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

Financial Report
Fiscal Year Ended September 30, 2013

McGladrey

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McGladrey

Independent Auditor's Report

To the Board Members
Miami Beach Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Miami Beach Redevelopment Agency, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison schedule for the debt service fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison schedule for the debt service fund 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 budgetary comparison schedule for the debt service fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2014, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

McGladrey LLP

Miami, Florida
April 28, 2014

Management's Discussion and Analysis

The Management's Discussion and Analysis (the "MD&A") of the Miami Beach Redevelopment Agency (the "Agency") is intended to provide an overview of the Agency's position and results of operations for the fiscal year ended September 30, 2013. The MD&A is an element of the reporting model required by the Governmental Accounting Standards Board (the "GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments* issued in 1999. The MD&A should be read in conjunction with the Agency's financial statements, including the accompanying notes, to enhance the understanding of the Agency's financial performance.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by $148.9 million (net position).
- The Agency's net position increased by $19.6 million. The governmental net position increased by $18.6 million and the business-type net position increased by $1.0 million.
- Business Type Activity revenue increased $.6 million and expenses also increased by $.09 million.
- Comparing fiscal year 2013 with 2012, the governmental activities revenue decreased by $2.9 million and expenses decreased by $2.7 million.
- At September 30, 2013 fund balance in the Agency's governmental funds was $65.8. million. This includes $6.9 million restricted in the debt service fund and $41.6 million committed in the capital projects fund.
- The Agency's total long-term liabilities decreased by $5.2 million or 7.8% during the current year. This was a result of the normal maturity of the outstanding City Center bonds. No new debt was issued during the current year.
- The Agency's assets increased by approximately $5.1 million or 2.4%. The increase is attributed to an increase in restricted cash and investments $ 5.8 million or 13%.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the Agency's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements can be found on pages 18 – 20 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

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

The Agency maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, City Center debt service fund, and City Center capital projects fund which are considered to be major funds. For the current fiscal year, the Agency does not have any nonmajor governmental funds.

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 25 – 27 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 28 – 45 of this report. The Agency is considered a component unit of the City of Miami Beach, and as such, the financial information of the Agency is included in the City's Comprehensive Annual Financial Report for the current fiscal year.

Government-Wide Financial Analysis

The table below summarizes the statement of net position:

Summary of Net Position (in thousands)

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Current and other assets	$ 70,872	$ 67,235	$ 20,461	$ 19,114	$ 91,333	$ 86,349
Capital assets	103,713	102,843	26,104	26,875	129,817	129,718
Total assets	174,585	170,078	46,565	45,989	221,150	216,067
Long-term liabilities	61,028	66,247	271	255	61,299	66,502
Other liabilities	10,376	19,238	580	994	10,956	20,232
Total liabilities	71,404	85,485	851	1,249	72,255	86,734
Net position:						
Net invesment in capital assets	103,713	102,843	26,104	26,875	129,817	129,718
Restricted for debt service	6,898	6,772	-	-	6,898	6,772
Unrestricted (deficit)	(7,430)	(25,022)	19,610	17,865	12,180	(7,157)
Total net position	$ 103,181	$ 84,593	$ 45,714	$ 44,740	$ 148,895	$ 129,333

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $148.9 million at September 30, 2013, an increase of $19.6 million or 15.1% from September 30, 2012.

A large portion of the Agency's net position reflects its investment in capital assets $129.8 million (e.g., land, building, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Agency'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 Agency's net position (approximately $6.9 million) represents resources that are subject to external restrictions on how they may be used.

The Agency's net position increased by $19.6 million during the current fiscal year. Governmental activities accounted for an increase of $18.6 million while Business-type accounted for an increase of $1.0 million.

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

The table below summarizes the change in net position:

