

**Department of Off-Street Parking
of the City of Miami, Florida
Retirement Plan and Trust**

Financial Report
September 30, 2017

Contents

| | |
|------------------------------|-----|
| Independent auditor's report | 1-2 |
|------------------------------|-----|

| | |
|---|------|
| Financial statements | |
| Statements of fiduciary net position | 3 |
| Statements of changes in fiduciary net position | 4 |
| Notes to financial statements | 5-15 |

| | |
|---|----|
| Required supplementary information (unaudited) | |
| Schedule of changes in the net pension liability and related ratios | 16 |
| Schedule of investment returns | 17 |
| Schedule of employer contributions | 18 |

| | |
|---|-------|
| Other report | |
| Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> | 19-20 |

Independent Auditor's Report

Chairperson and Members of the Board of Directors
Department of Off-Street Parking
City of Miami, Florida

Report on the Financial Statements

We have audited the statements of fiduciary net position of the Department of Off-Street Parking of the City of Miami, Florida, Retirement Plan and Trust (the Plan) as of September 30, 2017 and 2016, and the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Department of Off-Street Parking of the City of Miami, Florida Retirement Plan and Trust as of September 30, 2017 and 2016, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 22, 2018, and February 17, 2017, on our consideration of the Plan'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 those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

RSM US LLP

Miami, Florida
January 22, 2018

Department of Off-Street Parking of the City of Miami, Florida
 Retirement Plan and Trust

Statements of Fiduciary Net Position
 September 30, 2017 and 2016

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Assets | | |
| Investments at fair value: | | |
| Equity funds | \$ 11,695,489 | \$ 10,429,517 |
| Fixed income funds | 6,930,679 | 6,043,488 |
| Short-term cash investment funds | 119,036 | 217,397 |
| Total investments | 18,745,204 | 16,690,402 |
| Other assets: | | |
| Accrued interest and other receivable | 11,686 | 9,030 |
| Total assets | 18,756,890 | 16,699,432 |
| Liabilities | | |
| Due to Department of Off-Street Parking | 27,020 | - |
| Total liabilities | 27,020 | - |
| Restricted net position – pension benefits | \$ 18,729,870 | \$ 16,699,432 |

See notes to financial statements.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

**Statements of Changes in Fiduciary Net Position
Fiscal Years Ended September 30, 2017 and 2016**

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Additions to net position attributed to: | | |
| Investment income: | | |
| Net appreciation in fair value of investments | \$ 1,751,358 | \$ 603,619 |
| Dividends and interest on investments | 533,878 | 682,926 |
| Net investment income | 2,285,236 | 1,286,545 |
| Contributions: | | |
| Participants | 218,494 | 240,380 |
| Employer | 321,190 | 304,785 |
| Total contributions | 539,684 | 545,165 |
| Total additions | 2,824,920 | 1,831,710 |
| Deductions from net position attributed to: | | |
| Benefits paid to participants | 708,343 | 475,656 |
| Administrative expenses | 86,139 | 80,498 |
| Total deductions | 794,482 | 556,154 |
| Net increase in fiduciary net position | 2,030,438 | 1,275,556 |
| Restricted net position – pension benefits: | | |
| Beginning of year | 16,699,432 | 15,423,876 |
| End of year | \$ 18,729,870 | \$ 16,699,432 |

See notes to financial statements.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 1. Description of Plan

General: The Retirement Plan and Trust (the Plan) is a single employer defined benefit pension plan covering eligible employees of the Department of Off-Street Parking of the City of Miami, Florida (the Authority). In addition, no minimum funding waivers have been pursued by the Plan.

Plan administration: A Retirement Board (the Board), which is comprised of the Authority's Board members, controls and manages the operation and administration of the Plan as well as serves as the Plan's investment committee. A local financial institution serves as the custodian of the Plan. The assets of the Plan are managed by the custodian and the Board.

Membership of the Plan consisted of the following at October 1, 2016 and 2015, the dates of the most recent actuarial valuations:

| | 2017 | 2016 |
|---|-----------|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 18 | 14 |
| Inactive plan members entitled to but not yet receiving benefits | 8 | 8 |
| Active plan members | 68 | 76 |
| Total plan participants | <u>94</u> | <u>98</u> |

Effective February 1, 2014, the Plan was closed to new employees hired on or after the referenced date as approved by the Board. Current employees will continue to have the option to participate in the Plan, in accordance with the existing Plan provisions.

