Series 2009J-1C. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The two refunding bonds were issued to partially refund the Water and Sewer Revenue Bonds, Series 2000, and the other bond was issued to construct various improvements and extensions to the Water and Sewer utility.

On December 14, 2017, the City issued \$115,180,000 in Water and Sewer Revenue and Refunding Bonds, Series 2017. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility and to fully refund the Series 2000, Series 2006B-2, and Series 2006 as of September 30, 2018. Principal is payable annually, interest is payable semiannually, and the issue bears interest of 3.00% to 5.00%. Refer to Note 15 for more information relating to the refunding.

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CITY OF MIAMI BEACH, FLORIDA
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SEPTEMBER 30, 2018
(Continued)

Indebtedness of the Water and Sewer Fund at September 30, 2018 is as follows:

\$ 13,590,000	2009J-1A Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2020: Interest at 4.10% - 4.50%	<u>\$ 8,490,000</u>
\$ 10,000,000	2009J-1B Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2023: Interest at 4.82% - 5.00%	<u>\$ 10,000,000</u>
\$ 30,000,000	2009J-1C Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2039: Interest at 5.00%	<u>\$ 30,000,000</u>
\$ 115,180,000	2017 Water & Sewer Revenue and Refunding Bonds Due in semi-annual installments through 2047: Interest at 3.00 - 5.00%	<u>\$ 114,550,000</u>

At September 30, 2018, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-term debt as of September 30, 2018 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2019	\$ 4,170,000	\$ 7,548,581	\$ 11,718,581
2020	4,360,000	7,367,338	11,727,338
2021	4,455,000	7,272,794	11,727,794
2022	4,575,000	7,148,963	11,723,963
2023	4,805,000	6,916,213	11,721,213
2024-2028	24,300,000	31,188,406	55,488,406
2029-2033	22,720,000	25,425,775	48,145,775
2034-2038	27,015,000	19,385,625	46,400,625
2039-2043	33,735,000	12,662,400	46,397,400
2044-2047	<u>32,905,000</u>	<u>4,213,500</u>	<u>37,118,500</u>
	163,040,000	129,129,594	292,169,594
Less:			
Unamortized Discount	<u>15,276,554</u>		<u>15,276,554</u>
	<u>\$ 178,316,554</u>	<u>\$ 129,129,594</u>	<u>\$ 307,446,148</u>

All water & sewer revenue bonds are payable from and secured by a lien on and pledge of net revenues of the water and sewer utility and to the extent provided in the bond resolution, from impact fees, and from all moneys held in the funds and accounts established under the bond resolution. The total principal and interest remaining to be paid on the bonds is \$292,169,594. Principal and interest paid for the current year and total customer net revenues were \$13,862,843 and \$27,392,749 respectively.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

Storm Water

On February 17, 2010, the City obtained a loan from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use this loan from the City of Gulf Breeze, Florida, Series 1985J proceeds to partially refund the Series 2000 bonds. As evidence of such loan, the City's Storm Water Fund issued \$16,185,000 in Storm Water Revenue Refunding Bonds, Taxable Series 2009J-2. The bonds will be repaid solely from pledged revenues of the Storm Water system. They are registered transcripts and insured.

On December 7, 2011, the City issued \$52,130,000 in Storm Water Revenue Bonds, Series 2011A and \$26,575,000 in Storm Water Revenue Refunding Bonds, Series 2011B. The Series 2011A Bonds are being issued by the City for the purpose of providing funds to (i) pay the costs of certain capital improvements to its Storm Water Utility, (ii) fund a deposit to the Reserve Account, and (iii) pay the costs of issuing the Series 2011A Bonds. The Series 2011A Bonds were issued with interest rates of 4.00% to 5.25% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2041. The Series 2011B Bonds are being issued by the City for the purpose of providing funds, together with other available moneys of the City, to (i) refund, defease and redeem the outstanding Series 2000 Bonds, including interest to accrue to their redemption date, and (ii) paying the costs of such issuance, refunding, defeasance and redemption. The Series 2011B Bonds were issued with interest rates of 2.00% to 5.25% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2030. Both Series 2011A and 2011B Bonds will be repaid solely from pledged revenues of the Storm Water System. At September 30, 2018, \$44,270,000 and \$25,265,000 of the Series 2011A and 2011B bonds outstanding are considered defeased.

On August 5, 2015, the City issued \$99,590,000 in Stormwater Revenue Bonds, Series 2015. The Series 2015 Bonds are being issued by the City for the purpose of providing funds to (i) finance a portion of the costs of certain capital improvements currently contemplated as part of the City's five year program to improve and enhance the effectiveness and reliability of the Stormwater Utility, and (ii) pay the costs of issuing the Series 2015 Bonds. The Series 2015 Bonds were issued with interest rates of 2.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2045. The Series 2015 Bonds will be repaid solely from pledged revenues of the Stormwater System.

On December 22, 2017, the City issued \$156,550,000 in Stormwater Revenue and Refunding Bonds, Series 2017. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Stormwater utility and to partially advance refund (~92.8%) the Series 2011A and Series 2011B obligations as of September 30, 2018. Principal is payable annually, interest is payable semiannually, and the issue bears interest of 3.00% to 5.00%. Refer to Note 15 for more information relating to the refunding.

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SEPTEMBER 30, 2018
(Continued)

Indebtedness of the Storm Water Fund at September 30, 2018 is as follows:

<u>Initial Issuance</u>	<u>Description</u>	<u>Outstanding</u>
\$ 16,185,000	2009J-2 Storm Water Revenue Refunding Bonds Due in annual installments through 2020: Interest at 2.00% - 4.50%	\$ 5,505,000
\$ 52,130,000	2011A Storm Water Revenue Bonds Due in annual installments through 2041: Interest at 4.00% - 5.25%	3,675,000
\$ 26,575,000	2011B Storm Water Revenue Refunding Bonds Due in annual installments through 2030: Interest at 2.00% - 5.25%	450,000
\$ 99,590,000	2015 Storm Water Revenue Bonds Due in annual installments through 2045: Interest at 2.00% - 5.00%	98,710,000
\$ 156,550,000	2017 Storm Water Revenue and Refunding Bonds Due in annual installments through 2047: Interest at 3.00% - 5.00%	<u>156,050,000</u>
	Total bonds outstanding	<u><u>\$ 264,390,000</u></u>

The aggregate maturities of Long-term debt at September 30, 2018 are as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>September 30</u>	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,025,000	\$ 11,886,984	\$ 15,911,984
2020	4,185,000.00	11,747,206	15,932,206
2021	4,350,000.00	11,594,206	15,944,206
2022	5,250,000.00	11,485,219	16,735,219
2023	5,505,000.00	11,231,794	16,736,794
2024-2028	31,800,000.00	51,868,819	83,668,819
2029-2033	39,890,000.00	43,788,656	83,678,656
2034-2038	48,495,000.00	35,179,425	83,674,425
2039-2043	61,245,000.00	22,422,650	83,667,650
2044-2047	<u>59,645,000.00</u>	<u>7,295,700</u>	<u>66,940,700</u>
	264,390,000	218,500,659	482,890,659
Plus Unamortized Premium	<u>21,903,913</u>		<u>21,903,913</u>
	<u><u>\$ 286,293,913</u></u>	<u><u>\$ 218,500,659</u></u>	<u><u>\$ 504,794,572</u></u>

All storm water revenue bonds are payable from and secured by a lien on and pledge of net revenues of the stormwater utility and from all moneys held in the funds and accounts established under the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$482,890,659. Principal and interest paid for the current year and total customer net revenues were \$14,177,399 and \$23,602,994 respectively.

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D. Equipment Loan

On February 20, 2008, the City entered into a new loan agreement which allows the City to be reimbursed for the purchase of machinery and equipment up to a maximum of \$37,500,000. The interest rates on this loan agreement range from 1.9% to 4.5%. At September 30, 2018, the City was indebted for \$3,105,103. During the fiscal year, the City paid off all indebtedness except as noted below.

The aggregate maturities of loans at September 30, 2018 are as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2019	\$ 1,689,444	\$ 54,743	\$ 1,744,187
2020	710,013	25,172	735,185
2021	365,862	12,191	378,053
2022	226,452	5,222	231,674
2023	70,002	1,764	71,766
2024-2025	43,330	1,215	44,545
	<u>\$ 3,105,103</u>	<u>\$ 100,307</u>	<u>\$ 3,205,410</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 3,105,103
	<u>\$ 3,105,103</u>

E. Energy Savings Obligation

On May 25, 2010, the City entered into an equipment lease purchase financing agreement with a financial institution for the construction/purchase of energy saving equipment. At September 30, 2018, the outstanding balance on this loan was \$9,152,803. The interest rate on this loan is a fixed 4.18%. Principal and interest payment are made monthly. The first payment was made on May 25, 2012 and the last payment will be made on April 25, 2025.

The aggregate maturities of other long-term obligations at September 30, 2018 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2019	\$ 1,062,244	\$ 362,620	\$ 1,424,864
2020	1,173,139	316,261	1,489,400
2021	1,296,242	264,757	1,560,999
2022	1,410,512	208,412	1,618,924
2023	1,531,742	147,157	1,678,900
2024-2025	2,678,924	94,974	2,773,898
	<u>\$ 9,152,803</u>	<u>\$ 1,394,181</u>	<u>\$ 10,546,984</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

F. Line of Credit

On May 21, 2014, the City of Miami Beach issued Resolution No. 2014-28599 which authorized the issuance of a line of credit not to exceed an aggregate principal amount of \$60 million to pay the costs of capital projects. The line of credit was obtained from one financial institution. The line of credit was renewed on July 29, 2016. Tax-exempt draws against the line of credit will have a variable interest rate of 70% of Libor rate plus 0.50%, and the taxable draws will have a variable rate equal to Libor rate plus 0.75%. For the period ending July 28, 2016, there will be an annual fee of 0.20% on the unused portion of the line of credit payable on a quarterly basis. For the periods commencing on July 29, 2016, the annual fee on the unused portion of the line of credit increased to 0.25%. The City shall pay the financial institution the entire unpaid principal balance together with all accrued and unpaid interest on May 30, 2018 (the "Maturity Date"). The Line was renewed on July 27, 2018 with Resolution 2018-30354. The annual fee for the line of credit is .25%. Tax-exempt draws against the line of credit will have a variable interest rate of 80% of Libor rate plus 0.55%, and the taxable draws will have a variable rate equal to Libor rate plus 0.75%. As of September 30, 2018, no amounts have been drawn down from this line of credit.

G. Pension Loan

On September 1, 2005 the City issued \$53,030,000 in taxable Series 2005 Special Obligation Bonds for the purposes of, together with other legally available funds of the City, refunding the City's outstanding Series 1994 Taxable Special Obligation Bonds (Pension Funding Project) maturing September 1, 2015 and September 1, 2021, making the required payment with respect to a Hedge Agreement and paying the costs of issuing the Series 2005 and refunding the Refunded Bonds, including the premiums for the Bond Insurance Policy and Reserve Account Surety Bond. The Series 2005 bonds were issued with interest rates of 4.24% to 5.23% payable semiannually on March 1 and September 1.

On December 22, 2016 the City obtained a loan in the amount of \$19,679,000 to refund the outstanding Series 2005 taxable special obligation refunding bonds (as noted in the above paragraph). Interest of 1.69% is payable semiannually on March 1 and September 1, commencing on March 1, 2017. This loan fully refunded the \$53,030,000 in taxable Series 2005 Special Obligation Bonds.

The aggregate maturities of the pension loan obligations at September 30, 2018 are as follows:

Fiscal Year Ending September 30	Loan		
	Principal	Interest	Total
2019	\$ 4,623,000	\$ 175,844	\$ 4,798,844
2020	4,633,000	97,716	4,730,716
2021	1,149,000	19,418	1,168,418
	<u>\$ 10,405,000</u>	<u>\$ 292,978</u>	<u>\$ 10,697,978</u>

H. Clean Water State Revolving Loan

On November 12, 2014, the City of Miami Beach entered into the Clean Water State Revolving Fund Loan Agreement with the State of Florida Department of Environment Protection. The amount of the loan is \$7,500,000 plus \$147,500 of capitalized interest and \$150,000 in loan service fees which amounts to \$7,797,500 to be repaid back to the State. Loan payments commenced on February 15, 2018 and semiannually thereafter on August 15 and February 15 of each year until all amounts due have been fully paid. The interest rate on this loan is 1.62% per annum. The loan shall be repaid in 40 semiannual loan payments of \$229,001. Loan disbursements from the State to the City will be made for reimbursements of allowable costs. The loan is recorded as a loan payable in the governmental activities of the City's government wide statements. As of September 30, 2018, \$6.2 million of loan disbursements were received

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

by the City and \$7.0 million of allowable costs have been incurred by the City. The outstanding portion of the loan is \$6,689,811. The loan is secured by the Stormwater fund's pledged revenues and will be repaid with such funds.

The aggregate maturities of the loan at September 30, 2018 are as follows:

Fiscal Year Ending September 30	Loan		
	Principal	Interest	Total
2019	\$ 338,443	\$ 119,559	\$ 458,002
2020	343,948	114,054	458,002
2021	349,542	108,460	458,002
2022	355,228	102,774	458,002
2023	361,006	96,996	458,002
2024-2028	1,895,044	394,966	2,290,010
2029-2033	2,054,260	235,750	2,290,010
2034-2037	1,767,003	65,012	1,832,015
	<u>\$ 7,464,474</u>	<u>\$ 1,237,571</u>	<u>\$ 8,702,045</u>

I. Capital Lease

The City leases communication equipment which is classified under capital leases. The leased equipment is amortized on a straight line basis over 7 years. The accumulated amortization at September 30, 2018 was \$184,607. effective monthly interest rate relating to the lease is 3.06%. The equipment's original future present value of the minimum lease payments was \$1,429,725. Below is a schedule detailing the minimum lease payments and the related interest component of each payment.

September 30,	Minimum Lease	Interest	Present Value of the
	Payments		Minimum Lease
			Payments
2019	\$ 308,307	\$ 34,969	\$ 273,338
2020	308,307	26,617	281,690
2021	308,307	18,010	290,297
2022	308,307	9,141	299,166
	<u>\$ 1,233,228</u>	<u>\$ 88,737</u>	<u>\$ 1,144,491</u>

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Changes in Long-Term Liabilities

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

Governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation	\$ 46,380,000	\$	\$ 3,845,000	\$ 42,535,000	\$ 3,995,000
Special obligation	507,870,000		10,980,000	496,890,000	11,405,000
Plus: Net unamortized bond Premium	49,038,652		2,999,302	46,039,350	2,917,617
Less: Net unamortized bond Discount					
Total bonds payable	<u>603,288,652</u>		<u>17,824,302</u>	<u>585,464,350</u>	<u>18,317,617</u>
Claims and judgments	40,225,413	31,767,887	29,787,936	42,205,364	10,200,000
Compensated absences	22,751,103	10,943,987	8,796,856	24,898,234	8,796,856
Energy savings obligation	10,121,802		968,999	9,152,803	1,062,244
Net OPEB Liability	122,793,788	4,126,738	448,427	126,472,099	
Pension Loan	14,988,000		4,583,000	10,405,000	4,623,000
Loans payable	10,854,534	1,765,769	2,825,389	9,794,914	1,689,444
Environmental remediation liability		4,475,000		4,475,000	3,415,000
Capital lease obligations		1,409,725	265,234	1,144,491	273,338
Net pension liability - MBERP	159,840,307	12,111,064		171,951,371	
Net pension liability - MBF&P	<u>297,629,899</u>	<u>3,787,466</u>		<u>301,417,365</u>	
Governmental activity					
Long-term liabilities	<u>\$ 1,282,493,498</u>	<u>\$ 70,387,636</u>	<u>\$ 65,500,143</u>	<u>\$ 1,287,380,991</u>	<u>\$ 48,377,499</u>

Business-type activities:

Revenue bonds payable	\$ 374,335,000	\$ 271,730,000	\$ 126,745,000	\$ 519,320,000	\$ 9,935,000
Plus: Unamortized bond Premium	9,405,031	36,517,963	2,624,632	43,298,362	2,017,580
Less: Unamortized bond Discount	<u>(507,182)</u>		<u>(139,033)</u>	<u>(368,149)</u>	<u>(25,248)</u>
Total bonds payable	<u>383,232,849</u>	<u>308,247,963</u>	<u>129,230,599</u>	<u>562,250,213</u>	<u>11,927,332</u>
Loans payable	275,866		275,866		
Environmental remediation liability	285,410	50,000	135,410	200,000	200,000
Compensated absences	2,615,230	1,667,699	1,498,307	2,784,622	1,498,307
Net OPEB Liability	25,914,100		2,988,865	22,925,235	
Deposits	7,895,360	6,895,787	6,308,693	8,482,454	6,308,692
Net pension liability - MBERP	<u>44,227,273</u>	<u>1,594,406</u>	<u>1,025,431</u>	<u>44,796,248</u>	
Business-type activity					
Long-term liabilities	<u>\$ 464,446,088</u>	<u>\$ 318,455,855</u>	<u>\$ 141,463,171</u>	<u>\$ 641,438,772</u>	<u>\$ 19,934,331</u>

In the above schedule, the Net OPEB Liability's beginning balance was restated to reflect GASB 75; refer to note 17 and 21 for more information. The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At September 30, 2018, \$1,511,449 in compensated absences, \$1,144,491 in capital leases, and \$3,105,103 in loans payable are included in the above amounts for the internal service funds. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service and general fund respectively.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE 11 - Governmental Fund – Fund Balance

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

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental
Fund balances:					
Non-spendable:					
Prepays	\$ 23,255	\$	\$	\$ 22,806	\$ 1,612
Total Prepaid	23,255			22,806	1,612
Restricted:					
General government				26,321,736	853,290
Building operations reserves	11,447,181				
Public safety				756,200	2,470,722
Human services					492,970
Physical environment				2,561,446.00	1,701,145
Economic environment			65,933,523		1,895,682
Quality of Life Improvement					23,681,542
Transportation				6,212,348	56,097,782
Culture and recreation		28,195,208		80,559,335	1,709,768
Sewer Improvement				81,683	
Street Improvement				2,422,927	
Infrastructure				20,938	
Communications				78,488	
RDA City Center Improvement				3,218,443	
Capital Improvements				8,429,546	
Neighborhood Improvement				4,436,277	
South Pointe Improvement				20,640,207	
Debt service					1,510,531
Total Restricted	11,447,181	28,195,208	65,933,523	155,739,574	90,413,432
Committed:					
Reserve-set aside for future budgets	6,252,000				
General government	1,578,727			1,518,609	
Public safety				77,045	
Culture and recreation				3,962,299	9,730,495
Transportation				788,726	
Physical environment				28,358	
Public safety and health	36,393,500				
Encumbrances	1,383,000				
Reserve pay as you go				10,968,179	
Capital Reserve				7,659,031	
Capital Renewal and Replacement					5,443,937
Total Committed	45,607,227			25,002,247	15,174,432
Assigned:					
Reserve-set aside for future budgets	500,000				
Public safety					1,286,969
Total Assigned	500,000				1,286,969
Unassigned:					
Non-funded Capital				(97,695)	
Reimbursable grants funds				(15,172,670)	(3,872,177)
Reimbursable boardup/ Relocation charges					(6,405)
Non reimbursable grant funds					(1,458,832)
Residual fund balance	30,871,817				
Total Unassigned	30,871,817			(15,270,365)	(5,337,414)
Total Fund Balance	\$ 88,449,480	\$ 28,195,208	\$ 65,933,523	\$ 165,494,262	\$ 101,539,031

The negative unassigned fund balance in the Capital Projects funds is primarily due to \$13 million of unreimbursed grants relating to the A1A Indian Creek Project and \$2.2 million in other DOT, FDOT, and other miscellaneous grants. The Capital Projects fund also had \$98,000 in unreimbursed capital expenses. The Other Special Revenue fund's negative position is comprised of \$3.9 million in reimbursable grants, \$6,400 of board

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

up/relocation charges, and \$1.5 million in non-reimbursable grants. The Other Special Revenue fund's largest reimbursable grant pending is the West Avenue Bridge project in the amount of \$1.4 million.