Summary of Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	$ 200	$ 41	$ 5,030	$ 4,428	$ 5,230	$ 4,469
Capital grants and contributions	-	4,890	-	-	-	4,890
General Revenues:						
Taxes:						
Property taxes	32,072	30,986	-	-	32,072	30,986
Resort taxes	5,561	4,925	-	-	5,561	4,925
Investment earnings	498	373	35	14	533	387
Total revenues	38,331	41,215	5,065	4,442	43,396	45,657
Expenses:						
General government	5,662	7,048	-	-	5,662	7,048
Public safety	3,712	3,391	-	-	3,712	3,391
Physical environment	41	41	-	-	41	41
Transportation	1,131	5,445	-	-	1,131	5,445
Economic environment	3,317	1,606	-	-	3,317	1,606
Culture and recreation	1,775	1,028	-	-	1,775	1,028
Parking-Anchor & Penn. Garage	-	-	3,815	3,416	3,815	3,416
Leases-Anchor & Penn. Shops	-	-	501	806	501	806
Interest on long-term debt	3,882	3,698	-	-	3,882	3,698
Total expenses	19,520	22,257	4,316	4,222	23,836	26,479
Increase in net position before transfers and gain (loss) on sale of capital assets	18,811	18,958	749	220	19,560	19,178
Gain (loss) on sale of Capital Assets	2	5	-	-	2	5
Transfers	(225)	(613)	225	613	-	-
Increase in net position	18,588	18,350	974	833	19,562	19,183
Net position, beginning	84,593	66,243	44,740	43,907	129,333	110,150
Net position, ending	$ 103,181	$ 84,593	$ 45,714	$ 44,740	$ 148,895	$ 129,333

Governmental activities increased the Agency's net position by $18.6 million.

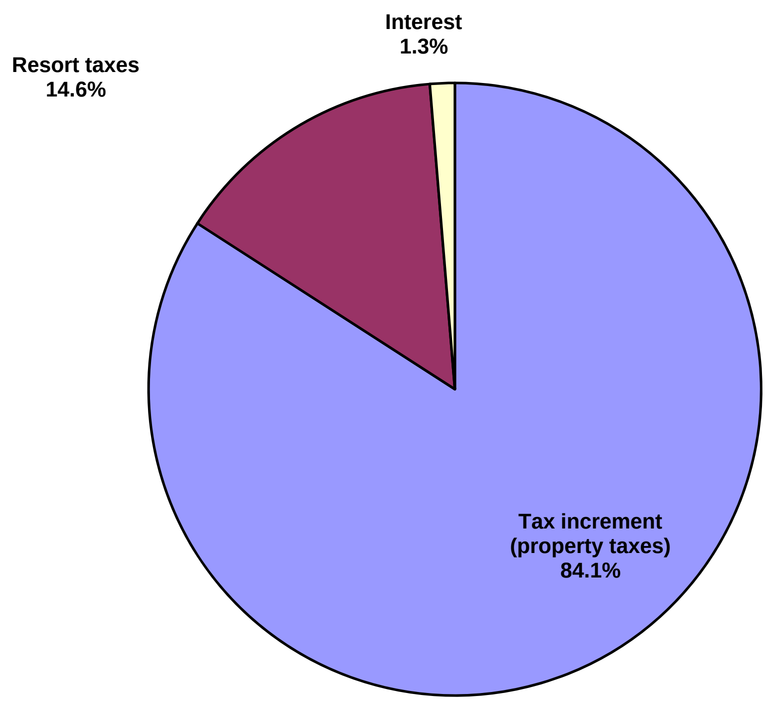
Key elements of the net increase are as follows:

- Total expenses in the governmental activities decreased by a net $2.7 million or 12.3%. Expenses in the governmental activities in fiscal year 2013 totaled $19.5 million as compared to $22.3 million in fiscal year 2012. The general government expenses decreased by $1.4 million as contributions to other organizations previously reported as general government activities are now reported under economic environment. This change also resulted in an increase in expenses under the economic environment line item. Transportation expenses had a net decrease of $4.3 million as the Agency made a one-time transfer of cash in fiscal year 2012 to the City of Miami Beach in repayment for the Sunset Harbor Garage as approved in the Agency's annual capital budget.

- Revenues from governmental activities in fiscal year 2013 totaled $38.3 million, a decrease of $2.9 million from 2012. The decrease is primarily due to a onetime capital contribution of $4.9 million from the primary government parking system fund in fiscal 2012. $.1 million increase in investment earnings offset by an increase of $.6 million in resort tax revenue, and an increase in tax increment revenue of $1.1 million. The increase in tax increment revenue is attributed to an increase in the millage rates of the City and the County.