Retirement benefit: Upon retirement, the amount of monthly benefits under the Plan is determined as the average salary earned by the employee during the two highest salaried years out of the employee's final five years of service multiplied by 3% for each of the first 10 years of service and by 2% for each year thereafter. The annual benefit shall not exceed \$225,000. Benefits are payable in the form of annuity contracts or a lump-sum payment. A terminated employee receives at least an amount equal in value to his or her contribution plus interest. Employees hired prior to November 1, 2007 with 5 or more years of service and attainment of age 55 or completion of 25 years of service are entitled to monthly benefits, payable in the form of a 10-year certain and life annuity. Employees may also elect to receive these benefits in the form of a joint and survivor annuity or a lump sum amount. Employees hired on or after November 1, 2007 with 5 years of service and an attainment age of 60 will also be entitled to the aforementioned benefits.

Death and disability benefit: A lump-sum death benefit equivalent to the actuarial present value of the participants' vested accrued benefit is payable to the participant's beneficiary. The minimum death benefit payable from the Plan is the accumulated value of the participant's contributions. Any other termination from the Plan entitles a participant to receive a retirement benefit equal to the vested interest in the participant's accrued benefit, but not less than employee contributions credited with interest. Participants' vested interest in their accrued benefit is 0% for less than 5 years of service or 100% for 5 years or more of service. A participant who is not vested in the Plan will automatically receive a refund of his/her contributions and earnings to the Plan.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 1. Description of Plan (Continued)

Employee contributions: Each participant is required to make annual employee contributions in an amount equal to six and one-half percent (6.5%) of his/her compensation to the Plan while an employee, until retirement. Total employee contributions for the fiscal years ended September 30, 2017 and 2016, were \$218,494 and \$240,380, respectively.

Employer contributions: Total employer contributions to the Plan for fiscal years 2017 and 2016 were \$321,190 and \$304,785, respectively, which were made in accordance with actuarially determined requirements computed through an actuarial valuation performed for the fiscal years ended September 30, 2017 and 2016. The employer contribution is equal to the amount which, when added to the participant's contributions, equals the cost of providing pension benefits. Administrative costs of the Plan are financed through investment earnings.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of estimates: The preparation of financial statements, in conformity with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue/additions and expenses/deductions during the reporting period. Actual results could differ from those estimates.

Risks and uncertainties: The Plan invests in a combination of equity and fixed income-mutual funds. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect balances and the amounts reported in the statements of fiduciary net position available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, discount rate and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

Income tax status: The Plan is exempt from federal income taxes under the Internal Revenue Code and, therefore, records no such income tax liability or expense.

Payment of benefits: Benefits payments to participant are recognized upon distribution.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Investment valuation and income recognition: Investments are carried at fair value, which is determined as follows: 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; commercial paper, time deposits and short-term investment pools are valued at amortized cost, which approximates fair value; and amounts in investment funds are valued at the fair value of the shares at year-end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Actuarial present value of accumulated Plan benefits: Accumulated Plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation during their last five years of credited service. The accumulated Plan benefits for active employees are based on their average compensation during the two highest salaried years out of the employees' final five years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated Plan benefits.

The actuarial present value of accumulated benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. See Note 4 for actuarial assumptions used for valuation.

Note 3. Investments

Investment policy: It is the policy of the Plan to invest all funds in a manner that provides the highest investment return using authorized instruments while meeting the Plan's acceptable risk level. The main objective of the policy is to achieve long-term growth of Plan assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the current and long-term pension distribution requirements.

The Investment Committee is responsible to review and recommend policies and procedures related to the operation and administration of the Plan. Suntrust (the Custodian) has the authority to implement the recommendations from the Investment Committee, and the investment policies and guidelines in a manner consistent with Board policies, such as, the purchasing and sales of investment securities, to best satisfy the Plan's objectives.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 3. Investments (Continued)

The investment policy permits the following investments:

The Plan is authorized to invest in U.S. government obligations and its agencies or instrumentalities, direct obligations of the State of Florida or its agencies and instrumentalities collateralized mortgage obligations directly issued by a federal agency or its instrumentality of the United States, obligations of states, agencies, counties, cities and other political subdivisions of any state, rated to investment quality by a nationally recognized investment rating agency not less than A, SEC registered mutual funds, fully collateralized repurchase agreements and reverse repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, insured or collateralized certificates of deposit.

This policy stipulates the following long-range asset allocation, measured at fair value, at the end of each quarter:

| | Minimum | Maximum | Actual as of September 30, 2017 |
|--------------------|---------|---------|---------------------------------------|
| Equity funds | 55% | 75% | 62% |
| Fixed income funds | 25% | 45% | 38% |

The allocation of the Plan's total assets is allowed to vary within the allowable ranges. Because shifts in asset allocation occur as a result of different asset classes performing at different rates, the Board monitors the asset allocation shifts caused by performance each quarter and is responsible for shifting assets among the classes to keep the overall allocation within allowable ranges.