NOTE 12 - Risk Management

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents).

The City established an internal service Self-Insurance Fund (the "Fund") to account for its risk financing activities. The Fund pays for all claims and judgments for which the City is liable, for self-insured programs, and the premium costs for insurance policies that protect the City's property and financial interests.

Insurance coverage is procured for losses to City buildings above various deductible amounts. The City maintains excess coverage with an independent insurance carrier solely for Workers Compensation. The City does not maintain excess coverage with independent insurance carriers for general, automobile, police professional and public official liability programs. Premiums are charged to the respective City funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. There were no settlements in excess of applicable insurance for the past three years. During fiscal year 2018 the City paid \$2.5 million in property insurance premiums (including flood insurance).

The Fund derives revenue from all City departments through an allocation formula and from investment income earned on cash and investments within the Fund. The Fund accrues an amount based on an external actuarial computation which includes known claims and an estimate for claims incurred but not yet reported, regardless of the ultimate date of payment or disposition.

The following are the changes in the funds' claims liability amount during fiscal years 2017 and 2018 respectively:

	2017	2018
Unpaid claims, beginning of year	\$ 31,447,000	\$ 38,497,702
Incurred claims (includes incurred but not yet reported)	13,133,111	7,979,880
Less: claim payments	6,082,409	6,082,218
Unpaid claims, end of year	<u>\$ 38,497,702</u>	<u>\$ 40,395,364</u>

The City established an internal service Health Insurance Fund (the "Fund") to account for Medical and Dental activities. Revenues from employee and City premiums are recorded in the Fund. The Fund pays for all claims and the premium cost of "stop loss" insurance coverage. Both medical and dental claims are administered by a third party service provider.

The following are the changes in the funds' claims liability amount during fiscal years 2017 and 2018 respectively:

	2017	2018
Unpaid claims, beginning of year	\$ 1,284,508	\$ 1,727,711
Incurred claims (includes incurred but not yet reported)	21,085,587	23,788,007
Less: claim payments	20,642,384	23,705,718
Unpaid claims, end of year	<u>\$ 1,727,711</u>	<u>\$ 1,810,000</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE 13 - Pollution Remediation

GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations, establishes accounting and financial reporting standards for pollution remediation obligations. The City has identified eight (8) sites that are undergoing pollution remediation activities. These sites and activities are as follows:

1. Miami Beach Golf Course Material Recovery Facility(MRF) - ammonia contamination
2. Miami Beach Golf and Normandy Shores Course - arsenic investigation
3. Normandy Shores Fold Course - arsenic investigation
4. Maurice Gibb Park - hydrocarbon contamination
5. Fleet Management Mechanical Maintenance Facility - synthetic oil investigation
6. Former Par 3 Golf Course - arsenic investigation
7. Miami Beach Convention Center- arsenic investigation
8. Collins Park Garage Hydrocarbon Remediation

As of September 30, 2018, the City has recorded pollution remediation liabilities of:

<u>Description</u>	<u>Total Obligation</u>	<u>Current</u>
Fleet Management Mechanical Maintenance Facility - synthetic oil investigation	\$ 75,000	\$ 15,000
Miami Beach Convention Center- arsenic investigation	200,000	200,000
Maurice Gibb Park - hydrocarbon contamination	800,000	800,000
Collins Park Garage Hydrocarbon Remediation	1,000,000	1,000,000
Former Par 3 Golf Course - arsenic investigation	1,000,000	
Miami Beach Convention Center- arsenic investigation	1,600,000	1,600,000
	<u>\$ 4,675,000</u>	<u>\$ 3,615,000</u>

Other remediation or monitoring costs were deemed immaterial and will be paid from annual operating expenses. These obligations are estimates and are subject to change depending on price increases or reductions, technology, and changes in laws and regulations.

NOTE 14 - Significant Commitments and Contingencies

The City, 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 City. Probable losses are accrued in the City's Risk Self-Insurance fund.

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. Audits for these programs are to be conducted at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.

NOTE 15 – Current and Advance Refunding

On December 14, 2017, the City issued \$115,180,000 in Water and Sewer Revenue and Refunding Bonds, Series 2017 to provide for the current refunding of the Series 2000 bonds and advance refunding of the Series 2006B-2 and Series 2006 obligations as of September 30, 2018. The net proceeds of the issue were placed into an irrevocable escrow deposit account, which invested in government obligations, that will provide monies sufficient to pay the principal and interest of the refunded bonds. On the date of issue, \$44,330,000 of principal was refunded. The aggregate difference in debt service between the refunding debt and the refunded debt is \$1,075,230 and the economic gain on the transaction was \$6,136,486.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

On December 22, 2017, the City issued \$156,550,000 in Stormwater Revenue and Refunding Bonds, Series 2017 to partially advance refund (~92.8%) the Series 2011A and Series 2011B obligations as of September 30, 2018. The net proceeds of the issue were placed into an irrevocable escrow deposit account, which invested in government obligations, will provide monies sufficient to pay the principal and interest of the refunded bonds at September 1, 2021. On the date of issue, \$69,535,000 of principal was refunded. The aggregate difference in debt service between the refunding debt and the refunded debt is \$6,554,883 and the economic gain on the transaction was \$4,079,909.

NOTE 16 - Pension Plan

A. Miami Beach Employees' Retirement Plan (MBERP)

Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

Investments are recorded at fair value, except for short-term investments which are reported at amortized cost, in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 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.

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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. Membership consisted of the following as of October 1, 2017, the date of the latest actuarial valuation:

Inactive plan members and beneficiaries currently receiving benefits	1,065
Inactive plan members entitled but not yet receiving benefits	195
Active plan members	<u>1,175</u>
Total members	<u><u>2,435</u></u>

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

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

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collective bargaining unit shall not be eligible to purchase additional creditable service. Effective April 23, 2015, members whose classifications are included in the AFSCME bargaining unit are not eligible to purchase additional creditable service.

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

Deferred Retirement Option Plan (DROP)

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

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

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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 City was required to make contributions of \$31,892,485 or 37.52% 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 \$8,242,590 and buybacks were \$1,381,297.

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

For the year ended September 30, 2018, the City recognized pension expense of \$3,129,130. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 119,750	\$ 4,586,615
Change in Assumptions	51,257,888	
Net Difference between projected and actual earnings on pension plan investments		14,793,731
City contributions subsequent to the measurement date	31,892,485	
	<u>\$ 83,270,123</u>	<u>\$ 19,380,346</u>

City contributions of \$31,892,485 subsequent to the measurement date that are reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending September 30,	Net Deferred Outflows of Resources
2019	\$ 13,032,561
2020	13,682,743
2021	2,652,473
2022	2,629,515
	<u>\$ 31,997,292</u>

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The following methods and assumptions were used to determine the total pension liability:

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.

Net Pension Liability of the City

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

Total pension liability	\$	834,047,463
Plan fiduciary net position		(616,624,226)
Net pension liability	\$	<u>217,423,237</u>

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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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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	<u>100 %</u>	

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.

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Changes in the Net Pension Liability

The following table shows the components of the City's annual pension liability and related plan fiduciary net position measured as of September 30, 2018:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Balance at September 30, 2016	\$ 759,676,742	\$ 555,001,936	\$ 204,674,806
Changes for the year			
Service cost	13,720,496		13,720,496
Interest	57,800,541		57,800,541
Difference between expected and actual experience of the total pension liability	(4,242,257)		(4,242,257)
Changes of assumptions	52,573,659		52,573,659
Contributions - employer		29,358,098	(29,358,098)
Contributions - employee		7,871,072	(7,871,072)
Net investment income		70,646,599	(70,646,599)
Benefit payments	(44,576,144)	(44,576,144)	
Refunds	(905,574)	(905,574)	
Administrative expenses		(703,539)	703,539
Other		(68,222)	68,222
Net changes	74,370,721	61,622,290	12,748,431
Balances at September 30, 2017	\$ 834,047,463	\$ 616,624,226	\$ 217,423,237

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's net pension liability calculated using a single discount rate of 7.65 percent, as well as what the Plan'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:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.65	7.65%	8.65%
\$ 319,180,844	\$ 217,423,237	\$ 133,204,815

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

Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Share plan contributions are recognized as revenues in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend rate.

Investments are recorded at fair value in the Statement of Fiduciary Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

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:

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

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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.

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

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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 receives 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.

At September 30, 2018 the plan membership consisted of the following:

Active Members	503
Deferred Vested Members	21
Retired Members and beneficiaries:	
a. Service	704 *
b. Disabled	53
	<hr/>
	757
Total	<hr/> 1,281 <hr/>

* Including members in the DROP

Deferred Retirement Option Plan (DROP)

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,

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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.

The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal year ended September 30, 2018, was \$37,519,388 and \$120,549 respectively. Covered payroll excluding DROP members was \$64,181,403. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2018, was actuarially determined by the October 1, 2016 valuation to be \$37,639,937.

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

For the year ended September 30, 2018, the City recognized pension expense of \$7,599,414. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 12,846,024	\$
Changes in assumptions	30,214,528	
City contributions subsequent to measurement date	37,519,388	
Net difference between projected and actual earnings on pension plan investments		4,279,607
	<u>\$ 80,579,940</u>	<u>\$ 4,279,607</u>

City contributions of \$37,519,388 subsequent to the reporting date that are reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year ended September 30:

2019	\$ 18,147,485
2020	18,046,428
2021	3,754,420
2022	(1,167,388)
2020	
Total	<u>\$ 38,780,945</u>

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

Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
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 Adjustments 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 Adjustments and fully generational mortality improvements projected to each future decrement date with Scale BB.

For disabled participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, without projection for future mortality improvement.

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 City

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

Total pension liability	\$ 1,175,854,765
Plan fiduciary net position	(874,437,400)
Net pension liability	<u>\$ 301,417,365</u>

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

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

Asset Class	Long-Term Expected Real Rate of Return*	
	2018	2017
Domestic equity	7.50%	7.50%
International equity	8.50	8.50
Domestic bonds	2.50	2.50
International bonds	3.50	3.50
Real estate	4.50	4.50
Alternative investments	6.24	6.24

*Real rates of return are net of the long-term inflation assumption of 2.50% for 2018 and 2017.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2016	\$1,104,054,031	\$ 806,424,132	\$ 297,629,899
Changes for the year:			
Service cost	17,530,982		17,530,982
Interest	87,422,136		87,422,136
Difference between expected and actual experience	141,740		141,740
Benefit changes	(9,688,441)		(9,688,441)
Changes of assumptions	34,969,254		34,969,254
Contributions – employer		35,367,866	(35,367,866)
Contributions – employee		6,198,244	(6,198,244)
Net investment income		85,791,174	(85,791,174)
Benefit payments, including refunds	(58,574,937)	(58,574,937)	
Administrative expense		(769,079)	769,079
Net changes	71,800,734	68,013,268	3,787,466
Balances at September 30, 2017	\$1,175,854,765	\$ 874,437,400	\$ 301,417,365

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's net pension liability calculated using a single discount rate of 7.85 percent, as well as what the Plan'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:

1% Decrease 6.85%	Current Discount Rate 7.85%	1% Increase 8.85%
\$	\$	\$
453,430,256	301,417,365	177,550,349

C. 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.

D. 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.

E. 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.

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.

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(Continued)

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%

F. Aggregate Pension Amounts

The below chart shows the aggregate fiscal year 2018 pension liabilities, deferred inflows, deferred outflows, and pension expenses by pension plan:

<u>Account</u>	Miami Beach Employees' Retirement System	Retirement System for Firefighters and Police Officers (MBF&P)
Net pension liability	\$ 217,423,237	\$ 301,417,365
Deferred outflows	83,270,123	80,579,940
Deferred inflows	19,380,346	4,279,607
Pension expense	3,129,130	7,599,414

Financial Statements

Each of the Retirement Systems is 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 Policemen's Relief
and Pension Fund
999 11th Street
Miami Beach, Florida 33139

Miami Beach Firemen's Relief and Pension Fund
City of Miami Beach
2300 Pine Tree Drive
Miami Beach, Florida 33140

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE 17 - 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 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.

The determination of the net OPEB obligation at September 30, 2018 is based on a rolled-forward valuation date of September 30, 2018. At this time, the plan participation consisted of:

Active OPEB plan participants	2,248
Inactive members receiving benefit payments	1,177
Total	<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. The City's net OPEB liability at September 30, 2018 was \$149,712,078. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports; however, no Trust contributions are legally or contractually required.

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

OPEB Plan Assets and Policies

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

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

Please refer to note 3 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.

Receivables

As of September 30, 2018, the plan had \$500,000 in receivables from the City. The amount represents the fiscal year's funding.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30, 2018, were as follows:

Total OPEB Liability	\$ 184,126,288
OPEB Plan Fiduciary Net Position	<u>34,414,210</u>
Net OPEB Liability	<u><u>\$ 149,712,078</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	18.69%
-------------------------------------------------------------------------	--------

Schedule of Deferred Inflows/Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,430,274	\$
Net difference between projected and actual investments		1,028,308
Change in proportion - funds	3,768,351	3,768,351
	<u><u>\$ 11,198,625</u></u>	<u><u>\$ 4,796,659</u></u>

Amortization of Net Deferred (Inflows)/Outflows

Year	Amortization
2019	\$ 903,921
2020	903,921
2021	903,921
2022	1,132,241
2023	1,218,078
Thereafter	1,339,884
	<u><u>\$ 6,401,966</u></u>

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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

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:

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

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:

	<u>1% Decrease (7%)</u>	<u>Discount Rate (8%)</u>	<u>1 % Increase (9%)</u>
Net OPEB Liability	\$ 151,934,000	\$ 149,712,078	\$ 107,584,000

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- ppercentage-point higher (than the current healthcare cost trend rates:

		<u>Healthcare Cost Trend Rate</u>	
	<u>1% Decrease</u>	<u>(Refer to assumptions)</u>	<u>1 % Increase</u>
Net OPEB Liability	\$ 107,584,546	\$ 149,712,078	\$ 151,525,000

For the September 30, 2018 OPEB Trust Fund financial statements, please refer to pages 133-134.

NOTE 18 – Tax Abatement Disclosures

For the fiscal year ended September 30, 2018, the City is not aware of and has not made any commitments or agreements to reduce property taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 19 – Extraordinary Item

Extraordinary Item

Between July and December 2016, the City was the victim of fraudulent banking withdrawals totaling \$3,686,712. As of September 30, 2016 and September 30, 2017, the City had a remaining unrecovered balance of \$1,858,398 and \$1,089,334, respectively. For the period ending September 30, 2018, the City has recognized the \$1,089,334 unrecovered balance as extraordinary revenue. The City received \$1,054,485 in cash and \$34,849 as interest. The recovered amount has been recorded as revenue, classified as an extraordinary item, in the City's general fund on pg. 31 and in the governmental activities of the on pg. 28.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 20 – Subsequent Events

On December 5, 2018, the City entered into an equipment loan agreement with Raymond James Capital Funding, Inc. The purpose of the loan is to purchase vehicles and other equipment. The aggregate loan amount is for \$15,000,000 with funding available in \$500,000 disbursements. For advances payable over 60 months, the interest rate is the 3 year constant maturity Treasury Index multiplied by 75.50% plus 0.72%, for advances payable over 84 months, the interest rate is the 5 year constant maturity U.S. Treasury Index multiplied by 75.50% plus 0.71%, and for advances payable over 108 months, the interest rate is the 7 year constant maturity U.S. Treasury Index multiplied by 75.50% plus 0.94%. Principal and interest is due monthly.

On November 6, 2018, the electorate of the City of Miami Beach approved the issuance of \$439,000,000 of general obligation bonds, consisting of (i) \$169,000,000 for parks, recreational facilities, and cultural facilities, (ii) \$198,000,000 for neighborhoods and infrastructure, and (iii) \$72,000,000 for police, fire, public safety, and security improvements. As the overall \$439 million General Obligation Bond (GOB) program will be implemented over a period of approximately 10 to 12 years, rather than all at once, the City anticipates issuing tranches every 3 years. At this time, 4 funding tranches are anticipated as follows: \$153 million in FY 2019, \$100 million in FY 2022, \$100 million in FY 2025, and \$86 million in FY 2028. Necessary millage rate increases will be gradually phased to cover the debt service costs associated with the bond issuances. The City has dedicated a portion of its property taxed to repay the debt.

NOTE 21 – 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	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Fund	Other Enterprise Funds	Internal Service Funds
September 30, 2017	\$ 525,166,801	116,799,023	222,618,876	136,481,183	90,177,938	57,597,293	29,961,762
Restatement for GASB 75	(61,044,957)	(2,065,290)	(5,981,240)	(7,971,517)	(117,344)	(9,937,539)	(8,318,051)
October 1, 2017	<u>\$ 464,121,844</u>	<u>114,733,733</u>	<u>216,637,636</u>	<u>128,509,666</u>	<u>90,060,594</u>	<u>47,659,754</u>	<u>21,643,711</u>
Balances At October 1, 2017							
Net OPEB liability	\$ 122,793,787	\$ 2,052,709	\$ 5,944,804	\$ 7,922,956	\$ 116,629	\$ 9,877,001	\$ 8,267,379
Deferred inflow - OPEB	752,625	12,581	36,436	48,561	715	60,538	50,672
Net Total	<u>123,546,412</u>	<u>\$ 2,065,290</u>	<u>\$ 5,981,240</u>	<u>\$ 7,971,517</u>	<u>\$ 117,344</u>	<u>\$ 9,937,539</u>	<u>\$ 8,318,051</u>
Balance at September 30, 2017	62,501,455						
Restatement Amount	<u>\$ 61,044,957</u>						

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REQUIRED SUPPLEMENTARY INFORMATION (RSI)

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS BY EMPLOYER AND OTHER CONTRIBUTING ENTITIES
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM (MBERP)
(Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$31,892,485	\$29,358,098	\$27,783,852	\$26,317,983	\$25,602,030	\$21,222,051	\$17,583,191	\$14,474,678	\$17,137,394	\$12,863,823
Actual contribution	31,892,485	29,358,098	27,783,852	26,456,580	25,602,030	21,222,051	17,583,191	14,474,678	17,137,394	12,863,823
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (138,597)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$85,003,174	\$77,013,213	\$71,863,150	\$82,359,302	\$76,362,960	\$65,054,000	\$66,347,000	\$68,844,000	\$70,098,000	\$68,010,000
Actual contribution as a % of covered payroll	37.52%	38.12%	38.66%	32.12%	33.53%	32.62%	26.50%	21.03%	24.45%	18.91%

Notes to Schedule of Contributions

Valuation Date October 1, 2016
Notes Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
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	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS BY EMPLOYER AND OTHER CONTRIBUTING ENTITIES
RETIREMENT SYSTEM FOR FIREFIGHTERS AND POLICE OFFICERS (MBF&P)
(Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$37,639,937	\$35,367,866	\$34,970,641	\$33,149,388	\$35,960,326	\$39,492,050	\$36,297,459	\$32,811,570	\$23,403,818	\$20,159,995
Actual contribution	37,639,937	35,367,866	34,970,641	33,149,388	35,960,326	39,492,050	36,297,459	32,811,570	23,403,818	20,159,995
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (excluding DROP)	\$64,181,403	\$59,907,167	\$56,759,632	\$56,545,113	\$50,740,542	\$47,164,030	\$53,273,735	\$49,041,435	\$49,144,179	\$50,393,490
Actual contribution as a % of covered payroll	58.65%	59.04%	61.61%	58.62%	70.87%	83.73%	68.13%	66.91%	47.62%	40.01%

Notes to Schedule of Contributions

Valuation Date Actuarially determined contributions are calculated as of October 1st - two years prior to the fiscal year in which contributions are reported.
Notes MBF&P actual contributions include certain Chapter 175/185 non-employer contribution amounts. These amounts are from the State of Florida.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method Entry Age Normal
Amortization Method Level Percentage, Closed
Remaining 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

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 Adjustments 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 Adjustments and fully generational mortality improvements projected to each future decrement date with Scale BB.