The following chart shows the amounts of program and general revenues for fiscal year 2013:

Revenues by Source – Governmental Activities
Year Ended September 30, 2013



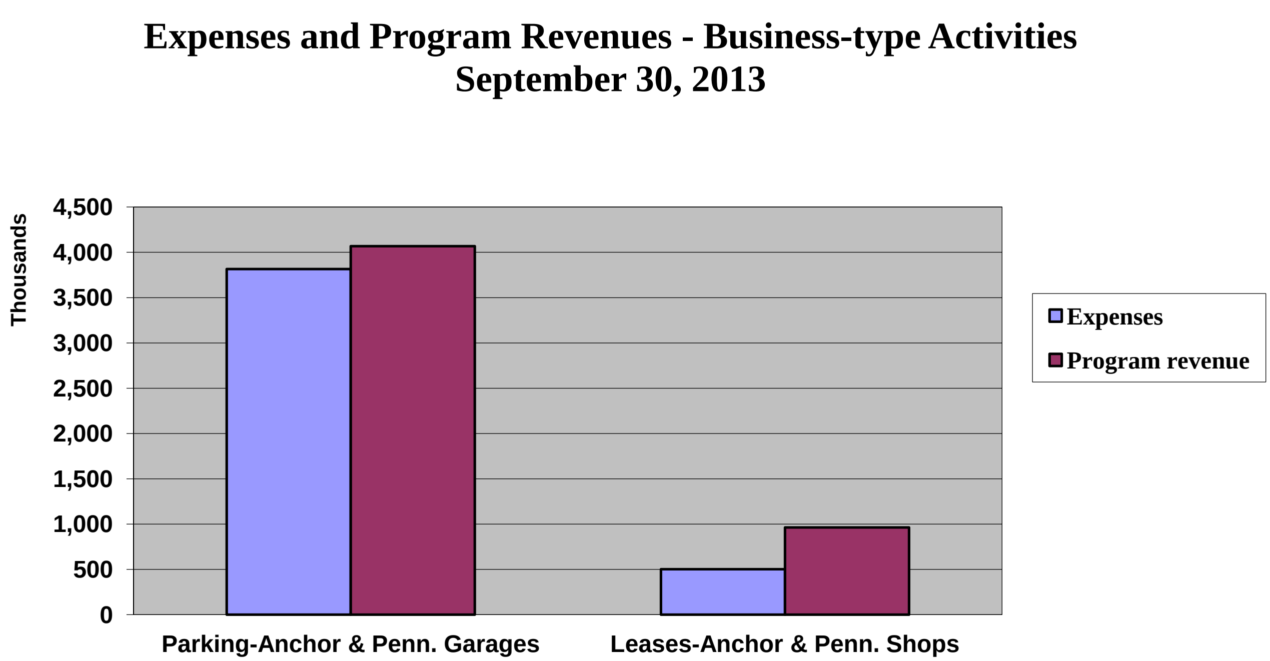
Business-Type Activities

Business-type activities increased the Agency's net position by approximately $1.0 million.

Key elements of this increase are as follows:

- The Parking Garages' net position increased by $.5 million or 1.4%. The garage funds received a transfer from the parking system of $.2 million and increase charges for services of $.4 million.
- Operating expenses in the garages increase by $.4 million, contractual services costs which comprised the largest portion of the increase was $.2 million paid to third party for security services, management services, cleaning services, and ad valorem taxes.
- The Leasing Shops' net position increased by $.5 million or 5.6%. The shops have an increase in permit, rentals and other of $.2 million.
- Operating expenses in the shops had a net decrease of $.3 million over the prior year; contractual service decreased by $.3 million which includes payments for management and leasing fees. The shops also paid administration fees of $.03 million to the general fund to pay for direct and indirect staff support for the agency.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2013:



Financial Analysis of the Governmental Funds

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

	Governmental Funds (in thousands)			
	General	Debt Service City Center	Capital Projects City Center	Total Governmental Funds
Fund balance, September 30, 2012	$ 16,125	$ 6,772	$ 30,158	$ 53,055
Revenues	37,893	-	439	38,332
Expenditures	(11,729)	(9,686)	(3,942)	(25,357)
Other financing sources (uses)	(24,978)	9,812	14,943	(223)
Fund balance, September 30, 2013	$ 17,311	$ 6,898	$ 41,598	$ 65,807

Governmental Funds

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

Total fund balance for the Governmental Funds totaled $65.8 million at September 30, 2013. This is a total increase of $12.8 million or approximately 24.0%.