The Plan categorizes its investments according to the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* issued in February 2015. The hierarchy is based on the valuation input used to measure the fair value of the asset with Level 1 assets being those where quoted prices in an active market for identical assets can be readily obtained, Level 2 assets valued using a matrix pricing technique of quoted prices for similar assets or liabilities in active markets, and Level 3 assets valued using unobservable inputs.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 3. Investments (Continued)

At September 30, 2017 and 2016, the Plan's investments were categorized as follows:

| Investment Type | 2017 | |
|---------------------------|----------------------|----------------------|
| | Amount | Level 1 |
| Equity fund | \$ 11,695,489 | \$ 11,695,489 |
| Fixed-income fund | 6,930,679 | 6,930,679 |
| | <u>18,626,168</u> | <u>\$ 18,626,168</u> |
| Money market mutual funds | 119,036 | |
| Total investments | <u>\$ 18,745,204</u> | |

| Investment Type | 2016 | |
|---------------------------|----------------------|----------------------|
| | Amount | Level 1 |
| Equity fund | \$ 10,429,517 | \$ 10,429,517 |
| Fixed-income fund | 6,043,488 | 6,043,488 |
| | <u>16,473,005</u> | <u>\$ 16,473,005</u> |
| Money market mutual funds | 217,397 | |
| Total investments | <u>\$ 16,690,402</u> | |

Rate of return: For the years ended September 30, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.0% and 8.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. government and U.S. government guaranteed securities are not considered to have credit risk.

The Plan's investment policy limits credit risk by requiring all debt type investments to be rated by a nationally recognized rating agency. The investments are required to be rated by Moody's as an A or better, or its equivalent.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 3. Investments (Continued)

Investments that represent 5% or more of the Plan's net position at September 30, 2017 and 2016, are identified below:

| | 2017 | | 2016 | |
|--|---------------------|-------------|---------------------|-------------|
| | Number of Shares | Fair Value | Number of Shares | Fair Value |
| Investments at fair value as determined by quoted market price: | | | | |
| Doubleline Total Return Bond Fund | 105,464 | \$1,128,468 | 130,591 | \$1,421,830 |
| John Hancock Funds III Disciplined Value Fund | 114,569 | 2,478,119 | 119,444 | 2,170,300 |
| PIMCO Investment Grade Bond Fund | 95,636 | 1,016,607 | 98,492 | 1,039,617 |
| Ridgeworth Fund – Total Return Bond Fund | 130,409 | 1,418,014 | 130,409 | 1,418,014 |
| T Rowe Price Large-Cap Growth FD | 76,363 | 2,868,205 | 104,128 | 2,374,495 |
| Vanguard Institutional Index Fund | 4,164 | 955,521 | 7,094 | 1,405,254 |
| Virtus Seix Total Return Bond | 107,363 | 1,125,164 | - | - |
| Western Asset Core Plus Bond Fund | 96,987 | 1,154,141 | 70,236 | 837,821 |

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

The Plan's investment policy does not have provisions that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 3. Investments (Continued)

The following represents the investments fair value and average maturity of the fixed income investments held in various mutual funds at September 30, 2017 and 2016:

| | 2017 | |
|--|---------------------|---------------------------|
| | Fair Value | Average Maturity In Years |
| Investment type: | | |
| Virtus-Seix High Income Fund | \$ 536,765 | 5 |
| DFA Short Term Bond Fund | 712,496 | 3 |
| Vanguard Total Bond Market Index Fund | 899,691 | 8 |
| PIMCO Investment Grade Bond Fund | 1,016,607 | 10 |
| Virtus-Seix Total Return Bond Fund | 1,125,164 | 8 |
| Doubleline Total Return Bond Fund | 1,128,468 | 5 |
| Western Asset Core Plus Bond Fund | 1,154,141 | 13 |
| Blackrock Global Credit Fund | 357,347 | Less than one year |
| Total | <u>\$ 6,930,679</u> | |
| | | |
| | 2016 | |
| | Fair Value | Average Maturity In Years |
| Investment type: | | |
| DFA Short Term Fund | \$ 498,043 | 3 |
| Vanguard Total Bond Market Index Fund | 828,163 | 8 |
| Western Asset Core Plus Bond Fund | 837,821 | 10 |
| PIMCO Investment Grade Bond Fund | 1,039,617 | 11 |
| Ridgeworth Seix Total Return Bond Fund | 1,418,014 | 9 |
| Doubleline Total Return Bond Fund | 1,421,830 | 4 |
| Total | <u>\$ 6,043,488</u> | |

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or a deposit in foreign currency.