For disabled participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, without projection for future mortality improvement.

Mortality
Cost-of-Living Increases 1.50%, 2.00% or 2.50%

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM (MBERP)
(Unaudited)

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 13,720,496	\$ 12,906,811	\$ 11,795,411	\$ 12,306,795
Interest	57,800,541	56,164,518	54,152,569	51,809,378
Benefit changes	-	-	-	(1,183,267)
Differences between expected and actual experience	(4,242,257)	(2,210,692)	-	4,909,738
Changes of assumptions	52,573,659	11,676,037	11,026,357	-
Benefit payments	(44,576,144)	(41,900,843)	(35,874,016)	(37,501,400)
Refunds	(905,574)	(948,535)	(941,310)	(1,143,866)
Other	-	-	311,076	311,077
Net change in total pension liability	74,370,721	35,687,296	40,470,087	29,508,455
Total pension liability - beginning	759,676,742	723,989,446	683,519,359	654,010,904
Total pension liability - ending	<u>\$ 834,047,463</u>	<u>\$ 759,676,742</u>	<u>\$ 723,989,446</u>	<u>\$ 683,519,359</u>
Plan fiduciary net position				
Contributions - employer	\$ 29,358,098	\$ 27,783,852	\$ 26,456,580	\$ 25,602,030
Contributions - member	7,871,072	7,341,533	7,310,183	7,373,407
Net investment income	70,646,599	55,818,905	(5,048,406)	51,773,646
Benefit payments	(44,576,144)	(41,900,843)	(35,874,016)	(37,501,400)
Refunds	(905,574)	(948,535)	(941,310)	(1,143,866)
Administrative expenses	(703,539)	(677,509)	(706,283)	(668,851)
Other	(68,222)	-	-	-
Net change in plan fiduciary net position	61,622,290	47,417,403	(8,803,252)	45,434,966
Plan fiduciary net position - beginning	555,001,936	507,584,533	516,387,785	470,952,819
Plan fiduciary net position - ending	<u>\$ 616,624,226</u>	<u>\$ 555,001,936</u>	<u>\$ 507,584,533</u>	<u>\$ 516,387,785</u>
City's net pension liability	\$ 217,423,237	\$ 204,674,806	\$ 216,404,913	\$ 167,131,574
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.06%	70.11%	75.55%
Covered payroll	\$ 77,013,213	\$ 71,863,150	\$ 82,359,302	\$ 76,362,960
Net pension liability as a percentage of covered payroll	282.32%	284.81%	262.76%	218.86%

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

From fiscal year 2017 to 2018, the discount rate used to determine the net pension liability decreased from 7.70% to 7.65%.

From fiscal year 2016 to 2017, the discount rate used to determine the net pension liability decreased from 7.85% to 7.70%.

From fiscal year 2015 to 2016, the discount rate used to determine the net pension liability decreased from 8.00% to 7.85%.

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
RETIREMENT SYSTEM FOR FIREFIGHTERS AND POLICE OFFICERS (MBF&P)
(Unaudited)

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 17,530,982	\$ 17,803,602	\$ 16,098,560	\$ 14,763,595
Interest	87,422,136	82,627,847	78,415,039	75,108,912
Benefit changes	(9,688,441)			
Differences between expected and actual experience	141,740	14,588,712	12,428,547	7,685,043
Changes of assumptions	34,969,254	2,447,885	5,686,196	
Benefit payments, including refunds of member contributions	(58,574,937)	(54,861,660)	(62,686,716)	(53,605,094)
Net change in total pension liability	71,800,734	62,606,386	49,941,626	43,952,456
Total pension liability - beginning	1,104,054,031	1,041,447,645	991,506,019	947,553,563
Total pension liability - ending	<u>\$ 1,175,854,765</u>	<u>\$ 1,104,054,031</u>	<u>\$ 1,041,447,645</u>	<u>\$ 991,506,019</u>
Plan fiduciary net position				
Contributions - City and State	\$ 35,367,866	\$ 34,970,641	\$ 33,149,388	\$ 35,960,326
Contributions - member	6,198,244	5,984,397	5,944,414	5,258,974
Net investment income	85,791,174	70,539,300	5,689,333	72,259,674
Benefit payments, including refunds of member contributions	(58,574,937)	(54,861,660)	(62,686,716)	(53,605,094)
Administrative expenses	(769,079)	(826,044)	(777,493)	(905,130)
Net change in plan fiduciary net position	68,013,268	55,806,634	(18,681,074)	58,968,750
Plan fiduciary net position - beginning	806,424,132	750,617,498	769,298,572	710,329,822
Plan fiduciary net position - ending	<u>\$ 874,437,400</u>	<u>\$ 806,424,132</u>	<u>\$ 750,617,498</u>	<u>\$ 769,298,572</u>
City's net pension liability	\$ 301,417,365	\$ 297,629,899	\$ 290,830,147	\$ 222,207,447
Plan fiduciary net position as a percentage of the total pension liability	74.37%	73.04%	72.07%	77.59%
Covered payroll	\$ 59,907,167	\$ 56,759,632	\$ 56,545,113	\$ 57,545,593
Net pension liability as a percentage of covered payroll	503.14%	524.37%	514.33%	386.14%

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

There were no changes to the investment return for the period ending September 30, 2018. For September 30, 2017, investment return was decreased from 7.90% to 7.85% and the mortality assumptions were updated to the assumption used in the Florida Retirement System July 1, 2016 Actuarial Valuation. For September 30, 2016, investment return was decreased from 7.95% to 7.90%, withdrawal and retirement rates were updated, disability incidence was updated to 65% service incurred / 35% non-service incurred and the load for compensation and rejected pensionable payroll was replaced with actual pensionable pay these changes first affect the contribution for fiscal year ended September 30, 2017. For September 30, 2015, investment return was decreased from 8.00% to 7.95% and payroll growth assumption was limited to 10-year average.

**SCHEDULE OF CHANGES IN THE
CITY'S NET OPEB LIABILITY AND RELATED RATIOS
(unaudited) (*)**

	2018	2017
Total OPEB Liability		
Service Cost	\$ 3,921,508	\$ 3,074,151
Interest	14,345,708	13,700,847
Changes of assumptions	(2,399,422)	
Benefit payments	(11,647,331)	(10,111,628)
Net change in total OPEB Liability	4,220,463	6,663,370
Total OPEB liability - beginning	179,905,825	173,242,455
Total OPEB liability - ending (a)	<u>\$ 184,126,288</u>	<u>\$ 179,905,825</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,039,279	\$ 438,000
Net investment income	2,540,698	3,302,688
Administrative expense	(65,711)	145,690
Net Change in plan fiduciary net position	3,514,266	3,886,378
Plan fiduciary net position - beginning	30,899,944	27,013,566
Plan fiduciary net position - ending (b)	<u>\$ 34,414,210</u>	<u>\$ 30,899,944</u>
City's Net OPEB Liability - ending (a) - (b)	<u>\$ 149,712,078</u>	<u>149,005,881</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.69%	17.18%
Covered-employee payroll ^	\$ 147,122,000	\$ 142,146,603
City's net OPEB liability as a percentage of covered payroll	101.76%	104.83%

* - Fiscal year 2017 is the first year data is available. The City will accumulate a ten year schedule as data becomes available.

^ - Employees do not contribute towards OPEB.

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS - CITY CONTRIBUTIONS
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	20113	2012	2011	2010	2009
Actuarially determined contribution	\$ 15,055,943	\$ 15,055,943	\$ 27,783,852	\$ 26,317,983	\$ 25,602,030	\$ 21,222,051	\$ 17,583,191	\$ 14,474,678	\$ 17,137,394	\$ 12,863,823
Contributions in relation to the actuarially determined contributions	12,686,610	10,549,628	27,783,852	26,456,580	25,602,030	21,222,051	17,583,191	14,474,678	17,137,394	12,863,823
Contribution deficiency (excess)	\$ 2,369,333	\$ 4,506,315	\$ -	\$ (138,597)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	147,122,000	142,146,603	71,863,150	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 payroll	8.62%	7.42%	38.66%	32.12%	33.53%	32.62%	26.50%	21.03%	24.45%	18.91%

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 a closed period of five years starting on October 1, 2016.
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of future retirees will participate in the retiree medical plan and 100% participate in the life insurance plan. For those employees hired after 3/18/2006, it is assumed that 40% continue on the plans post-Medicare. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-16

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years (*)

	2018	2017
Annual money-weighted rate of return, net of investment expense	11.69%	8.01%

* Fiscal year 2017 is the first year data is available. The City will accumulate a ten year schedule as data becomes available.

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 175,544,000	\$ 175,544,000	\$ 176,718,001	\$ 1,174,001
Sales, use and fuel taxes	979,000	979,000	1,064,324	85,324
Utility	11,679,000	11,679,000	11,951,223	272,223
Local business	5,025,000	5,025,000	5,592,363	567,363
Communication service	3,062,000	3,062,000	4,075,570	1,013,570
Franchise fees	8,115,000	8,115,000	8,173,295	58,295
Permits	24,661,000	25,138,000	23,905,369	(1,232,631)
Intergovernmental	10,734,000	10,734,000	11,008,345	274,345
Charges for services	18,831,000	18,831,000	18,434,148	(396,852)
Rents and leases	5,495,000	5,495,000	5,643,817	148,817
Interest income	692,000	692,000		(692,000)
Fines and forfeits	1,341,000	1,341,000	1,987,646	646,646
Administrative fees	21,419,000	21,419,000	20,810,564	(608,436)
Other	923,000	923,000	761,949	(161,051)
Total revenues	288,500,000	288,977,000	290,126,614	1,149,614
Expenditures				
General government:				
Mayor and Commission	2,291,000	2,305,486	2,220,336	85,150
City Manager	3,959,000	3,959,000	3,820,623	138,377
City Clerk	1,697,000	1,741,606	1,631,356	110,250
Budget and Performance Management	3,435,000	3,682,000	3,076,606	605,394
Finance	6,039,000	6,053,000	5,981,069	71,931
Human Resources	2,801,000	2,801,000	2,574,043	226,957
Procurement	2,427,000	2,461,137	2,271,765	189,372
City Attorney	5,802,000	5,757,146	5,183,658	573,488
Planning	4,504,000	4,631,537	4,428,925	202,612
Media Relations	2,091,000	2,127,196	2,085,411	41,785
Public Works	4,507,400	4,647,620	4,026,513	621,107
Capital Improvement	5,077,000	5,077,196	4,626,119	451,077
Unclassified	8,445,400	8,513,035	4,941,882	3,571,153
Total general government	53,075,800	53,756,959	46,868,306	6,888,653
Public safety:				
Building Services	15,227,600	15,727,088	13,706,366	2,020,722
Code Compliance	5,977,000	5,944,736	5,436,569	508,167
Fire	73,501,000	73,607,382	72,901,201	706,181
Police	105,919,000	106,046,525	105,243,053	803,472
Emergency Management	10,381,000	11,180,000	10,709,324	470,676
Total public safety	211,005,600	212,505,731	207,996,513	4,509,218
Physical Environment	3,706,600	4,069,400	4,068,646	754
Transportation	5,109,000	5,436,000	5,127,814	308,186
Economic Environment	1,843,600	2,935,600	2,619,698	315,902
Human Services	2,478,400	2,576,151	2,188,871	387,280
Culture and recreation	43,421,000	43,901,875	42,087,107	1,814,768
Capital Outlay	602,000	1,158,284	409,606	748,678
Debt service:				
Principal retirement	1,214,000	1,214,000	1,212,873	1,127
Interest and fiscal charges	194,000	194,000	192,250	1,750
Other	111,000	111,000	110,600	400
Total expenditures	322,761,000	327,859,000	312,882,284	14,976,716
Excess (deficiency) of revenues over (under) expenditures	(34,261,000)	(38,882,000)	(22,755,670)	16,126,330
Other financing sources (uses)				
Transfers in	39,350,000	40,429,000	46,420,325	5,991,325
Transfers out	(8,089,000)	(8,089,000)	(8,089,000)	
Sale of capital assets			594,270	594,270
Total other financing sources (uses)	31,261,000	32,340,000	38,925,595	6,585,595
EXTRAORDINARY ITEM				
Extraordinary expense			1,089,334	1,089,334
Net change in fund balances	(3,000,000)	(6,542,000)	17,259,259	\$ 21,622,591
Fund balances - beginning of year	71,190,221	71,190,221	71,190,221	
Fund balances - end of year	\$ 68,190,221	\$ 64,648,221	\$ 88,449,480	

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2018

	Resort Tax Revenue Fund				Miami Beach Redevelopment Agency			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues								
Resort taxes	\$ 83,027,000	\$ 85,132,000	\$ 87,595,052	\$ 2,463,052	\$	\$	\$	\$
Tax increment					52,491,000	52,491,000	49,920,277	(2,570,723)
Rents and leases								
Interest income	135,000	135,000	634,752	499,752	150,000	150,000	1,251,506	1,101,506
Special assessment	65,000	65,000	197,427	132,427				
Other	6,000	6,000	16,770	10,770				
Total revenues	83,233,000	85,338,000	88,444,001	3,106,001	52,641,000	52,641,000	51,171,783	(1,469,217)
Expenditures								
General government	1,772,000	1,786,323	1,647,060	139,263	20,380,533	20,380,533	5,810,280	14,570,253
Public safety	6,438,000	6,572,026	6,486,802	85,224	4,639,000	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	12,597,000	12,156,290	11,765,744	390,546	1,325,000	1,325,000	1,059,914	265,086
Capital Outlay		28,361	23,337	5,024	15,977,842	15,957,870	2,288,222	13,669,648
Debt Service:								
Interest and fiscal charges	2,000	2,000	1,239	761				
Total expenditures	20,809,000	20,545,000	19,924,182	620,818	45,794,375	50,971,773	19,751,983	31,219,790
Excess (deficiency) of revenues over (under) expenditures	62,424,000	64,793,000	68,519,819	3,726,819	6,846,625	1,669,227	31,419,800	29,750,573
Other financing sources (uses)								
Transfers in			1,787,261	1,787,261			822,399	822,399
Transfers out	(62,424,000)	(64,966,000)	(64,780,870)	185,130	(22,784,000)	(36,050,221)	(36,039,313)	10,908
Total other financing sources (uses)	(62,424,000)	(64,966,000)	(62,993,609)	1,972,391	(22,784,000)	(36,050,221)	(35,216,914)	833,307
Net change in fund balances		(173,000)	5,526,210	5,699,210	(15,937,375)	(34,380,994)	(3,797,114)	30,583,880
Fund balances - beginning of year	22,668,998	22,668,998	22,668,998		69,730,637	69,730,637	69,730,637	
Fund balances - end of year	\$ 22,668,998	\$ 22,495,998	\$ 28,195,208	\$ 5,699,210	\$ 53,793,262	\$ 35,349,643	\$ 65,933,523	\$ 30,583,880

CITY OF MIAMI BEACH, FLORIDA
NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
SEPTEMBER 30, 2018

1. Budgetary Policy

A. Budgetary Data

The City is required to prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles.

The City has legally adopted annual budgets for the General Fund, and the City's two (2) major special revenue funds which are the Resort Tax Fund and the Miami Beach Redevelopment Agency Fund. Budget to actual comparisons for the General Fund, Resort Tax Fund and Miami Beach Redevelopment Agency Fund are presented in the Required Supplementary Information section of this report.

Pursuant to the City's Charter, the City Manager shall make public a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department. 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 budgets are approved by fund and department, and authorized at the department level. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or department budgets and transfers between departments require City Commission approval.

There were eight (8) supplemental budgetary appropriations for the funds mentioned above; five (5) operating (counting RDA separately) and three (3) capital during fiscal year ended September 30, 2018.

Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the City. Budgets are adopted on the modified accrual basis of accounting. All operating appropriations lapse at year end.

Encumbrance accounting, under which purchase order commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances, since they do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

2. Miami Beach Employees' Retirement System (MBERP) Actuary Assumptions

Please refer to page 108 for the actuary assumptions.

3. Retirement System for Firefighters and Police Officers (MBF&P) Actuary Assumptions

Please refer to page 109 for the actuary assumptions.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Development Block Grant Fund: This fund accounts for the receipt and expenditure of funds under this Federal Program.

State Housing Initiatives Partnership Fund: This fund accounts for the receipt and expenditure of funds under this State Program.

Parking Impact Fees Fund: This fund accounts for impact fee revenue paid, primarily by owners of new and existing construction, in lieu of their ability to provide adequate parking spaces as defined by City Ordinance. The fund is also responsible for the disbursement of funds for various parking related projects in the impacted areas.

Transportation Concurrency Management Fund: This fund oversees, maintains, and directs the City's concurrency management system, the land use/transportation planning and traffic management efforts and projects.

Police Confiscation and Training Fund: This fund accounts for revenues received that are restricted to police related expenditures with multiple restrictions.

HOME Investment Partnership Program Grant Fund: This fund accounts for revenues and expenditures that are governed by the HOME grant agreements between the Federal Government and the City.

Other Special Revenue Fund: This fund accounts for the revenues and expenditures of a series of small grants.

Debt Service Funds:

Debt Service Funds account for the payment of interest and principal of the current portion of long-term debt, primarily from tax proceeds and earnings on temporary investments.

General Obligation Debt Service Fund: This fund accounts for principal and interest payments made for general obligations.

Pension Loan Fund: This fund accounts for principal and interest payments made for the Pension Loan.

Gulf Breeze Special Obligation Fund: This fund accounts for principal and interest payments made for the Gulf Breeze VRDS.

Miami Beach Redevelopment Agency Fund: This fund accounts for principal and interest payments made for the Tax Increment Revenue Special Obligation Bonds.

Sunshine State Special Obligation Fund: This fund accounts for principal and interest payments made for the Sunshine State VRDS.

Resort Tax Debt Service Fund: This fund accounts for principal and interest payments made for the Resort Tax bond.

Energy Savings Debt Service Fund: This fund accounts for principal and interest payment on the Ameresco loan.

**CITY OF MIAMI BEACH, FLORIDA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 107,880,417	\$ 1,483,825	\$ 109,364,242
Receivables, net	892,970	26,706	919,676
Due from other governments	3,704,296		3,704,296
Prepays	1,612		1,612
Total assets	<u>\$ 112,479,295</u>	<u>\$ 1,510,531</u>	<u>\$ 113,989,826</u>
LIABILITIES			
Accounts payable	\$ 4,760,017	\$	\$ 4,760,017
Retainage payable	748,859		748,859
Accrued expenditures	748,468		748,468
Unearned revenues	3,801,412		3,801,412
Deposits	51,400		51,400
Due to other fund	1,581,048		1,581,048
Total liabilities	<u>11,691,204</u>		<u>11,691,204</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable other revenues	759,591		759,591
Total deferred inflows of resources	<u>759,591</u>		<u>759,591</u>
FUND BALANCES			
Nonspendable	1,612		1,612
Restricted	88,902,901	1,510,531	90,413,432
Committed	15,174,432		15,174,432
Assigned	1,286,969		1,286,969
Unassigned	(5,337,414)		(5,337,414)
Total fund balances	<u>100,028,500</u>	<u>1,510,531</u>	<u>101,539,031</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 112,479,295</u>	<u>\$ 1,510,531</u>	<u>\$ 113,989,826</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$	\$ 5,938,336	\$ 5,938,336
Sales, use and fuel taxes	3,875,355		3,875,355
Utility taxes	886,120		886,120
Other taxes	2,125,635		2,125,635
Federal grants	1,081,509		1,081,509
State grants	306,897		306,897
Grants from other local units	6,052,662		6,052,662
Charges for services	5,918,166		5,918,166
Fines and forfeitures	868,041		868,041
Impact Fees	3,486,229		3,486,229
Interest income	726,409	65,287	791,696
Permits	23,588		23,588
Rent and leases	1,510,003		1,510,003
Miscellaneous	434,549		434,549
Total revenues	<u>27,295,163</u>	<u>6,003,623</u>	<u>33,298,786</u>
EXPENDITURES			
Current:			
General government	843,005		843,005
Public safety	11,029,175		11,029,175
Physical environment	2,215,992		2,215,992
Transportation	15,401,934		15,401,934
Economic environment	1,063,337		1,063,337
Human services	1,287,204		1,287,204
Culture and recreation	2,414,658		2,414,658
Capital Outlay	9,901,421		9,901,421
Debt Service:			
Principal	333,026	19,366,707	19,699,733
Interest	124,976	26,865,669	26,990,645
Other		2,751	2,751
Total expenditures	<u>44,614,728</u>	<u>46,235,127</u>	<u>90,849,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,319,565)</u>	<u>(40,231,504)</u>	<u>(57,551,069)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	1,362,339		1,362,339
Transfers in	22,656,168	42,465,944	65,122,112
Transfers out	(11,000)	(8,301,104)	(8,312,104)
Total other financing sources (uses)	<u>24,007,507</u>	<u>34,164,840</u>	<u>58,172,347</u>
Net change in fund balances	6,687,942	(6,066,664)	621,278
Fund balances - beginning of year	<u>93,340,558</u>	<u>7,577,195</u>	<u>100,917,753</u>
Fund balances - end of year	<u>\$ 100,028,500</u>	<u>\$ 1,510,531</u>	<u>\$ 101,539,031</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2018

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Home Investment Partnership Program Grant Fund	Other Special Revenue Fund	Total
ASSETS								
Cash and investments	\$ 26,344	\$ 1,293,914	\$ 24,176,441	\$ 17,901,206	\$ 616,539	\$	\$ 63,865,973	\$ 107,880,417
Receivables, net			25,623		1,978		865,369	892,970
Due from other governments	100,120				46,569	113,435	3,444,172	3,704,296
Prepays							1,612	1,612
Total assets	<u>\$ 126,464</u>	<u>\$ 1,293,914</u>	<u>\$ 24,202,064</u>	<u>\$ 17,901,206</u>	<u>\$ 665,086</u>	<u>\$ 113,435</u>	<u>\$ 68,177,126</u>	<u>\$ 112,479,295</u>
LIABILITIES								
Accounts payable	\$ 49,161	\$ 2,334	\$ 18,801	\$ 16,441	\$ 4,855	\$	\$ 4,668,425	\$ 4,760,017
Retainage payable	26,236			31,923		6,148	684,552	748,859
Accrued expenditures	3,685					1,646	743,137	748,468
Unearned revenue	25,964				46,569	242,068	3,486,811	3,801,412
Due to other fund						49,046	1,532,002	1,581,048
Deposits							51,400	51,400
Total liabilities	<u>105,046</u>	<u>2,334</u>	<u>18,801</u>	<u>48,364</u>	<u>51,424</u>	<u>298,908</u>	<u>11,166,327</u>	<u>11,691,204</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable other revenues		759,591						759,591
Total deferred inflows of resources		<u>759,591</u>						<u>759,591</u>
FUND BALANCES								
Nonspendable							1,612	1,612
Restricted	21,418	531,989	24,183,263	17,852,842	613,662		45,699,727	88,902,901
Committed							15,174,432	15,174,432
Assigned							1,286,969	1,286,969
Unassigned						(185,473)	(5,151,941)	(5,337,414)
Total fund balances	<u>21,418</u>	<u>531,989</u>	<u>24,183,263</u>	<u>17,852,842</u>	<u>613,662</u>	<u>(185,473)</u>	<u>57,010,799</u>	<u>100,028,500</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 126,464</u>	<u>\$ 1,293,914</u>	<u>\$ 24,202,064</u>	<u>\$ 17,901,206</u>	<u>\$ 665,086</u>	<u>\$ 113,435</u>	<u>\$ 68,177,126</u>	<u>\$ 112,479,295</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended September 30, 2018

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	HOME Investment Partnership Program Grant Fund	Other Special Revenue Fund	Total
Revenues:								
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	\$	3,875,355	\$ 3,875,355
Utility taxes							886,120	886,120
Other taxes							2,125,635	2,125,635
Federal grants	474,004				171,230	(485,195)	921,470	1,081,509
State grants		233,158					73,739	306,897
Grants from other local units					23,498		6,029,164	6,052,662
Charges for services				27,625			5,890,541	5,918,166
Fines and forfeitures							868,041	868,041
Impact Fees			1,928,140	1,558,089				3,486,229
Interest income	22	17,318	333,008	169,007	8,496	24	198,534	726,409
Permits							23,588	23,588
Rent and leases							1,510,003	1,510,003
Miscellaneous		75,515					359,034	434,549
Total revenues	474,026	325,991	2,261,148	1,754,721	203,224	(485,171)	22,761,224	27,295,163
Expenditures:								
Current:								
General government							843,005	843,005
Public safety					232,893		10,796,282	11,029,175
Physical environment							2,215,992	2,215,992
Transportation							15,401,934	15,401,934
Economic environment	457,323	325,991				(374,968)	654,991	1,063,337
Human services							1,287,204	1,287,204
Culture and recreation							2,414,658	2,414,658
Capital Outlay			221,394	46,427	54,400		9,579,200	9,901,421
Debt Service:								
Principal							333,026	333,026
Interest							124,976	124,976
Other								0
Total expenditures	457,323	325,991	221,394	46,427	287,293	(374,968)	43,651,268	44,614,728
Excess (deficiency) of revenues over (under) expenditures	16,703	0	2,039,754	1,708,294	(84,069)	(110,203)	(20,890,044)	(17,319,565)
OTHER FINANCING SOURCES (USES)								
Issuance of debt							1,362,339	1,362,339
Transfers in				1,674,314			20,981,854	22,656,168
Transfers out							(11,000)	(11,000)
Total other financing sources (uses)			0	1,674,314			22,333,193	24,007,507
Net change in fund balances	16,703	0	2,039,754	3,382,608	(84,069)	(110,203)	1,443,149	6,687,942
Fund balances - beginning of year	4,715	531,989	22,143,509	14,470,234	697,731	(75,270)	55,567,650	93,340,558
Fund balances - end of year	\$ 21,418	\$ 531,989	\$ 24,183,263	\$ 17,852,842	\$ 613,662	\$ (185,473)	\$ 57,010,799	\$ 100,028,500

**CITY OF MIAMI BEACH, FLORIDA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET**

September 30, 2018

	General Obligation Debt Service Fund	Pension Loan Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Resort Tax Debt Service Fund	Energy Savings Debt Service Funds	Total
ASSETS								
Cash and investments	\$ 784,821	\$ 255,074	\$	\$	\$	\$	\$ 443,930	\$ 1,483,825
Receivables, net	26,706							26,706
Total assets	<u>\$ 811,527</u>	<u>\$ 255,074</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 443,930</u>	<u>\$ 1,510,531</u>
FUND BALANCES								
Restricted	811,527	255,074					443,930	1,510,531
Total fund balances	<u>811,527</u>	<u>255,074</u>					<u>443,930</u>	<u>1,510,531</u>
Total liabilities and fund balances	<u>\$ 811,527</u>	<u>\$ 255,074</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 443,930</u>	<u>\$ 1,510,531</u>

CITY OF MIAMI BEACH, FLORIDA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2018

	General Obligation Debt Service Fund	Pension Loan Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Resort Tax Debt Service Fund	Energy Savings Debt Service Funds	Total
Revenues								
Property taxes	\$ 5,938,336	\$	\$	\$	\$	\$	\$	\$ 5,938,336
Interest income	65,287							65,287
Total revenues	<u>6,003,623</u>							<u>6,003,623</u>
Expenditures								
Debt Service:								
Principal	3,845,000	4,583,000		6,670,000		3,300,000.00	968,707	19,366,707
Interest	2,058,769	253,297		14,993,923		9,154,500.00	405,180	26,865,669
Other	1,205			1,169		377		2,751
Total expenditures	<u>5,904,974</u>	<u>4,836,297</u>		<u>21,665,092</u>		<u>12,454,877</u>	<u>1,373,887</u>	<u>46,235,127</u>
Excess of expenditures over revenues	<u>98,649</u>	<u>(4,836,297)</u>		<u>(21,665,092)</u>		<u>(12,454,877)</u>	<u>(1,373,887)</u>	<u>(40,231,504)</u>
Other financing sources (uses):								
Transfers in		4,839,000		21,665,092		14,182,852	1,779,000	42,465,944
Transfers out	<u>(1,878,160.00)</u>		<u>(2,483,113.00)</u>		<u>(126,547)</u>	<u>(3,813,284)</u>		<u>(8,301,104)</u>
Total other financing sources (uses)	<u>(1,878,160)</u>	<u>4,839,000</u>	<u>(2,483,113)</u>	<u>21,665,092</u>	<u>(126,547)</u>	<u>10,369,568</u>	<u>1,779,000</u>	<u>34,164,840</u>
Net change in fund balances	<u>(1,779,511)</u>	<u>2,703</u>	<u>(2,483,113)</u>		<u>(126,547)</u>	<u>(2,085,309)</u>	<u>405,113</u>	<u>(6,066,664)</u>
Fund balances - beginning of year	<u>2,591,038</u>	<u>252,371</u>	<u>2,483,113</u>		<u>126,547</u>	<u>2,085,309</u>	<u>38,817</u>	<u>7,577,195</u>
Fund balances - end of year	<u>\$ 811,527</u>	<u>\$ 255,074</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 443,930</u>	<u>\$ 1,510,531</u>

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED NONMAJOR DEBT SERVICE FUNDS
For the Fiscal Years Ended September 30, 2018

	General Obligation Debt Service Fund				Miami Beach Redevelopment Agency Special Obligation Debt Service Fund				Resort Tax Debt Service Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues												
Property taxes	\$ 5,914,000	\$ 5,914,000	\$ 5,938,336	\$ 24,336	\$	\$	\$	\$	\$	\$	\$	\$
Interest income			65,287	65,287								
Total revenues	5,914,000	5,914,000	6,003,623	89,623								
Expenditures												
Debt Service:												
Principal	3,845,000	3,845,000	3,845,000		6,670,000	6,670,000	6,670,000		3,300,000	3,300,000	3,300,000	
Interest	2,059,000	2,059,000	2,058,769	231	14,994,000	14,994,000	14,993,923	77	9,155,000	9,155,000	9,154,500	500
Other	10,000	10,000	1,205	8,795	12,000	12,000	1,169	10,831	10,000	10,000	377	9,623
Total expenditures	5,914,000	5,914,000	5,904,974	9,026	21,676,000	21,676,000	21,665,092	10,908	12,465,000	12,465,000	12,454,877	10,123
Excess (deficiency) of revenues over (under) expenditures			98,649	98,649	(21,676,000)	(21,676,000)	(21,665,092)	10,908	(12,465,000)	(12,465,000)	(12,454,877)	10,123
Other financing sources (uses)												
Transfers in					21,676,000	21,676,000	21,665,092	(10,908)	13,271,000	14,271,000	14,182,852	(88,148)
Transfers out		(1,879,000)	(1,878,160)	(840)						(3,813,500)	(3,813,284)	216
Total other financing sources (uses)		(1,879,000)	(1,878,160)	(840)	21,676,000	21,676,000	21,665,092	(10,908)	13,271,000	10,457,500	10,369,568	(87,932)
Net change in fund balances		(1,879,000)	(1,779,511)	99,489					806,000	(2,007,500)	(2,085,309)	(77,809)
Fund balances - beginning of year	2,591,038	2,591,038	2,591,038						2,085,309	2,085,309	2,085,309	
Fund balances - end of year	\$ 2,591,038	\$ 712,038	\$ 811,527	\$ 99,489	\$	\$	\$	\$	\$ 2,891,309	\$ 77,809	\$	\$ (77,809)

MIAMI BEACH

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CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2018

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 11,016,641	\$ 16,955,492	\$ 11,322,862	\$ 39,294,995
Accounts receivable (net of allowance for uncollectibles)	895,464		41,913	937,377
Prepaid expenses		109,056		109,056
Total current assets	11,912,105	17,064,548	11,364,775	40,341,428
Noncurrent assets:				
Cash and investments				
Customer deposits and advance sales		81,247	208,962	290,209
Capital assets:				
Land	405,680	2,793,052	210,230	3,408,962
Buildings and structures	1,289,353	28,426,115	2,397,145	32,112,613
Machinery and equipment	3,646,158	926,351		4,572,509
Less accumulated depreciation	(2,344,455)	(10,344,174)	(914,225)	(13,602,854)
Total capital assets (net of accumulated depreciation)	2,996,736	21,801,344	1,693,150	26,491,230
Total noncurrent assets	2,996,736	21,882,591	1,902,112	26,781,439
Total assets	14,908,841	38,947,139	13,266,887	67,122,867
DEFERRED OUTFLOWS OF RESOURCES				
Pensions - MBERP	5,658,121			5,658,121
OPEB	427,842			427,842
Total deferred outflows of resources	6,085,963			6,085,963
LIABILITIES				
Current liabilities:				
Accounts payable	439,906	241,531	6,130	687,567
Accrued expenses	340,087	90,306		430,393
Due to other governments			5,350	5,350
Deposits		3,658		3,658
Accrued compensated absences	481,101			481,101
Unearned revenues		74,657		74,657
Total current liabilities	1,261,094	410,152	11,480	1,682,726
Noncurrent liabilities:				
Deposits		2,932	208,962	211,894
Accrued compensated absences	472,975			472,975
Net pension liability - MBERP	14,773,691			14,773,691
Net OPEB liability	8,620,549			8,620,549
Total noncurrent liabilities	23,867,215	2,932	208,962	24,079,109
Total liabilities	25,128,309	413,084	220,442	25,761,835
DEFERRED INFLOWS OF RESOURCES				
Pensions - MBERP	1,316,875			1,316,875
OPEB	1,177,839			1,177,839
Total deferred inflows of resources	2,494,714			2,494,714
NET POSITION				
Net investment in capital assets	2,996,736	21,801,344	1,693,150	26,491,230
Unrestricted	(9,624,955)	16,732,711	11,353,295	18,461,051
Total net position	\$ (6,628,219)	\$ 38,534,055	\$ 13,046,445	\$ 44,952,281

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2018

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating revenues:				
Charges for services	\$ 10,853,124	\$ 3,783,741	\$	\$ 14,636,865
Permits, rentals, and other	5,603,345	562,942	1,249,915	7,416,202
Total operating revenues	16,456,469	4,346,683	1,249,915	22,053,067
Operating expenses:				
Personal services	11,230,614			11,230,614
Operating supplies	44,934	4,951		49,885
Contractual services	5,895,836	2,826,988	279,001	9,001,825
Utilities	26,999	168,992	19,479	215,470
Internal charges	1,832,000	449,000	30,000	2,311,000
Depreciation	403,233	823,687	77,352	1,304,272
Administrative fees	1,671,000	250,000	6,000	1,927,000
Other operating	772,876	164,359	44,634	981,869
Total operating expenses	21,877,492	4,687,977	456,466	27,021,935
Operating income (loss)	(5,421,023)	(341,294)	793,449	(4,968,868)
Nonoperating revenues (expenses):				
Interest and fiscal charges	(1,863)			(1,863)
Gain (Loss) on disposal of capital assets	78,968			78,968
Interest income	173,480	212,125	120,685	506,290
Total nonoperating expenses	250,585	212,125	120,685	583,395
Income before contributions and transfers	(5,170,438)	(129,169)	914,134	(4,385,473)
Transfers in	1,715,000			1,715,000
Transfers out	(37,000)			(37,000)
Change in net position	(3,492,438)	(129,169)	914,134	(2,707,473)
Net position - beginning of year	6,801,758	38,663,224	12,132,311	57,597,293
Restatement for GASB 75	(9,937,539)			(9,937,539)
Net position - as restated	(3,135,781)	38,663,224	12,132,311	47,659,754
Net position - ending of year	\$ (6,628,219)	\$ 38,534,055	\$ 13,046,445	\$ 44,952,281

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2018

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Cash flows from operating activities:				
Receipts received from customers	\$ 17,013,960	\$ 4,345,020	\$ 1,267,678	\$ 22,626,658
Payments to suppliers	(8,137,550)	(3,190,813)	(352,014)	(11,680,377)
Payments to employees	(11,303,989)			(11,303,989)
Payments for interfund services used	(3,503,000)	(699,000)	(36,000)	(4,238,000)
Net cash provided by (used in) operating activities	(5,930,579)	455,207	879,664	(4,595,708)
Cash flows for non-capital financing activities:				
Transfers in	1,715,000			1,715,000
Transfers out	(37,000)			(37,000)
Net cash provided by non-capital financing activities	1,678,000			1,678,000
Cash flows from capital and related financial activities:				
Principal paid on loan	(98,705)			(98,705)
Interest and fiscal charges	(1,863)			(1,863)
Purchase of capital assets	(274,531)	(435,205)		(709,736)
Proceeds from sale of capital assets	90,141			90,141
Net cash used in capital and related financial activities	(284,958)	(435,205)		(720,163)
Cash flows from investing activities:				
Interest on investments	173,480	212,125	120,685	506,290
Net cash provided by investing activities	173,480	212,125	120,685	506,290
Net increase in cash and investments	(4,364,057)	232,127	1,000,349	(3,131,581)
Cash and investments - beginning of year	15,380,698	16,804,612	10,531,475	42,716,785
Cash and investments - end of year	\$ 11,016,641	\$ 17,036,739	\$ 11,531,824	\$ 39,585,204
Classified as:				
Current assets	\$ 11,016,641	\$ 16,955,492	\$ 11,322,862	\$ 39,294,995
Restricted assets		81,247	208,962	290,209
Total cash and investments	\$ 11,016,641	\$ 17,036,739	\$ 11,531,824	\$ 39,585,204

(continued)

CITY OF MIAMI BEACH, FLORIDA
OPERATING ACTIVITIES
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2018

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY:				
Operating income (loss)	\$ (5,421,023)	\$ (341,294)	\$ 793,449	\$ (4,968,868)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation	403,233	823,687	77,352	1,304,272
Provision for uncollectible accounts	(66,868)		(75)	(66,943)
Pension expense	269,368			269,368
OPEB Expense	(566,993)			(566,993)
Changes in assets/liabilities and deferred inflows:				
(Increase) decrease in accounts receivable	624,359		17,838	642,197
(Increase) decrease in prepaid expense		(7,891)		(7,891)
Increase (decrease) in accounts payable	(1,283,600)	(76,973)	6,129	(1,354,444)
Increase (decrease) in accrued expenses	145,398	78,610	(15,045)	208,963
Increase (decrease) in deposits		(4,062)		(4,062)
Increase (decrease) in due to other governments		(19,269)	16	(19,253)
Increase (decrease) in unearned revenues		2,399		2,399
Increase (decrease) in environmental remediation liability	(135,410)			(135,410)
Increase (decrease) in accrued compensated absences	100,957			100,957
Total adjustments	(509,556)	796,501	86,215	373,160
Net cash provided by (used in) operating activities	<u>\$ (5,930,579)</u>	<u>\$ 455,207</u>	<u>\$ 879,664</u>	<u>\$ (4,595,708)</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2018