At September 30, 2017 and 2016, the Plan was invested in international equity index funds, which had a fair value of approximately \$1,984,801 and \$523,714 and represented 10.59% and 3.14% of the total investments of the Plan, respectively.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 4. Net Pension Liability (Asset)

Net pension liability (asset): The components of the net pension liability (asset) for the Authority at September 30, 2017 and 2016, were as follows:

| | 2017 | 2016 |
|---|----------------|---------------|
| Total pension liability | \$ 17,576,918 | \$ 16,229,956 |
| Plan fiduciary net position | (18,729,870) | (16,699,432) |
| Plan net pension asset | \$ (1,152,952) | \$ (469,476) |
| Plan net position as a percentage of the total pension liability | 107% | 103% |

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2016, and updated procedures were used to roll forward the total pension liability to September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|---|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.5% |
| Investment Rate of Return | 6.3% per year compounded annually, net of investment expenses. |
| Salary Increases | Age Based Rates ranging from 4.5% to 10%, including inflation |
| Mortality | Females: 100% white collar rates for females with generational mortality improvement projections from year 2000 using scale BB. Males: 50% White Collar annuitant/50% Blue Collar annuitant blend of rates from RP-2000 tables for males, with generational improvement projections from year 2000 using scale BB. |
| Date of the Most Recent Experience Study | Other significant actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2001 – September 30, 2011. |
| Discount Rate | 6.3% per year compounded annually, net of investment expenses |

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 4. Net Pension Liability (Asset) (Continued)

The total pension liability was determined by an actuarial valuation as of October 1, 2015, and updated procedures were used to roll forward the total pension liability to September 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|---|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.5% |
| Investment Rate of Return | 6.3% per year compounded annually, net of investment expenses. |
| Salary Increases | Age Based Rates ranging from 4.5% to 10%, including inflation |
| Mortality | Females: 100% white collar rates for females with generational mortality improvement projections from year 2000 using scale BB. Males: 50% White Collar annuitant/50% Blue Collar annuitant blend of rates from RP-2000 tables for males, with generational improvement projections from year 2000 using scale BB. |
| Date of the Most Recent Experience Study | Other significant actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2001 – September 30, 2011. |
| Discount Rate | 6.3% per year compounded annually, net of investment expenses |

The long-term expected rate of return on pension plan investments is developed for each major asset class by weighting the expected future real rates of return by the target asset allocation percentage and adjusting for expected inflation and investment related expenses. Best estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2017 and 2016, are summarized in the following table:

| Asset Class | 2017 | 2016 |
|--------------|--|------|
| | Long-Term Expected Real Rate of Return | |
| Equity | 8.9% | 8.5% |
| Fixed Income | 5.6% | 6.2% |

Discount rate: The discount rate used to measure total pension liability was 6.3%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of September 30, 2017.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

Notes to Financial Statements

Note 4. Net Pension Liability (Asset) (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following table provides the sensitivity of the net pension liability (asset) to changes in the discount rate as of September 30, 2017. In particular, the table presents the net pension liability (asset), if it were calculated using a single discount rate that is one-percentage-point lower (5.3%) or one-percentage-point higher (7.3%) than the current rate:

| | 1% Decrease 5.3% | Current Single Rate Assumption 6.3% | 1% Increase 7.3% |
|-------------------------------|---------------------|---|---------------------|
| Net pension liability (asset) | \$ 449,323 | \$ (1,152,952) | \$ (2,518,793) |

Note 5. Related Party Transactions

The Authority provides use of facilities and personnel services to the Plan at no charge.

Required Supplementary Information (Unaudited)