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
ASSETS							
Current assets:							
Cash and investments	\$ 86,455	\$ 4,416,190	\$ 1,384,945	\$ 43,420,457	\$ 11,999,506	\$ 13,336,032	\$ 74,643,585
Cash with fiscal agent				250,000			250,000
Accounts receivable, net		3,664	2,563		1,042	4,055	11,324
Prepaid expenses				1,317,543		238,394	1,555,937
Inventories	284,053	89,984	25,097				399,134
Total current assets	370,508	4,509,838	1,412,605	44,988,000	12,000,548	13,578,481	76,859,980
Noncurrent assets:							
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,605,395	19,276					2,624,671
Machinery and equipment	37,783,647	2,586,159	79,931	130,271		19,362,876	59,942,884
Construction in progress		10,400				1,962,360	1,972,760
Less accumulated depreciation	(26,741,712)	(2,124,079)	(49,597)	(116,421)		(9,177,831)	(38,209,640)
Total capital assets (net of accumulated depreciation)	14,255,850	491,756	30,334	13,850		12,147,405	26,939,195
Total noncurrent assets	14,255,850	491,756	30,334	13,850		12,147,405	26,939,195
Total assets	14,626,358	5,001,594	1,442,939	45,001,850	12,000,548	25,725,886	103,799,175
DEFERRED OUTFLOWS OF RESOURCES							
Pensions - MBERP	1,074,170	1,533,269	213,258	509,291	86,407	2,925,739	6,342,134
OPEB	187,222	114,715	18,144	28,362	2,341	121,739	472,523
Total deferred outflows of resources	1,261,392	1,647,984	231,402	537,653	88,748	3,047,478	6,814,657
LIABILITIES							
Current liabilities:							
Accounts payable	966,161	425,391	6,598	258,203	876,632	289,650	2,822,635
Accrued expenses	357,352	94,492	11,222	29,717	7,289	163,097	663,169
Accrued compensated absences	104,567	128,824	36,837	40,237	1,740	283,633	595,838
Loans payable	1,689,444					273,338	1,962,782
Insurance claims incurred but not reported					1,810,000		1,810,000
Pending insurance claims				8,390,000			8,390,000
Total current liabilities	3,117,524	648,707	54,657	8,718,157	2,695,661	1,009,718	16,244,424
Noncurrent liabilities:							
Accrued compensated absences	170,781	85,960	13,263	86,431	46,095	513,082	915,612
Net pension liability - MBERP	2,804,721	4,003,457	556,829	1,329,791	225,613	7,639,281	16,559,692
Net OPEB liability	1,656,928	2,311,392	365,577	330,199	47,171	2,452,906	7,164,173
Loans payable	1,415,658					871,153	2,286,811
Pending insurance claims				5,481,860			5,481,860
Insurance claims incurred but not reported				26,523,504			26,523,504
Total noncurrent liabilities	6,048,088	6,400,809	935,669	33,751,785	318,879	11,476,422	58,931,652
Total liabilities	9,165,612	7,049,516	990,326	42,469,942	3,014,540	12,486,140	75,176,076
DEFERRED INFLOWS OF RESOURCES							
Pensions - MBERP	250,003	356,854	49,634	118,533	20,110	680,939	1,476,073
OPEB	11,381	396,500	78,946	2,268	24,580	633,039	1,146,714
Total deferred inflows of resources	261,384	753,354	128,580	120,801	44,690	1,313,978	2,622,787
NET POSITION							
Net investment in capital assets	11,150,748	491,756	30,334	13,850		11,002,914	22,689,602
Unrestricted	(4,689,994)	(1,645,048)	525,101	2,934,910	9,030,066	3,970,332	10,125,367
Total net position	\$ 6,460,754	\$ (1,153,292)	\$ 555,435	\$ 2,948,760	\$ 9,030,066	\$ 14,973,246	\$ 32,814,969

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2018

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
Operating revenues:							
Charges for services	\$ 8,869,374	\$ 8,782,782	\$ 1,080,430	\$ 17,851,870	\$ 30,437,509	\$ 15,574,560	\$ 82,596,525
Permits, rentals, and other	127,624			1,126,344	2,735,470	161,961	4,151,399
Total operating revenues	8,996,998	8,782,782	1,080,430	18,978,214	33,172,979	15,736,521	86,747,924
Operating expenses:							
Personal services	2,298,562	3,037,657	422,932	1,021,946	180,270	5,516,022	12,477,389
Operating supplies	2,624,753	50,478	1,321	42,249		1,253,973	3,972,774
Contractual services	1,364,857	3,600,929	394,756	2,298,885	964,444	4,827,818	13,451,689
Utilities	76,906	646,277	2,512	814		1,136,462	1,862,971
Internal charges	463,081	624,000	94,870	61,090		550,084	1,793,125
Administrative fees				1,100,000			1,100,000
Depreciation	3,835,781	173,837	8,102	5,361		1,519,768	5,542,849
Insurance				2,254,072	8,943,758		11,197,830
Claims and judgments				7,979,880	23,788,007		31,767,887
Other operating	1,387	7,148	67,346	221,890	37,498	87,225	422,494
Total operating expenses	10,665,327	8,140,326	991,839	14,986,187	33,913,977	14,891,352	83,589,008
Operating income (loss)	(1,668,329)	642,456	88,591	3,992,027	(740,998)	845,169	3,158,916
Nonoperating revenues (expenses):							
Interest and fiscal charges	(93,730)	(694)				(43,359)	(137,783)
Gain (loss) on sale of capital assets	268,463	32,485		10,800		(10,576)	301,172
Interest income	15,861	61,250	18,848	568,772	123,262	201,376	989,369
Total nonoperating revenues (expenses)	190,594	93,041	18,848	579,572	123,262	147,441	1,152,758
Income (loss) before contributions and transfers	(1,477,735)	735,497	107,439	4,571,599	(617,736)	992,610	4,311,674
Capital contributions	545,790					6,744,794	7,290,584
Transfers out	(17,000)	(393,000)	(2,000)	(3,000)		(16,000)	(431,000)
Change in net position	(948,945)	342,497	105,439	4,568,599	(617,736)	7,721,404	11,171,258
Net position-beginning	8,946,433	1,262,862	905,253	(1,303,153)	9,723,337	10,427,030	29,961,762
Restatement for GASB 75	(1,536,734)	(2,758,651)	(455,257)	(316,686)	(75,535)	(3,175,188)	(8,318,051)
Net position - as restated	7,409,699	(1,495,789)	449,996	(1,619,839)	9,647,802	7,251,842	21,643,711
Net position-ending	\$ 6,460,754	\$ (1,153,292)	\$ 555,435	\$ 2,948,760	\$ 9,030,066	\$ 14,973,246	\$ 32,814,969

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2018

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:							
Receipts from users	\$ 9,024,318	\$ 8,782,782	\$ 1,080,430	\$ 18,978,214	\$ 33,174,235	\$ 15,736,521	\$ 86,776,500
Payments to suppliers	(2,958,845)	(4,535,649)	(459,338)	(5,362,951)	(10,135,750)	(7,673,489)	(31,126,022)
Payments to employees	(2,288,510)	(3,146,107)	(452,393)	(948,960)	(164,363)	(5,635,520)	(12,635,853)
Payments for claims and judgments				(6,082,218)	(23,705,718)		(29,787,936)
Payments for interfund services used	(463,081)	(624,000)	(94,870)	(1,161,090)		(550,084)	(2,893,125)
Net cash provided by (used in) operating activities	3,313,882	477,026	73,829	5,422,995	(831,596)	1,877,428	10,333,564
Cash flows for non-capital financing activities:							
Transfers out	(17,000)	(393,000)	(2,000)	(3,000)		(16,000)	(431,000)
Net cash provided by (used in) non-capital financing activities	(17,000)	(393,000)	(2,000)	(3,000)		(16,000)	(431,000)
Cash flows from capital and related financial activities:							
Principal paid on loan	(2,154,652)	(94,356)				1,104,008	(1,145,000)
Interest and fiscal charges	(92,398)	(694)				(43,262)	(136,354)
Purchase of capital assets	(3,311,594)	(93,292)				(4,053,035)	(7,457,921)
Proceeds from sale of capital assets	272,760	32,485		10,801		9,701	325,747
Net cash used in capital and related financial activities	(5,285,884)	(155,857)		10,801		(2,982,588)	(8,413,528)
Cash flows from investing activities:							
Interest on investments	15,861	61,250	18,848	568,772	123,262	201,376	989,369
Net cash provided by investing activities	15,861	61,250	18,848	568,772	123,262	201,376	989,369
Net increase (decrease) in cash and investments	(1,973,141)	(10,581)	90,677	5,999,568	(708,334)	(919,784)	2,478,405
Cash and investments - beginning of year	2,059,596	4,426,771	1,294,268	37,670,889	12,707,840	14,255,816	72,415,180
Cash and investments - end of year	\$ 86,455	\$ 4,416,190	\$ 1,384,945	\$ 43,670,457	\$ 11,999,506	\$ 13,336,032	\$ 74,893,585
Classified as:							
Cash and investments-current	\$ 86,455	\$ 4,416,190	\$ 1,384,945	\$ 43,670,457	\$ 11,999,506	\$ 13,336,032	\$ 74,893,585
Non-cash transactions affecting financial position:							
Capital contributions of capital assets	\$ 545,790	\$	\$	\$	\$	6,744,794	\$ 7,290,584
Assets relating to capital leases						1,409,725	1,409,725
Liabilities relating to capital leases						(1,409,725)	(1,409,725)
Total Non-cash transactions affecting financial position	\$ 545,790	\$	\$	\$	\$	6,744,794	\$ 7,290,584

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2018

(continued)

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ (1,668,329)	\$ 642,456	\$ 88,591	\$ 3,992,027	\$ (740,998)	\$ 845,169	\$ 3,158,916
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	3,835,781	173,837	8,102	5,361		1,519,768	5,542,849
Provision for uncollectible accounts		(99)			(3,719)		(3,818)
Pension expense	30,991	37,138	1,604	62,501	6,617	40,053	178,904
OPEB Expense	(55,647)	(165,474)	(28,877)	(12,581)	(6,125)	(210,982)	(479,686)
Changes in assets and liabilities:							
(Increase) decrease in inventories	(1,508)	(3,105)					(4,613)
(Increase) decrease in accounts receivable	27,320	99			4,975		32,394
Increase in prepaid expense	3,503			(64,030)	3,850	(93,337)	(150,014)
Increase (decrease) in accounts payable	788,421	(232,696)	6,596	(330,718)	(193,900)	(274,674)	(236,971)
Increase (decrease) in accrued compensated absences	34,966	(2,120)	(6,113)	11,985	10,874	(20,113)	29,479
Increase (decrease) in pending insurance claims				174,048			174,048
(Decrease) in insurance claims incurred but not reported				1,723,614	82,289		1,805,903
Increase (decrease) in accrued expenses	318,384	26,990	3,926	(139,212)	4,541	71,544	286,173
Total adjustments	4,982,211	(165,430)	(14,762)	1,430,968	(90,598)	1,032,259	7,174,648
Net cash provided by (used in) operating activities	\$ 3,313,882	\$ 477,026	\$ 73,829	\$ 5,422,995	\$ (831,596)	\$ 1,877,428	\$ 10,333,564

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS
September 30, 2018

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
Assets						
Cash and cash equivalents	\$ 3,706,911	\$ 30,125	\$ 96,865	\$ 72,032	\$ 26,101	\$ 3,932,034
Accrued interest receivable		2,330,628	46,527	21,314		2,398,469
Contribution receivable		239,623			500,000	739,623
Other receivables	333,855	171		770,306		1,104,332
Prepays				4,472		4,472
Investments:						
Short-term investments	2,496,064	4,989,221	116,248	2,385	112,253	7,716,171
U.S. Government securities	128,937,443	30,898,782	1,235,864	894,805		161,966,894
Corporate bonds and other municipal obligations		184,944,266	4,365,367	2,012,746		191,322,379
Bond Funds	47,948,693					47,948,693
Foreign Bonds and private placements		42,440,874				42,440,874
Common stocks and index funds	247,364,914	513,699,361	10,847,202	4,510,155		776,421,632
Foreign Stocks	103,600,400	36,118,858		216,904		139,936,162
Real estate funds	66,286,956	87,318,906	1,450,504	886,465		155,942,831
Infrastructure investments	40,805,491					40,805,491
Mutual funds	14,988,030	21,866,964			33,775,856	70,630,850
Total investments	<u>652,427,991</u>	<u>922,277,232</u>	<u>18,015,185</u>	<u>8,523,460</u>	<u>33,888,109</u>	<u>1,635,131,977</u>
Total assets	<u>656,468,757</u>	<u>924,877,779</u>	<u>18,158,577</u>	<u>9,391,584</u>	<u>34,414,210</u>	<u>1,643,310,907</u>
Liabilities						
Accounts payable		374,803	1,100			375,903
Accrued expenses	<u>261,146</u>			<u>17,852</u>		<u>278,998</u>
Total liabilities	<u>261,146</u>	<u>374,803</u>	<u>1,100</u>	<u>17,852</u>		<u>654,901</u>
Net Position						
Restricted for pension and OPEB benefits	<u>\$ 656,207,611</u>	<u>\$ 924,502,976</u>	<u>\$ 18,157,477</u>	<u>\$ 9,373,732</u>	<u>\$ 34,414,210</u>	<u>\$ 1,642,656,006</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2018

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
Additions:						
Contributions -						
Employer	\$ 31,892,485	\$ 37,519,388	\$	\$	\$ 12,147,331	\$ 81,559,204
Employee	8,242,590	6,593,715				14,836,305
State of Florida		120,549	1,305,449	699,637		2,125,635
Total contributions	40,135,075	44,233,652	1,305,449	699,637	12,147,331	98,521,144
Investment income -						
Net increase in fair value of investments	44,693,992	72,432,733	1,417,320	745,981	1,629,133	120,919,159
Interest and dividends income	8,768,807	13,066,970	364,863	169,066	1,349,565	23,719,271
Investment management expenses	53,462,799	85,499,703	1,782,183	915,047	2,978,698	144,638,430
	(2,176,906)	(3,404,852)	(76,989)	(31,629)		(5,690,376)
Net investment income/(loss)	51,285,893	82,094,851	1,705,194	883,418	2,978,698	138,948,054
Total additions/(reduction)	91,420,968	126,328,503	3,010,643	1,583,055	15,126,029	237,469,198
Deductions:						
Benefit paid	49,726,168	75,459,049	1,895,811	816,403	11,647,331	139,544,762
Contributions refunded	1,381,297	1,772				1,383,069
Administrative expenses	730,118	802,106	66,778	88,322	65,711	1,753,035
Total deductions	51,837,583	76,262,927	1,962,589	904,725	11,713,042	142,680,866
Net increase/(decrease)	39,583,385	50,065,576	1,048,054	678,330	3,412,987	94,788,332
Net position - amount restricted for pension and OPEB benefits - beginning of year	616,624,226	874,437,400	17,109,423	8,695,402	31,001,223	1,547,867,674
Net position - amount restricted for pension and OPEB benefits - end of year	\$ 656,207,611	\$ 924,502,976	\$ 18,157,477	\$ 9,373,732	\$ 34,414,210	\$ 1,642,656,006

CITY OF MIAMI BEACH, FLORIDA
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended September 30, 2018

	September 30, 2017	Additions	Deductions	September 30, 2018
<u>Assets</u>				
Cash and investments	\$ 21,694,336	\$ 96,430,211	\$ 99,106,341	\$ 19,018,206
Accounts receivable	80,964	2,674,006	2,706,988	47,982
Total Assets	<u>\$ 21,775,300</u>	<u>\$ 99,104,217</u>	<u>\$ 101,813,329</u>	<u>\$ 19,066,188</u>
<u>Liabilities</u>				
Accounts payable	\$ 278,372	\$ 72,682,430	\$ 72,483,626	\$ 477,176
Deposits	21,496,928	97,343,447	100,251,363	18,589,012
Total Liabilities	<u>\$ 21,775,300</u>	<u>\$ 170,025,877</u>	<u>\$ 172,734,989</u>	<u>\$ 19,066,188</u>

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CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2018

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
Assets			
Cash and investments	\$ 4,790,749	\$ 75,648	\$ 4,866,397
Due from primary government	353,117		353,117
Capital assets, net of accumulated depreciation	125,856		125,856
Total assets	5,269,722	75,648	5,345,370
Deferred Outflows of Resources			
Deferred outflows- OPEB	28,786		28,786
Deferred outflows- net pension resources	258,752		258,752
Total deferred outflows of resources	287,538		287,538
Liabilities			
Accrued expenses	250		250
Accrued grants	165,606		165,606
Total current liabilities	165,856		165,856
Non-current liabilities			
Net OPEB liability	314,744		314,744
Net pension liability	675,618		675,618
Compensated absences	16,360		16,360
Total non-current liabilities	1,006,722		1,006,722
Total liabilities	1,172,578		1,172,578
Deferred Inflows of Resources			
Deferred inflows-OPEB	2,161		2,161
Deferred inflows-net pension liability	60,222		60,222
Total deferred inflows of resources	62,383		62,383
Net Position			
Net investment in capital assets	125,856		125,856
Unrestricted	4,196,443	75,648	4,272,091
Total net position	\$ 4,322,299	\$ 75,648	\$ 4,397,947

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended September 30, 2018

	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Visitor and Convention Authority	Health Facilities Authority	Totals
Miami Beach Visitor and Convention Authority				
Cultural - grant program	\$ 969,209	\$ (969,209)	\$	\$ (969,209)
General administrative	904,929	(904,929)		(904,929)
Total Miami Beach Visitor and Convention Authority	1,874,138	(1,874,138)		(1,874,138)
Miami Beach Health Facilities Authority				
General administrative	420		(420)	(420)
Total component units	\$ 1,874,558			(1,874,558)
General revenues:				
Resort tax allocation		2,841,810		2,841,810
Miscellaneous			1,065	1,065
Interest		6,107	747	6,854
Total general revenues		2,847,917	1,812	2,849,729
Change in net position		973,779	1,392	975,171
Net position - beginning		3,648,340	74,256	3,722,596
Restatement for GASB 75		(299,820)		(299,820)
Net position - beginning restated		3,348,520	74,256	3,422,776
Net position - ending		\$ 4,322,299	\$ 75,648	\$ 4,397,947

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

CITY OF MIAMI BEACH, FLORIDA
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting - Unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 340,034,409	\$ 375,968,328	\$ 400,586,856	\$ 428,246,552	\$ 429,859,674	\$ 429,989,670	\$ 491,485,745	\$ 558,538,326	\$ 712,557,077	\$ 632,998,945
Restricted	232,738,568	99,434,540	66,049,987	108,516,557	129,615,957	146,377,701	172,033,018	191,637,742	196,069,003	196,553,344
Unrestricted	2,239,393	126,677,221	136,255,477	118,779,886	131,579,116	160,427,999	(175,574,362)	(231,946,281)	(383,459,279)	(301,135,963)
Total net position for governmental activities	<u>575,012,370</u>	<u>602,080,089</u>	<u>602,892,320</u>	<u>655,542,995</u>	<u>691,054,747</u>	<u>736,795,370</u>	<u>487,944,401</u>	<u>518,229,787</u>	<u>525,166,801</u>	<u>528,416,326</u>
Business-type activities										
Net investment in capital assets	320,033,874	346,807,794	381,291,750	375,703,323	382,255,186	343,218,833	410,865,702	474,091,817	438,446,944	411,086,647
Restricted	18,984,310	41,033,514	36,061,707	41,491,319	40,085,381	88,568,103	48,205,531	159,759,212	135,521,099	72,476,675
Unrestricted	122,454,301	114,224,652	124,563,510	146,511,507	161,059,156	168,294,644	135,968,387	26,903,541	49,706,270	133,972,500
Total net position for business-type activities	<u>461,472,485</u>	<u>502,065,960</u>	<u>541,916,967</u>	<u>563,706,149</u>	<u>583,399,723</u>	<u>600,081,580</u>	<u>595,039,620</u>	<u>660,754,570</u>	<u>623,674,313</u>	<u>617,535,822</u>
Primary government										
Net investment in capital assets	660,068,283	722,776,122	781,878,606	803,949,875	812,114,860	773,208,503	902,351,447	1,032,630,143	1,151,004,021	1,044,085,592
Restricted	251,722,878	140,468,054	102,111,694	150,007,876	169,701,338	234,945,804	220,238,549	351,396,954	331,590,102	269,030,019
Unrestricted	124,693,694	240,901,873	260,818,987	265,291,393	292,638,272	328,722,643	(39,605,975)	(205,042,740)	(333,753,009)	(167,163,463)
Total net position for primary government	<u>\$ 1,036,484,855</u>	<u>\$ 1,104,146,049</u>	<u>\$ 1,144,809,287</u>	<u>\$ 1,219,249,144</u>	<u>\$ 1,274,454,470</u>	<u>\$ 1,336,876,950</u>	<u>\$ 1,082,984,021</u>	<u>\$ 1,178,984,357</u>	<u>\$ 1,148,841,114</u>	<u>\$ 1,145,952,148</u>

CITY OF MIAMI BEACH, FLORIDA
CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 44,331,119	\$ 44,772,492	\$ 47,705,535	\$ 41,088,006	\$ 45,986,648	\$ 43,365,675	\$ 47,397,904	\$ 52,618,959	\$ 66,172,986	\$ 59,544,525
Public safety	155,153,733	164,903,020	176,946,485	175,282,705	188,420,690	197,239,550	192,976,434	220,109,566	246,568,234	244,304,594
Physical environment	2,237,314	2,654,793	2,883,878	2,412,040	2,739,664	3,168,494	4,198,730	5,548,076	7,053,251	6,939,057
Transportation	8,927,038	10,229,616	10,639,329	16,084,458	11,842,989	14,386,802	17,448,894	18,120,846	24,832,644	34,843,267
Economic environment	3,934,183	12,569,809	20,504,954	4,406,521	4,537,985	4,876,697	5,611,831	6,535,179	6,669,550	10,247,677
Human services	1,606,517	1,714,419	1,462,354	2,218,460	2,138,763	2,212,540	2,783,057	3,332,947	3,247,822	3,529,909
Culture and recreation	41,569,779	42,088,492	43,241,187	43,713,126	49,424,532	53,476,429	59,368,604	63,385,681	64,872,655	69,371,471
Interest on long-term debt	11,767,919	11,294,742	10,571,366	9,739,449	9,467,996	8,819,846	8,242,353	30,627,226	25,017,810	23,790,283
Total governmental activities expenses	<u>269,527,602</u>	<u>290,227,383</u>	<u>313,955,088</u>	<u>294,944,765</u>	<u>314,559,267</u>	<u>327,546,033</u>	<u>338,027,807</u>	<u>400,278,480</u>	<u>444,434,952</u>	<u>452,570,783</u>
Business-type activities:										
Stormwater	3,755,854	4,116,313	4,831,699	6,713,885	7,651,595	7,876,993	10,418,758	9,508,836	13,375,369	22,269,049
Water	23,467,862	26,677,078	28,376,149	27,124,273	28,797,909	28,965,261	29,255,282	30,317,357	29,813,596	30,977,477
Sewer	25,425,037	28,895,679	29,548,149	28,205,784	31,186,853	31,373,772	35,733,735	38,583,070	44,612,955	44,472,734
Parking	25,141,478	26,903,927	28,674,475	28,773,051	33,137,387	37,071,518	38,123,221	43,015,148	46,634,653	50,696,556
Convention Center	14,743,596	13,520,338	14,270,835	17,666,204	17,153,279	17,417,988	16,190,590	14,495,430	18,255,990	12,039,318
Other	15,784,821	19,138,483	19,079,420	19,688,052	20,029,662	20,132,046	21,516,603	21,993,702	25,717,476	27,384,254
Total business-type activities expenses	<u>108,318,648</u>	<u>119,251,818</u>	<u>124,780,727</u>	<u>128,171,249</u>	<u>137,956,685</u>	<u>142,837,578</u>	<u>151,238,189</u>	<u>157,913,543</u>	<u>178,410,039</u>	<u>187,839,388</u>
Total primary government expenses	<u>\$ 377,846,250</u>	<u>\$ 409,479,201</u>	<u>\$ 438,735,815</u>	<u>\$ 423,116,014</u>	<u>\$ 452,515,952</u>	<u>\$ 470,383,611</u>	<u>\$ 489,265,996</u>	<u>\$ 558,192,023</u>	<u>\$ 622,844,991</u>	<u>\$ 640,410,171</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 47,607,219	\$ 43,225,083	\$ 50,693,412	\$ 55,699,107	\$ 67,605,958	\$ 72,088,018	\$ 75,232,828	\$ 80,758,157	\$ 81,694,256	\$ 85,678,600
Public safety	5,668,803	5,707,217	2,403,350	7,934,329	8,146,390	8,101,151	9,073,918	10,190,087	10,165,262	9,014,798
Culture and recreation	6,513,589	6,852,311	10,969,329	7,284,999	7,708,231	8,120,209	8,497,903	8,744,939	8,396,344	9,434,770
Other	20,305	16,040	14,470	17,745	29,211	42,993	1,723,853	35,917	27,390	400
Operating grants and contributions	18,890,498	30,959,673	27,185,554	25,061,223	19,528,573	19,206,319	27,376,359	17,240,055	17,671,894	21,130,005
Capital grants and contributions	4,766,094	8,313,962	4,400,711	4,899,293	3,449,389	3,937,362	13,830,485	1,913,922	1,022,828	6,744,866
Total governmental activities program revenue	<u>83,466,508</u>	<u>95,074,286</u>	<u>95,666,826</u>	<u>100,896,696</u>	<u>106,467,752</u>	<u>111,496,052</u>	<u>135,735,346</u>	<u>118,883,077</u>	<u>118,977,974</u>	<u>132,003,439</u>
Business-type activities:										
Charges for services:										
Stormwater	9,671,731	11,212,773	11,683,524	11,612,237	11,671,714	11,715,299	21,258,353	21,490,894	28,570,734	29,293,550
Water	30,141,576	32,941,405	33,303,263	33,172,990	32,788,878	33,403,046	33,870,737	35,403,282	34,308,346	35,106,688
Sewer	32,906,403	35,786,811	35,248,733	35,091,105	35,409,042	36,737,566	42,169,257	45,389,228	50,534,934	51,077,411
Parking	28,267,558	30,014,763	34,876,171	38,185,494	40,302,744	40,049,313	42,672,887	51,499,302	47,285,421	48,350,420
Convention Center	6,884,276	6,898,642	6,376,573	9,969,719	9,494,760	8,302,873	17,147,941	5,937,041	2,719,642	2,499,387
Other	10,758,578	9,787,677	10,588,118	15,046,388	17,467,720	20,820,772	20,486,111	21,509,417	22,418,979	22,053,067
Operating grants and contributions	13,360,122	13,882,449	13,944,300	10,659,421	10,025,165	10,622,366	12,000,851	7,741,012	2,915,802	18,842,689
Capital grants and contributions	-	-	-	-	-	-	38,982,120	10,037,561	-	-
Total business-type activities program revenue	<u>131,990,244</u>	<u>140,524,520</u>	<u>146,020,682</u>	<u>153,737,354</u>	<u>157,160,023</u>	<u>161,651,235</u>	<u>189,606,137</u>	<u>227,952,296</u>	<u>198,791,419</u>	<u>207,223,212</u>
Total primary government program revenue	<u>\$ 215,456,752</u>	<u>\$ 235,598,806</u>	<u>\$ 241,687,508</u>	<u>\$ 254,634,050</u>	<u>\$ 263,627,775</u>	<u>\$ 273,147,287</u>	<u>\$ 325,341,483</u>	<u>\$ 346,835,373</u>	<u>\$ 317,769,393</u>	<u>\$ 339,226,651</u>

CITY OF MIAMI BEACH, FLORIDA
CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (186,061,094)	\$ (195,153,097)	\$ (218,288,262)	\$ (194,048,069)	\$ (208,091,515)	\$ (216,049,981)	\$ (202,292,461)	\$ (281,395,403)	\$ (325,456,978)	\$ (320,567,344)
Business-type activities	23,671,596	21,272,702	21,239,955	25,566,105	19,203,338	18,813,657	38,367,948	70,038,753	20,381,380	19,383,824
Total primary government net expense	<u>\$ (162,389,498)</u>	<u>\$ (173,880,395)</u>	<u>\$ (197,048,307)</u>	<u>\$ (168,481,964)</u>	<u>\$ (188,888,177)</u>	<u>\$ (197,236,324)</u>	<u>\$ (163,924,513)</u>	<u>\$ (211,356,650)</u>	<u>\$ (305,075,598)</u>	<u>\$ (301,183,520)</u>
General Revenues and Other Changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 133,505,827	\$ 119,990,444	\$ 113,448,485	\$ 116,004,442	\$ 117,163,758	\$ 121,595,988	\$ 133,099,279	\$ 147,504,790	\$ 167,206,453	\$ 183,296,970
Resort taxes	37,412,291	42,394,976	48,773,891	53,920,167	58,617,992	61,760,518	67,999,916	82,633,144	81,910,032	87,595,052
Tax increment	47,655,082	44,012,804	46,145,257	42,411,382	43,297,433	49,962,380	38,094,108	44,974,888	51,843,091	72,235,505
Utility taxes	9,225,871	9,975,273	10,209,678	10,293,270	11,391,955	12,364,114	12,192,935	12,308,962	12,582,522	12,837,343
Communication service	7,196,266	6,328,924	5,859,093	5,443,905	4,583,368	4,678,905	4,519,938	4,963,225	3,745,968	5,592,363
Local business tax	3,684,320	4,298,739	4,242,891	4,404,357	4,411,851	4,493,950	4,629,996	4,098,786	5,029,398	4,075,570
Miscellaneous	894,995	6,653,210	618,470	883,457	982,771	1,154,512	1,437,032	2,162,942	2,037,864	3,989,438
Unrealized loss on investments					(5,241,121)					
Unrestricted investment earnings	10,899,704	3,102,439	3,288,360	4,749,664	3,494,199	3,088,992	5,264,909	4,415,405	5,786,366	6,731,596
Insurance proceeds relating to impairments										1,311,745
Gain or (loss) on disposal of capital assets	28,837	89,522	264,801	259,635	491,394	200,295	387,671	409,907	13,699	
Extraordinary Expense								(1,858,400)	769,066	1,089,334
Transfers	(3,420,189)	(14,625,515)	(13,750,433)	8,328,465	4,409,667	4,663,756	9,763,889	10,067,140	1,469,533	6,106,910
Total governmental activities	<u>247,083,004</u>	<u>222,220,816</u>	<u>219,100,493</u>	<u>246,698,744</u>	<u>243,603,267</u>	<u>263,963,410</u>	<u>277,389,673</u>	<u>311,680,789</u>	<u>332,393,992</u>	<u>384,861,826</u>
Business-type activities:										
Tax increment	2,405,168	2,619,643	3,071,141	3,046,200	3,671,000	3,671,000		3,671,000		
Resort Taxes									11,425,128	
Unrealized gain on investments					(178,004)	(12,388)	297,864			
Unrestricted investment earnings	2,941,879	2,083,080	1,714,113	1,391,120	1,333,480	1,114,406	777,943	1,661,658	1,482,014	6,538,780
Gain (Loss) on disposal of capital assets		(7,465)	75,365	114,222	73,427	107,809	170,013	410,679	(68,899,246)	118,745
Transfers	3,420,189	14,625,515	13,750,433	(8,328,465)	(4,409,667)	(4,663,756)	(9,763,889)	(10,067,140)	(1,469,533)	(6,106,910)
Total business-type activities	<u>8,767,236</u>	<u>19,320,773</u>	<u>18,611,052</u>	<u>(3,776,923)</u>	<u>490,236</u>	<u>217,071</u>	<u>(8,518,069)</u>	<u>(4,323,803)</u>	<u>(57,461,637)</u>	<u>550,615</u>
Total primary government	<u>\$ 255,850,240</u>	<u>\$ 241,541,589</u>	<u>\$ 237,711,545</u>	<u>\$ 242,921,821</u>	<u>\$ 244,093,503</u>	<u>\$ 264,180,481</u>	<u>\$ 268,871,604</u>	<u>\$ 307,356,986</u>	<u>\$ 274,932,355</u>	<u>\$ 385,412,441</u>
Change in net position										
Governmental activities	\$ 61,021,910	\$ 27,067,719	\$ 812,231	\$ 52,650,675	\$ 35,511,752	\$ 47,913,429	\$ 75,097,212	\$ 30,285,386	\$ 6,937,014	\$ 64,294,482
Business-type activities	32,438,832	40,593,475	39,851,007	21,789,182	19,693,574	19,030,728	29,849,879	65,714,950	(37,080,257)	19,934,439
Total primary government	<u>\$ 93,460,742</u>	<u>\$ 67,661,194</u>	<u>\$ 40,663,238</u>	<u>\$ 74,439,857</u>	<u>\$ 55,205,326</u>	<u>\$ 66,944,157</u>	<u>\$ 104,947,091</u>	<u>\$ 96,000,336</u>	<u>\$ (30,143,243)</u>	<u>\$ 84,228,921</u>

CITY OF MIAMI BEACH, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 164,846	\$	\$ 78,020	\$ 10,558	\$ 332	\$	\$ 19,765	\$ 1,268	\$	\$ 23,255
Restricted	6,200,000	4,653,291	4,653,291	5,188,291	7,289,291	4,752,809	8,328,543	10,436,543	11,447,181	11,447,181
Committed	39,821,254		272,922	3,915,257	3,048,458	29,505,725	48,151,901	48,307,433	59,243,040	45,607,227
Assigned	4,499,003	44,452,200	47,865,087	47,506,132	43,800,099	16,244,357	2,791,000	3,139,732	500,000	500,000
Unassigned	4,385,813	6,053,327	2,906,247	4,232,166						30,871,817
Total general fund	<u>\$ 55,070,916</u>	<u>\$ 55,158,818</u>	<u>\$ 55,775,567</u>	<u>\$ 60,852,404</u>	<u>\$ 54,138,180</u>	<u>\$ 50,502,891</u>	<u>\$ 59,291,209</u>	<u>\$ 61,884,976</u>	<u>\$ 71,190,221</u>	<u>\$ 88,449,480</u>
All Other Governmental Funds										
Nonspendable	\$ 4,490	\$ 4,489	\$ 4,490	\$ 4,490	\$ 4,490	\$	\$	\$	\$ 52,500	\$ 24,418
Restricted	219,624,064	226,066,215	219,902,708	231,046,613	250,022,626	266,604,162	278,623,633	671,137,967	448,306,775	340,281,737
Committed	50,557,449	45,904,634	42,625,948	39,723,193	39,141,545	43,288,503	38,450,565	47,915,741	41,600,188	40,176,679
Assigned	49,918	69,221	53,020	42,116	165,534	752,927				1,286,969
Unassigned		(3,540,285)	(2,445,745)	(4,596,490)	(4,537,581)	(2,360,199)	(1,675,799)	(2,430,061)	(14,771,011)	(20,607,779)
Total all other governmental funds	<u>\$ 270,235,921</u>	<u>\$ 268,504,274</u>	<u>\$ 260,140,421</u>	<u>\$ 266,219,922</u>	<u>\$ 284,796,614</u>	<u>\$ 308,285,393</u>	<u>\$ 315,398,399</u>	<u>\$ 716,623,647</u>	<u>\$ 475,188,452</u>	<u>\$ 361,162,024</u>

Note: The City implemented Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ended September 30, 2009.

CITY OF MIAMI BEACH, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 240,019,580	\$ 233,363,354	\$ 238,204,970	\$ 240,478,321	\$ 246,332,649	\$ 261,527,060	\$ 269,294,092	\$ 303,445,683	\$ 329,005,151	\$ 372,057,484
Franchise fees	9,265,529	8,456,962	8,005,556	9,261,120	7,775,685	8,206,099	8,361,063	8,067,568	8,323,438	8,173,295
Permits	15,761,752	10,746,531	12,649,435	15,825,051	17,897,983	19,638,114	23,123,876	24,166,916	25,505,418	23,928,957
Intergovernmental	17,446,057	30,551,634	21,083,904	20,726,490	17,468,596	17,290,372	18,169,906	17,232,200	15,092,659	21,005,380
Charges for services	12,292,964	12,647,769	13,453,404	15,793,374	16,547,096	21,520,543	23,191,434	23,896,852	23,207,231	24,352,314
Rents & leases	4,909,518	4,856,424	5,611,215	6,154,965	6,821,959	6,801,937	7,134,082	6,935,619	6,927,962	7,153,820
Interest	10,207,446	2,611,739	2,924,400	4,471,754	3,266,782	2,857,175	5,044,062	4,186,774	5,688,621	5,773,754
Fines and forfeitures	2,627,410	3,419,409	3,090,229	3,391,565	3,276,222	3,143,282	2,690,178	2,556,092	2,435,516	2,855,687
Administrative fees	8,407,571	8,827,372	14,830,787	15,018,027	15,595,882	14,446,790	15,027,026	19,017,177	18,722,193	20,810,564
Special assessment	767,239	741,796	748,128	697,000	737,063	647,145	282,647	238,294	225,639	211,482
Impact fees	1,448,689	1,211,002	1,897,593	5,319,311	2,340,350	4,439,358	10,377,988	2,208,524	3,208,281	3,486,229
Other revenues	6,178,008	8,052,435	9,043,926	4,090,875	3,938,918	2,881,720	4,145,958	1,941,465	2,658,893	5,926,942
Total revenues	329,331,763	325,486,427	331,543,547	341,227,853	341,999,185	363,399,595	386,842,312	413,893,164	441,001,002	495,735,908
Expenditures										
General government	41,509,515	40,436,067	54,260,197	44,345,488	43,932,077	44,948,607	48,528,841	54,034,457	54,784,677	55,184,621
Public safety	147,543,192	153,278,244	163,631,354	169,615,823	178,483,658	184,316,059	190,560,357	202,413,979	218,797,756	230,175,631
Physical environment	2,156,520	2,435,047	2,618,574	2,134,541	2,414,724	2,765,742	3,822,556	4,835,660	6,641,109	6,384,051
Transportation	5,503,295	6,236,431	4,712,854	5,489,882	5,083,060	5,944,005	9,120,845	10,106,470	15,975,480	22,828,290
Economic environment	4,487,831	13,103,994	6,725,993	5,536,866	5,480,964	4,528,992	5,287,707	6,237,203	6,306,965	9,780,237
Human services	1,573,533	1,673,702	1,441,069	2,216,627	2,103,404	2,222,204	2,892,116	3,206,331	3,181,696	3,476,075
Culture and recreation	38,647,808	38,637,014	39,142,720	41,056,256	42,468,693	45,973,463	52,123,363	55,685,165	55,723,327	59,628,074
Capital Outlay	72,042,408	55,060,144	47,432,227	38,137,968	25,145,843	33,489,057	44,556,879	152,900,118	270,877,710	168,225,667
Debt service										
Principal	12,623,520	15,227,706	12,829,124	13,920,633	15,632,156	15,719,650	16,781,013	21,018,490	19,990,093	20,912,606
Interest	11,734,519	11,077,047	10,462,092	9,863,906	14,567,063	8,706,129	8,066,696	28,398,933	27,940,540	27,182,895
Other									174,056	114,590
Total expenditures	337,822,141	337,165,396	343,256,204	332,317,990	335,311,642	348,613,908	381,740,373	538,836,806	680,393,409	603,892,737
Excess of revenue over (under) expenditures	(8,490,378)	(11,678,969)	(11,712,657)	8,909,863	6,687,543	14,785,687	5,101,939	(124,943,642)	(239,392,407)	(108,156,829)
Other Financing Sources (Uses)										
Refunding Bonds Issued				34,840,000				518,824,800	3,034,478	1,362,339
Premium on refunding bonds issued				3,117,141				52,632,633	19,679,000	
Payment to escrow agent				(37,957,141)				(50,954,074)	(19,215,000)	
Transfer to escrow agent										
Proceeds from loan		13,279,659					313,000			
Sale of assets	5,421	4,478	14,592	34,321	30,478	20,850	13,392	18,220	8,338	594,270
Impairment										(1,311,745)
Insurance recovery										1,311,745
Transfers in	80,562,562	71,821,958	64,082,002	91,924,389	87,275,289	101,957,775	80,751,364	635,933,939	93,919,605	127,239,318
Transfers out	(81,247,765)	(75,070,671)	(60,131,041)	(89,712,235)	(82,130,842)	(96,910,822)	(70,278,371)	(625,834,461)	(90,933,030)	(118,895,601)
Total other financing sources (uses)	(679,782)	10,035,424	3,965,553	2,246,475	5,174,925	5,067,803	10,799,385	530,621,057	6,493,391	10,300,326
EXTRAORDINARY ITEM										
Extraordinary expense								(1,858,400)	769,066	1,089,334
Net change in fund balances	\$ (9,170,160)	\$ (1,643,545)	\$ (7,747,104)	\$ 11,156,338	\$ 11,862,468	\$ 19,853,490	\$ 15,901,324	\$ 403,819,015	\$ (232,129,950)	\$ (96,767,169)
Debt service as a percentage of noncapital expenditures	9.16%	9.32%	7.87%	8.09%	9.74%	7.75%	7.37%	12.80%	11.70%	11.04%