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

**Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Three Years**

| | 2017 | 2016 | 2015 |
|--|-----------------------|----------------------|----------------------|
| Total pension liability: | | | |
| Service cost | \$ 521,324 | \$ 546,918 | \$ 588,279 |
| Interest cost | 1,024,819 | 940,376 | 888,857 |
| Differences between expected and actual experiences | 491,995 | 288,921 | 97,802 |
| Change in Assumptions | 17,167 | 192,479 | - |
| Benefit payments, including refunds of member contributions | (501,638) | (412,221) | (382,662) |
| Refunds (lump sum payments) | (206,705) | (63,435) | (560,241) |
| Net change in total pension liability | 1,346,962 | 1,493,038 | 632,035 |
| Total pension liability – beginning | 16,229,956 | 14,736,918 | 14,104,883 |
| Total pension liability – ending (a) | \$ 17,576,918 | \$ 16,229,956 | \$ 14,736,918 |
| Plan fiduciary net position: | | | |
| Contributions – employer | \$ 321,190 | \$ 304,785 | \$ 274,355 |
| Contributions – member | 218,494 | 240,380 | 259,613 |
| Net investment income | 2,285,236 | 1,286,545 | (15,283) |
| Benefit payments | (501,638) | (412,221) | (382,662) |
| Refunds (lump sum payments) | (206,705) | (63,435) | (560,241) |
| Administrative expense | (86,139) | (80,498) | (81,338) |
| Net change in plan fiduciary net position | 2,030,438 | 1,275,556 | (505,556) |
| Plan fiduciary net position – beginning | 16,699,432 | 15,423,876 | 15,929,432 |
| Plan fiduciary net position – ending (b) | \$ 18,729,870 | \$ 16,699,432 | \$ 15,423,876 |
| Net pension asset – ending (a) – (b) | \$ (1,152,952) | \$ (469,476) | \$ (686,958) |
| Plan fiduciary net position as a percentage of total pension liability | 107% | 103% | 105% |
| Covered employee payroll | \$ 3,361,452 | \$ 3,698,160 | \$ 3,994,046 |
| Net pension asset as a percentage of covered employee payroll | 34% | 13% | 17% |

Note to Schedule:

This Schedule is presented to illustrate the requirements of GASB 67. Currently, only data for fiscal years ending September 30, 2015 through 2017 are available.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

**Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Last Ten Years**

| Year | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------|------|--------|------|-------|-------|--------|------|------|---------|
| Annual money-weighted rate of return, net of investment expense | 14.0% | 8.3% | (.05)% | 9.6% | 12.4% | 17.1% | (1.1)% | 9.7% | 4.4% | (13.9)% |

Note to Schedule:

This Schedule is presented to illustrate the requirements of GASB 67.

**Department of Off-Street Parking of the City of Miami, Florida
Retirement Plan and Trust**

**Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Last Ten Years**

| Fiscal Year Ending September 30 | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---------------------------------------|---|------------------------|--|--------------------|---|
| 2008 | \$ 406,440 | \$ 406,440 | \$ - | \$ 4,453,987 | 9.1% |
| 2009 | 499,914 | 499,914 | - | 4,865,203 | 10.3% |
| 2010 | 563,281 | 563,281 | - | 4,954,747 | 11.4% |
| 2011 | 460,602 | 460,602 | - | 4,549,854 | 10.1% |
| 2012 | 509,014 | 509,014 | - | 4,434,556 | 11.5% |
| 2013 | 335,123 | 355,123 | - | 4,046,036 | 8.8% |
| 2014 | 349,366 | 349,366 | - | 4,131,508 | 8.5% |
| 2015 | 274,355 | 274,355 | - | 3,994,046 | 6.9% |
| 2016 | 304,785 | 304,785 | - | 3,698,160 | 8.2% |
| 2017 | 321,190 | 321,190 | - | 3,361,452 | 9.6% |

Notes to Schedule:

Valuation Date: October 1, 2016

Actuarially determined contribution rates are calculated as of the beginning of the year in which contributions are reported.

Plan Sponsor Contribution Rate 9.6%

Member Contribution Rate 6.5%

Methods and Assumptions used to determined contribution rates:

| | |
|---------------------------|---|
| Actuarial Cost Method | Aggregate Cost Method |
| Asset Valuation Method | Smoothed market value: Difference between the expected and actual return on market value of assets phased in over a period of 5 years (at the rate of 20% per year), adjusted to be no greater than 120% and no less than 80% of the fair market value |
| Inflation | 2.5% |
| Salary Increases | Age based rates ranging from 4.5% to 10%, including inflation |
| Investment Rate of Return | 6.3% per year compounded annually, net of investment expenses |
| Retirement Age | Experience-based table of rates based on year of eligibility |
| Mortality | Females: 100% white collar rates for females with generational mortality improvement projections from year 2000 using scale BB. Males: 50% White Collar annuitant/50% Blue Collar annuitant blend of rates from RP-2000 tables for males, with generational improvement projections from year 2000 using scale BB. |

This Schedule is presented to illustrate the requirements of GASB 67.

Other Report

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

Independent Auditor's Report

Chairperson and Members of the Board of Directors
Department of Off-Street Parking
City of Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of fiduciary net position of the Department of Off-Street Parking of the City of Miami, Florida, Retirement Plan and Trust (the Plan), which comprise the statement of fiduciary net position as of September 30, 2017, and the statement of changes in fiduciary net position for the year then ended, and related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated January 22, 2018, which contained an unmodified opinion on those financial statements.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Miami, Florida
January 22, 2018