CITY OF MIAMI BEACH, FLORIDA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended September 30,	Real Property				Exemptions					Total Taxable Assessed Value	Total Direct Tax Rate ^D
	Residential Property	Commercial Property	Industrial Property	Other Property	Value of Taxable Property	Real property- Amendment 10 Excluded Value ^C	Less: Tax-Exempt Property	Other Adjustments to Just Value			
2009	\$ 18,911,637	\$ 5,265,399	\$ 51,025	\$ 2,528,317	\$ 26,756,378	\$	\$ 1,703,041	\$	\$ 25,053,337	5.8930	
2010	16,794,033	5,735,610	35,601	1,512,322	24,077,566		1,668,428		22,409,138	5.9123	
2011 ^B	18,228,553	5,551,314	48,983	2,599,899	26,428,749	1,651,400	2,624,675	47,932	22,104,742	6.5025	
2012	18,370,666	5,909,382	48,770	2,643,427	26,972,245	1,740,330	2,614,791	638,834	21,978,290	6.4539	
2013	20,334,542	6,246,840	38,810	2,713,143	29,333,335	2,311,720	2,615,045	1,334,248	23,072,322	6.3477	
2014	22,262,896	6,870,554	34,051	2,776,696	31,944,197	2,787,123	2,507,009	1,993,488	24,656,577	6.1163	
2015	26,372,550	7,457,822	31,671	3,004,039	36,866,082	3,888,518	2,478,873	3,394,820	27,103,871	6.0237	
2016	31,699,064	9,389,064	43,114	3,516,886	44,648,127	5,649,696	2,504,591	5,795,949	30,697,891	5.9123	
2017	36,227,540	10,081,176	55,583	4,012,695	50,376,994	6,835,074	2,601,055	6,243,108	34,697,757	5.8888	
2018	36,319,906	11,028,601	54,118	3,956,081	51,358,706	6,236,526	2,642,773	5,082,345	37,397,062	5.8888	

Source: 2017 Tax Roll for Miami-Dade County

Note: Increases in assessed value for homesteaded property is limited to 3% per year or CPI whichever is less and for non-homesteaded property the increase is limited to 10% per year.

Note: Exemptions for real property include: \$25,000 homestead exemption; an additional \$25,000 homestead exemption (excluding School Board taxes) starting in FY 2009; widows/widowers exemption; governmental exemption; disability/blind age 65 and older exemption ; institutional exemption; economic development exemption and other exemptions as allowed by law.

^A Data not available in individual real property categories for this year.

^B Total actual and assessed values are estimates based on the First Certified 2011 Tax Roll made available on July 1, 2012 , prior to any adjustments processed by the Value Adjustment Board.

^C Amendment 10 was an amendment to the Florida Constitution in 1992 which capped the assessed value of properties with homestead exemption to increases of 3% per year or the Consumer Price Index, whichever is less (193,155, F.S.), no data available for fiscal years 2002 through 2010.

^D Total direct rate includes 5.7224 mills for operating and 0.1664 mills for debt service.

CITY OF MIAMI BEACH, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES,
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year Ended September 30,	City of Miami Beach Direct Rates			Overlapping Rates ^A			Total
	Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	
2009	5.6555	0.2375	5.8930	7.7970	5.9263	0.6585	20.2748
2010	5.6555	0.2568	5.9123	7.9950	6.0050	0.6590	20.5713
2011	6.2155	0.2870	6.5025	8.2490	6.6565	0.6585	22.0665
2012	6.1655	0.2884	6.4539	8.0050	5.7695	0.4708	20.6992
2013	6.0909	0.2568	6.3477	7.9980	5.6610	0.4634	20.4701
2014	5.8634	0.2529	6.1163	7.9770	5.7980	0.4455	20.3368
2015	5.7942	0.2295	6.0237	7.9740	5.9009	0.4187	20.3173
2016	5.7092	0.2031	5.9123	7.6120	5.9009	0.3871	19.8123
2017	5.7092	0.1796	5.8888	7.3220	5.8509	0.3627	19.4244
2018	5.7224	0.1664	5.8888	6.9940	5.8182	0.3420	19.0430

Source: Miami-Dade County, Florida; Department of Property Appraisal
2017 Millage Table and The City of Miami Beach 2017/2018
Adopted Budget Book.

State Legislated Operating millage Requirements

Pursuant to recently enacted State legislation, the City may elect to approve millage rates above the roll-back rate up to the constitutional cap of 10 mills subject to the following votes by the Commission or referendum:

Option I: A majority of the Commission Millage is required to approve a millage up to 8.1906 (equivalent to 100.55% of prior year maximum as valorem proceeds allowed by a majority vote, net of the impact of the Tax Increment Districts). The adjustment of 100.55% reflects the statewide per capita personal income increase for the prior year.

Option II: A two-thirds approval (5 of 7 votes) of the Commission is required to approve a millage up to 9.0097 (equivalent to a 10% increase in the ad valorem revenues above Option I).

Option III: A unanimous approval of the Commission or referendum is required to approve a millage above 9.0097 up to the 10 mill cap

^A Overlapping rates are those of local and county governments that apply to owners within the City of Miami Beach. Not all overlapping rates apply to all Miami Beach property owners.

**CITY OF MIAMI BEACH, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

2018			2009		
Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value
Fountainbleau Florida Hotel LLC	\$ 372,960,174	1.00 %	MB Redev. Inc./Lowes Hotel	\$ 280,000,000	1.04 %
MB Redevelopment INC/Lowes Hotel	233,000,000	0.62	MCZ/ Centrum Flamingo II	172,183,094	0.64
PPF MBL Portfolio LLC	201,778,466	0.54	Fountainbleau Florida Hotel LLC	148,189,442	0.55
Florida Power & Light Company	177,705,311	0.48	Di Lido Beach Hotel Corp	130,000,000	0.48
PDS Development	176,832,043	0.47	MCZ/Centrum Flamingo II	93,000,000	0.35
Playa Retail Investments LLC	144,650,000	0.39	Philips S Beach LTD/Shore Club	83,435,043	0.31
3201 Hotel LLC	127,199,260	0.34	Sandy Lane Residential LLC	79,519,415	0.30
2201 Collins Fee LLC	121,864,465	0.33	Royal Palm Hotel LLC	79,385,373	0.30
SB Hotel owner LP	118,743,474	0.32	City Natl Bank of Florida	78,252,750	0.29
Eden Roc LLP	114,860,800	0.31	2201 Collins Fee LLC	68,727,288	0.26
	<u>\$ 1,789,593,993</u>	<u>4.79 %</u>		<u>\$ 1,212,692,405</u>	<u>4.52 %</u>

Source: 2018 and 2009 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach.

**CITY OF MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS,
FISCAL YEARS 2009 THRU 2018**

Fiscal Year Ended September 30,	Taxes levied for the fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 150,588,328	\$ 144,321,499	95.84 %	\$ 4,748,981	\$ 149,070,480	98.99
2010	138,703,567	131,355,903	94.70	4,029,310	135,385,213	97.61
2011	136,549,286	128,719,932	94.27	1,750,558	130,470,490	95.55
2012	134,753,401	129,572,373	96.16	3,400,840	132,973,213	98.68
2013	139,133,369	130,317,166	93.66	2,318,192	132,635,358	95.33
2014	143,266,670	139,729,175	97.53	2,906,543	142,635,718	99.56
2015	155,102,311	151,761,695	97.85	3,801,215	155,562,910	100.30
2016	172,420,383	168,150,832	97.52	3,991,663	172,142,495	99.84
2017	194,111,744	187,054,786	96.36	5,851,577	192,906,363	99.38
2018	209,212,631	203,265,792	97.16		203,265,792	97.16

Sources: Millage and taxable value table, the City of Miami Beach adopted budget book, Miami-Dade County real estate delinquent tax system and the City of Miami Beach finance department.

Note: Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes become delinquent at the end of April of the subsequent year.

For the City of Miami Beach, the period for which levied coincides with the fiscal year.

CITY OF MIAMI BEACH
RATIOS OF OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS
(in thousands of dollars)

Governmental Activities A																			
Fiscal Year	General Obligation Bonds		Resort Tax Revenue Bonds		Gulf Breeze Government Loan Program		Sunshine State Loan Program D		Pension Obligation Bonds		Redevelopment Agency Tax Increment Revenue Bonds		Loans Payable		Other Obligations		Total Governmental Activities		
2009	\$	73,580	\$		\$	24,650	\$	2,930	\$	42,885	\$	83,740	\$	10,528	\$	1,260	\$	239,573	
2010		70,985				22,243				40,055		79,485		8,949		15,435 C		237,152	
2011		68,280				19,739				37,095		75,035		9,438		15,225		224,812	
2012		64,045				17,128				33,995		70,375		11,815		14,780		212,138	
2013		61,745				14,386				30,550		66,058		12,374		13,551		198,664	
2014		59,338				11,510				26,935		60,365		13,558		12,882		184,588	
2015		55,419				8,484				23,160		55,367		11,779		11,801		166,010	
2016		51,425		213,288		5,310				19,215		350,692 H		8,551		11,002		659,483	
2017		47,363		208,906		4,350					I	342,669 H		25,843 I		10,121		639,252	
2018		43,234		204,411		3,340						334,479 H		21,344 J		9,153		615,961	
Business-type activities A											Total								
Fiscal Year	Storm Water Revenue Bonds E		Water and Sewer Revenue Bonds		Parking Revenue Bonds/Loan F		Loan Payable G				Total Business Activities		Total Primary Government		Percentage of Personal Income		Per Capita		
2009	\$	43,970	\$	103,439	\$	24,639	\$	1,133			\$	173,181	\$	412,754		12.23 %	\$	4,3891	
2010		42,645		129,437 F		22,960		1,220				196,262		433,414		12.84		4.6687	
2011		42,700		125,557		45,966		1,670				215,893		440,705		13.62		5.0206	
2012		94,646		121,507		44,040		2,025				262,218		474,356		13.55		5.2649	
2013		93,108		117,272		42,059		1,793				254,232		452,896		11.85		4.9862	
2014		92,487		114,492		40,686		1,271				248,936		433,524		11.99		4.7848	
2015		190,545		109,569		38,476		1,143				339,733		505,743		13.24		5.5133	
2016		187,619		105,810		101,620		770				395,819		1,055,302		24.51		11.5253	
2017		184,169		99,406		99,658		276				383,509		1,022,761		22.70		11.1270	
2018		286,294		178,317		97,640						562,251		1,178,212		25.95		12.7641	

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

Note: Business-type activities outstanding debt is presented net of discount/premium.

^A Net of Premium and discount

^B See Demographic and Economic Statistics page for population information

^C New equipment lease began in fiscal year 2010

^D The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010

^E New debt issued in fiscal year 2012, 2015 and 2018

^F New debt issued in fiscal year 2010 and 2018

^G New debt issued in fiscal year 2011 and 2016

^H New debt issued in fiscal year 2016

^I Pension Obligation bond was fully refunded with pension loan obtained by the City. Loan is reported in loans payable, see footnote 10.

^J Includes the Pension loan, loans payable and capital leases

CITY OF MIAMI BEACH
RATIOS OF GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Net Bonded Debt						Percentage of Actual Taxable Value of Property		Debt Per Capita ^B
	General Obligation Bonds	Gulf Breeze Fixed Rate Bonds ^D	Pension Refunding Bonds	Sunshine State VRDS ^A	Total	Fund Balance Reduction			
2009	\$ 72,702	\$ 24,163	\$ 42,885	\$ 2,930	\$ 142,680	\$ (7,954)	\$ 134,726	0.53 %	1.5172
2010	70,196	21,587	40,055		131,838	(8,119)	123,719	0.53	1.4202
2011	67,579	18,601	37,095		123,275	(8,617)	114,658	0.56	1.4044
2012	62,491	15,499	33,995		111,985	(10,083)	101,902	0.51	1.2429
2013	59,692	12,583	30,550		102,825	(9,852)	92,973	0.45	1.1318
2014	56,519	9,455	26,935		92,909	(9,973)	82,936	0.38	1.0207
2015 ^C	55,419	8,484	23,160		87,063	(9,851)	77,212	0.32	0.9491
2016 ^C	51,425	5,310	19,215		75,950	(21,390)	54,560	0.25	0.8295
2017 ^C	47,363	4,350	-		51,713	(7,577)	44,136	0.15	0.5626
2018 ^C	43,234	3,340	-		46,574	(812)	45,762	0.12	0.5046

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

^A The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010.

^B See page 151 for population information.

^C Debt net of premium and discount

^D These bonds are repaid from general non ad-valorem funds. See Note 10 for more details.

CITY OF MIAMI BEACH, FLORIDA
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 3,882,603,724	\$ 3,465,358,138	\$ 3,315,711,442	\$ 3,296,743,489	\$ 3,460,848,297
Total net debt applicable to limit	72,702,497	70,195,935	67,579,117	62,490,554	60,722,308
Legal Debt margin	<u>\$ 3,809,901,227</u>	<u>\$ 3,395,162,203</u>	<u>\$ 3,248,132,325</u>	<u>\$ 3,234,252,935</u>	<u>\$ 3,400,125,989</u>
Total net debt applicable to the limit as a percentage of debt limit	1.87%	2.03%	2.04%	1.90%	1.75%
	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 3,698,486,533	\$ 4,065,580,713	\$ 4,604,683,630	\$ 5,204,663,566	\$ 5,609,559,374
Total net debt applicable to limit	56,518,915	52,080,035	48,840,920	44,772,315	42,422,703
Legal Debt margin	<u>\$ 3,641,967,618</u>	<u>\$ 4,013,500,678</u>	<u>\$ 4,555,842,710</u>	<u>\$ 5,159,891,251</u>	<u>\$ 5,567,136,671</u>
Total net debt applicable to the limit as a percentage of debt limit	1.53%	1.28%	1.06%	0.86%	0.76%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 37,397,062,490
Debt limit (15% of assessed value)	5,609,559,374
Debt applicable to limit:	
General obligation bonds	43,234,230
Less: Amount set aside for repayment of general obligation debt	<u>811,527</u>
Total net debt applicable to limit	<u>42,422,703</u>
Legal debt margin	<u>\$ 5,567,136,671</u>

Note: Assessed value is the certified taxable value as of January 1, 2017.

**CITY OF MIAMI BEACH, FLORIDA
PLEDGED-REVENUE COVERAGE,
LAST TEN FISCAL YEARS**

Fiscal Year	Revenue	Less:	Net available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
Parking Revenue Bonds						
2009	\$ 31,205,131	\$ 18,954,338	\$ 12,250,793	\$ 1,648,712	\$ 1,318,222	4.13
2010	32,943,350	19,279,179	13,664,171	1,727,294	1,240,684	4.60
2011	38,141,715	19,437,690	18,704,025	2,015,876	1,773,541	4.94
2012	40,254,446	20,364,735	19,889,711	1,909,458	2,121,143	4.93
2013	41,608,717	22,099,777	19,508,940	1,972,110	2,050,454	4.85
2014	40,423,375	25,631,104	14,792,271	2,049,762	1,977,231	3.67
2015	42,740,752	28,094,275	14,646,477	1,405,000	1,834,663	4.52
2016	52,263,779	31,863,161	20,400,618	2,230,508	3,882,226	3.34
2017	47,420,407	32,519,424	14,900,983	1,600,000	4,652,713	2.38
2018	48,575,322	34,314,433	14,260,889	1,670,000	4,579,713	2.28

Note: Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds as per the official bond statement. Operating expenses excludes depreciation, amortization and administrative fees. The 5th & Alton and 7th Street Garages are not included as part of the Parking Systems Funds.

Water & Sewer Revenue Bonds						
2009	\$ 64,360,255	\$ 38,982,808	\$ 25,377,447	\$ 3,740,000	\$ 5,187,155	2.84
2010	69,632,326	45,831,721	23,800,605	3,775,000	5,036,856	2.70
2011	69,086,475	48,509,804	20,576,671	3,930,000	5,961,736	2.08
2012	68,622,998	46,769,683	21,853,315	4,100,000	5,801,135	2.21
2013	68,382,564	49,737,831	18,644,733	4,285,000	5,633,434	1.88
2014	69,399,550	49,242,030	20,157,520	3,185,000	5,476,073	2.33
2015	76,118,870	53,527,238	22,591,632	4,935,000	5,299,541	2.21
2016	80,863,818	57,123,647	23,740,171	3,770,000	5,111,733	2.67
2017	84,740,505	62,870,251	21,870,254	6,415,000	4,889,445	1.93
2018	87,212,562	59,819,813	27,392,749	7,330,000	6,532,843	1.98

Note: Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds and water and sewer impact fees as per the official bond statement. Operating expenses excludes depreciation, amortization and administrative fees.

Stormwater Revenue Bonds						
2009	\$ 10,129,595	\$ 2,875,115	\$ 7,254,480	\$ 1,135,000	\$ 2,434,511	2.03
2010	11,444,244	2,716,689	8,727,555	1,190,000	2,381,166	2.44
2011	11,845,218	3,346,893	8,498,325		2,042,670	4.16
2012	11,754,024	3,770,907	7,983,117	1,500,000	3,337,013	1.65
2013	11,778,578	3,011,708	8,766,870	1,545,000	4,302,595	1.50
2014	11,938,937	3,287,102	8,651,835	1,590,000	4,258,872	1.48
2015	21,321,751	4,804,628	16,517,123	2,620,000	4,208,297	2.42
2016	21,833,308	4,467,788	17,365,520	2,720,000	8,516,865	1.55
2017	28,587,321	6,903,636	21,683,685	3,250,000	8,111,226	1.91
2018	29,743,251	6,140,735	23,602,516	4,213,026	9,964,373	1.66

Note: Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds as per the official bond statement. Operating expenses excludes depreciation, amortization and administrative fees. Debt service includes the State Revolving Loan - refer to Note 10.

Redevelopment Agency						
2009	\$ 70,858,394	\$ 500,000	\$ 70,358,394	\$ 4,045,000	\$ 4,329,697	8.40
2010	73,108,937	500,000	72,608,937	4,255,000	4,138,267	8.65
2011	81,936,306	500,000	81,436,306	4,450,000	3,943,254	9.70
2012	84,906,486	500,000	84,406,486	4,660,000	3,733,816	10.06
2013	90,690,478	500,000	90,190,478	4,885,000	3,512,766	10.74
2014	37,456,562	500,000	36,956,562	4,885,000	3,513,000	4.40
2015	36,251,898		36,251,898	5,375,000	3,039,103	4.31
2016	42,216,634		42,216,634	7,985,000	13,744,597	1.94
2017	49,332,005		49,332,005	7,985,000	13,744,597	2.27
2018	49,920,277		49,920,277	7,985,000	13,744,597	2.30

Note: "Redevelopment Revenues" includes all tax increments derived RDA operations excluding those relating to the Children's trust. Per the bond documents, debt service coverage is "Trust Fund Revenues" as defined above divided by the maximum annual debt service requirement. Therefore, operating expenses are \$0.

Resort Tax						
2016	\$ 82,754,779		\$ 82,754,779	\$ 8,505,000	\$ 3,949,750	6.64
2017	81,910,032		81,910,032	8,505,000	3,949,750	6.58
2018	87,595,052		87,595,052	8,505,000	3,949,750	7.03

Note: Per the bond documents, "Resort Tax Revenues" are all municipal taxes imposed, levied, and collected pursuant to the Resort Tax regulations. The revenues do not include special assessment revenues. Per the bond documents, debt service coverage is "Resort Tax Revenues" as defined above divided by the maximum annual debt service requirement. Therefore, operating expenses are \$0.

CITY OF MIAMI BEACH, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2018

DIRECT DEBT

General obligation indebtedness		
Public improvement bonds	\$	42,535,000
Premium/(Discount)		699,230
Total General obligation indebtedness		<u>43,234,230</u>

Non-self-supporting indebtedness (net of premium/discount): ^A

Gulf breeze government loan program	\$	3,340,000	
Pension Loan		10,405,000	
Tax increment revenue bonds		334,478,885	
Resort Tax bonds		204,411,235	
Energy savings obligation		9,152,803	
Equipment Loan		3,105,103	
Clean water state revolving loan		6,689,811	
Capital Lease Obligation		1,144,491	
Total non-self-supporting indebtedness			<u>572,727,328</u>
Total direct indebtedness			<u>615,961,558</u>

OVERLAPPING DEBT ^B

Miami-Dade County

Total general obligation indebtedness	1,828,451,011	
Percent applicable to City ^C	13.7271%	250,993,299
Total school district obligation indebtedness	902,981,000	
Percent applicable to City ^C	13.7271%	123,953,105
Total net non-self-supporting indebtedness	2,281,442,049	
Percent applicable to City ^C	13.7271%	<u>313,175,832</u>
Total overlapping debt		<u>688,122,236</u>

TOTAL DIRECT AND OVERLAPPING DEBT	\$	<u>1,304,083,794</u>
------------------------------------------	-----------	-----------------------------

^A Excludes self-supporting debt obligations.

^B All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.

^C Based upon 2017 assessed valuation figures for the City and Dade County.

**CITY OF MIAMI BEACH
DEMOGRAPHIC AND ECONOMIC STATISTICS,
LAST TEN CALENDAR YEARS**

Miami-Dade County							
Year	Miami Beach Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	School Age Population	Unemployment Rate
2008	94,040	\$ 88,955	\$ 35,887	2,160,963	\$ 77,178	345,150	5.8
2009	92,833	90,916	36,357	2,074,138	^A	345,458	10.7
2010	87,779	92,227	36,846	1,999,364	80,352	347,133	12.4
2011	90,097	96,657	37,834	2,007,052	82,935	349,945	11.3
2012	90,848	100,688	38,860	1,691,167	^B 91,040	353,152	9.3
2013	91,026	104,373	39,880		^A 95,058	355,268	8.4
2014	91,732	111,529	41,883		^A 102,382	355,913	6.8
2015	91,564	116,553	47,026		^A 114,771	356,480	5.1
2016	91,917	121,447	49,018		^A 124,922	356,086	4.6
2017	92,307	126,715	49,185		^A 128,390	354,172	3.6

Source: Florida Statistical Abstract, US Census American Community Survey, Bureau of Labor Statistics, FDIC - Branch Office Deposits, Dade County School District

^A Data not available

^B Does not include mobile homes, trailers or vessels, dealer or transporter license plates, half-year truck/tractor registrations or permanent government license plates.

**MIAMI-DADE COUNTY
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO**

Ten Largest Public Employers					
<u>Employer</u>	2016*			2008	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	33,477	1	1.22 %	54,861	1
Miami-Dade County	25,502	2	0.93	33,653	2
Federal Government	19,200	3	0.70	20,400	3
Florida State Government	17,100	4	0.62	17,000	4
Jackson Health System	9,797	5	0.36	11,875	5
City of Miami	3,997	6	0.15	4,600	8
Florida International University	3,534	7	0.13	8,500	6
Homestead AFB	3,250	8	0.12		
Miami VA Medical Center	2,500	9	0.09	2,310	10
Miami Dade College	2,390	10	0.09	5,865	7
City of North Miami Beach				3,878	9

Ten Largest Private Employers					
<u>Employer</u>	2016*			2008	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>
University of Miami	12,818	1	0.47 %	12,765	1
Baptist Health South Florida	11,353	2	0.41	11,615	3
American Airlines	11,031	3	0.40	9,000	4
Carnival Cruise Lines	3,500	4 (t)	0.13		
Miami Children's Hospital	3,500	4 (t)	0.13		
Mount Sinai Medical Center	3,321	6	0.12		
Florida Power and Light	3,011	7	0.11		
Royal Caribbean	2,989	8	0.11		
Wells Fargo	2,050	9	0.07		
Bank of America Merrill Lynch	2,000	10	0.07		
Publix Super Markets				11,760	2
Precision Response Corporation				5,000	7
Bellsouth/AT&T				4,100	9
Winn-Dixie Stores				8,000	5
Florida Power & Light Co.				3,952	10
United Parcel Service				5,144	6
The Home Depot				4,500	8

Source: Employer and employees information provided by the Beacon Council. Miami Dade's Official Economic Development Partnership. Percentage of total County employment was calculated based on total County employment of 2,751,796 as provided by US Census American Community Survey.

*The principal employer data for fiscal year 2017 & 2018 are not available as of the date of this report.

(t): Ranking is equal/tied based on the reported employee counts.

CITY OF MIAMI BEACH, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-time Equivalent Employees as of September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Mayor and Commission	19	19	18	18	18	18	20	19	20	20
City Manager	11	10	10	10	10	13	15	16	16	16
Office of Communications	6	5	5	5	5	4	9	9	14	14
Budget and Performance Improvement	19	18	18	18	18	18	20	20	20	20
Organization Development and Performance Initiatives							2	2	2	3
Finance	37	37	37	37	37	37	50	50	64	65
Information Technology	40	38	36	36	37	36	38	39	44	44
Human Resources	17	15	14	14	14	15	23	27	28	29
Risk Management ^C	6	6	7	7	7	6				
City Clerk	16	14	14	14	13	14	14	15	15	15
Procurement	9	9	9	8	8	8	12	16	17	18
City Attorney	20	19	19	19	19	19	21	22	22	24
Economic Development and Cultural Arts:										
Real Estate, Housing and Comm. Development ^B		13	13	13	13	11	11	15	27	23
Economic development	5									
Building	79	72	66	73	73	73	86	85	88	88
Environment & Sustainability ^D									10	12
Planning	26	26	25	25	25	25	26	26	27	27
Tourism & Cultural Development	11	11	11	11	11	13	17	18	18	18
Bass Museum	8	8	8	8	8	8	8	2	2	2
Operations:										
Neighborhood Services ^A	56									
Community Services		4	4	4	4	4	4	4	4	4
Code Compliance		42	30	41	41	42	57	58	61	61
Parks & Recreation	195	182	156	173	173	167	152	150	151	162
Public Works	47	44	42	41	40	42	57	70	68	78
Sanitation	187	187	187	179	178	178	169	172	171	172
Property Management	66	54	24	50	50	50	33	34	34	34
Capital Improvement Projects	32	35	35	37	37	36	34	36	36	34
Parking	118	117	83	116	110	111	107	114	115	113
Sewer	38	33	35	35	34	34	34	37	37	30
Stormwater	25	25	23	21	21	21	29	32	32	30
Water	59	54	56	52	52	52	52	53	53	48
Fleet Management	21	21	21	20	20	22	22	22	22	21
Transportation Management ^E							6	9	16	15
Public safety:										
Police - Officers	381	370	370	370	381	381	385	409	408	408
Police - Civilians	149	140	138	138	144	158	92	78	97	100
Fire - Officers	203	200	200	200	200	200	201	200	213	213
Fire - Civilians	27	26	27	27	27	27	27	30	31	32
Ocean Rescue	76	76	56	76	76	76	78	92	91	91
Emergency Management							72	73	78	75
Total	2,009	1,930	1,797	1,896	1,904	1,919	1,983	2,054	2,152	2,159

Source: City of Miami Beach Budget Department

Note: In FY 2011 the City reduced its FTE by 133, this is due to adopted efficiencies and service reductions.

^ANeighborhood Service was dissolved in 2009.

^B Housing and Comm Development was part of Neighborhood services in 2009 which merged with Economic development to become Real Estate, Housing and Comm Development.

^C Risk Management merged with Human Resources in 2015

^D Ordinance 2016-3997 was passed in 2016 to creating the Environment & Sustainability Department, previously part of the Building Department.

^E Ordinance 2014-3865 was passed in May 2014 creating the Transportation Management Department.

**CITY OF MIAMI BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Mayor and commission										
Ordinances approved	39	44	43	35	26	73	69	72	97	79
Resolutions approved	308	274	245	230	266	382	383	435	428	479
City manager										
Better Place Requests Open and Closed	4	10	N/A	42	2	7	58	N/A	N/A	N/A
Total Requests Received	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,855	39,092	10,946
Total Requests Completed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,605	37,735	10,926
Budget and performance improvement										
Audits performed	272	263	233	235	198	187	155	174	187	224
Grants awarded	\$ 6,934,165	\$ 5,639,593	\$ 3,221,421	\$ 2,869,671	\$ 3,574,486	\$ 3,447,853	\$ 3,146,417	\$ 8,002,420	\$ 5,974,620	\$ 8,123,083
Finance										
Utility customer accounts	10,044	10,057	10,061	10,062	10,070	10,075	10,085	10,125	10,123	10,075
Licenses issued	8,650	7,748	7,718	6,592	6,496	6,943	7,555	7,928	8,489	7,912
Lien statements	2,658	4,076	6,600	6,326	7,355	6,734	6,298	4,750	4,267	4,950
Annual resort tax accounts	1,066	1,050	1,067	1,066	1,087	1,054	1,058	1,049	1,030	1,005
Human resources										
Employees	1,902	1,869	1,837	1,824	1,905	1,930	1,960	2,054	2,152	2,159
Hires	188	206	146	154	176	163	218	258	380	308
Building										
Building and trade permits processed/issued	11,361	11,039	12,523	13,272	13,881	14,071	14,076	12,645	11,045	10,575
Certificates	383	411	342	417	529	536	558	587	597	481
Tourism & cultural development										
Film & print and special events permits	966	1,023	1,215	1,225	1,190	1,141	1,249	1,041	1,184	1,050
Bass Museum Visitors	26,414	29,642	26,477	36,708	47,162	64,323	53,093	21,570	9,716	111,470
Theater Events (Byron/Colony)	225	223	218	222	237	172	90	1,049	958	1,157
Operations:										
Parking										
Residential Parking Permits	11,557	11,830	12,357	13,720	12,523	14,566	13,539	13,647	13,663	12,439
Municipal Parking Permits	41,651	53,502	42,152	44,418	47,600	51,230	43,014	41,422	43,188	37,889
Total Vehicle Entries - Garages	2,254,119	2,162,618	2,530,878	2,582,466	2,887,722	3,310,093	3,121,623	3,172,477	2,895,615	2,714,033
Parks & recreation										
Summer Camp	2,758	2,398	2,538	2,561	2,568	2,653	2,689	3,230	2,457	2,281
After and Play School Participants	2,680	3,217	3,501	3,276	3,056	3,139	3,091	1,405	1,316	1,073
Athletics	2,656	2,079	2,251	2,042	2,104	2,215	2,143	2,718	5,226	6,021
Pool Attendance	141,524	160,456	157,227	138,005	128,852	133,373	118,553	173,228	150,021	156,640
Golf course patrons ^A	66,358	73,447	80,782	71,528	76,230	79,532	75,542	74,237	71,807	78,654
Public Works-Engineering/Water/Sewer/Streets										
Right-of-Way permits issued	935	868	855	822	801	967	1,144	1,247	1,227	1,132
Cleaning and inspection of sewer lines	778,937	N/A	964,703	824,212	937,000	N/A	N/A	N/A	N/A	N/A
Storm sewers cleaned	78,279	N/A	1,253	97,425	N/A	N/A	N/A	N/A	7,092	7,891
Sanitation										
Residential Waste (tons per year)	13,354	12,980	12,172	10,233	8,920	8,972	8,278	8,036	8,036	8,028
Litter Cans	2,735	2,735	2,735	2,735	2,765	2,787	2,376	2,424	2,479	2,361
Mechanized Sweeping (miles per day)	20	20	20	20	20	20	20	20	20	20
Mobile Sweeping (miles per day)	156	156	156	156	156	156	156	156	156	156
Fleet Management										
Fuel consumed - diesel and unleaded (gallons)	890,529	903,675	900,211	858,767	698,280	849,400	847,359	862,970	899,289	935,173
Preventive maintenance jobs	3,160	3,053	3,181	3,174	3,519	3,153	3,334	3,549	4,334	3,725
Police										
Total number of arrests	13,338	10,801	9,588	9,890	10,577	8,280	6,644	6,458	5,790	4,993
Traffic Violations	44,521	39,586	49,561	48,344	50,590	71,562	64,478	57,488	46,695	39,368
Fire										
Emergency responses	25,015	20,356	21,429	22,263	22,948	23,415	25,185	25,384	26,081	25,771
Existing building inspections	978	1,500	1,107	773	961	1,985	1,461	3,248	3,056	7,069
Night club inspections	2,769	3,198	3,718	1,957	2,477	1,775	333	23	81	8
Site inspections	4,953	3,672	5,187	7,369	9,047	9,736	10,868	8,531	9,337	6,899
On duty inspections	1,856	1,793	1,478	187	1233	1,774	1,946	2,086	N/A	N/A
Ocean rescue - victims rescued	579	645	747	531	733	575	788	886	495	785
Ocean rescue prevention	349,882	320,858	257,862	250,310	273,543	208,027	217,367	228,294	232,017	339,128

N/A - Information not available or service is not longer being performed.

Source: Various City of Miami Beach departments and Departmental Workplans.

^A The City opened a second golf course which was operational for 9 months during

^B In FY 2010 the City used a new method to track requests from residents.

^C Decrease is due to Bass Museum renovation.

**CITY OF MIAMI BEACH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	4	4	4	4	4	4	4	4	4	4
Vehicles assigned to the police department	440	486	486	530	530	530	530	530	548	586
Fire stations	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	180	180	180	180	180	180	180	180	180	180
Water valves	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Fire hydrants	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Fire lines	717	717	717	717	717	717	717	717	717	717
Meters	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460
Water pumping stations	5	5	5	5	5	5	5	5	5	6
Storage capacity (millions of gallons)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	14,000	14,000
Stormwater										
Stormwater pipes (miles)	59	59	59	59	59	59	99	99	99	99
Drainage basins	172	172	172	172	172	172	471	471	471	471
Stormwater catch basins	6,000	6,000	6,000	6,000	6,000	6,000	4,779	4,779	4,779	4,779
Manholes	2,161	2,161	2,161	2,161	2,161	2,161	2,616	2,616	2,616	2,616
Outfalls										367
Stormwater Pump stations										49
Sewer										
Sanitary gravity sewer pipes (miles)	152	152	152	152	152	152	122	122	122	122
Force main pipes (miles)	21	21	21	21	21	21	22	22	22	22
Manholes	3,293	3,293	3,293	3,293	3,293	3,293	3,160	3,160	3,160	3,160
Wastewater pump stations	23	23	23	23	23	23	23	23	23	23
Other public works										
Streets (miles)	140	140	140	140	140	140	140	140	140	140
Sidewalks (miles)	242	242	242	242	242	242	242	242	242	242
Curb and gutter (miles)	200	200	200	200	200	200	200	200	200	200
Alleys (miles)	33	33	33	33	33	33	33	33	33	33
Seawalls (linear feet)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Streetlights	6,200	6,893	6,893	6,893	6,893	6,893	6,893	6,893	7,200	7,200
Street lights cable (miles)	265	263	263	263	263	263	263	263	263	263
Up-lights										1,200
Parking										
Parking Lots & Garages	70	75	76	76	76	76	76	77	77	77
Parking Spaces	8,404	8,404	8,424	8,592	8,424	8,424	8,424	8,424	9,677	9,677
Parks and recreation										
Recreational open space (acres)	727	727	727	727	727	727	526	526	524	520
Playground tot-lots	19	15	19	19	19	19	20	21	21	23
Stadiums	2	2	2	2	2	2	1	1	1	2
Sports fields	7	7	7	7	7	7	5	5	5	6
Tennis sites	6	6	7	7	7	7	6	6	6	5
Basketball court sites	10	10	10	10	10	10	10	10	10	10
Ice Rink	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	3
Youth/Community centers	3	3	3	3	3	3	2	2	2	6
Bark parks	4	3	4	4	4	5	9	9	9	7
Parks - passive and staffed	26	26	26	26	36	36	42	41	41	40
Municipal regulation golf courses	2	2	2	2	2	2	2	2	2	2
Trucks, off-road, and other vehicles	98	97	98	N/A	N/A	N/A	84	87	87	87
Sanitation										
Sweepers	9	6	6	6	N/A	N/A	N/A	N/A	N/A	N/A
Front end loader	3									
Trucks, Vans, and other vehicles	83	79	84	90	N/A	N/A	N/A	N/A	N/A	N/A
Pressure washers	9	9	7	7	N/A	N/A	N/A	N/A	N/A	N/A
Transit-minibuses	4									

Source: Various City of Miami Beach departments.

N/A- Data not available

MIAMI BEACH

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