The general fund is the chief operating fund of the Agency. The fund balance of the Agency's general fund had a net increase by $1.2 million during the current fiscal year. Net increase in the general fund tax increment increase by $1.1 million or 3.5%, tax increments revenue is computed by applying the operating tax rate for the City and Miami-Dade County, Florida, (the County) multiplied by the increased value of property in the district over the base property value minus 5%. Fluctuations in tax increment revenue is based on real estate property values City wide.

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

Resort tax increase by $.6 million or 12.9% based on a half of total 1% room tax collected. Fluctuations in resort tax revenues are completed based on the fluctuation in the rent of room or rooms in any hotel, motel, rooming house or apartment house and vary from one year to another based on the economy.

The agency debt service fund has an increase in net position of $.1 million. Principal and interest payments on the tax increment revenue bonds were $8.4 million, while $1.3 million was transferred to the City to pay other agency related debt. Tax increment revenue transferred from the general fund to pay the debt service was $9.8 million.

The agency capital project fund had a net increased in fund balance of $11.4 million. In FY 2013 the RDA general fund transferred $15 million to the capital project fund based on an approved capital budget amount. Capital expenditures decrease by $4.9 million or 55.6% compared to FY 2012. In fiscal year 2012 a onetime payment of $4.9 million was included in exchange for the purchased of Sunset Harbor Garage.

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

Proprietary Funds

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

The total growth in net position for both proprietary funds was approximately $1.0 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the Agency's business-type activities.

Budgetary Highlights

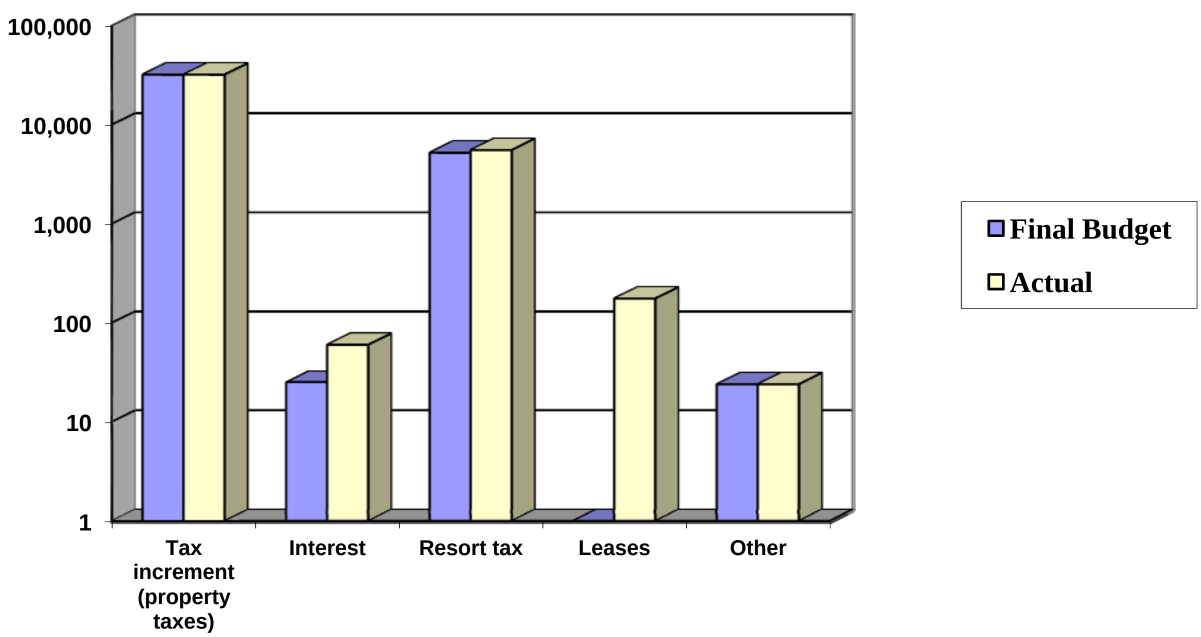
The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

The major variances between the adopted/final budget and actual are the tax increment revenues and the resort tax revenues collected. The variance in resort tax revenue is due to an increase in the collection of resort tax due to an increase in tourism in the City of Miami Beach. The variance in the tax increment collection is due to an increase in the credit taken by both the City of Miami Beach and Miami-Dade County against the tax increment for prior years.

General Fund Revenues

The following charts and tables summarize actual revenues by category for fiscal year 2013 and compares actual revenues with the Adopted/Final Budget:

General Fund Revenues
Fiscal Year 2013
(in thousands)



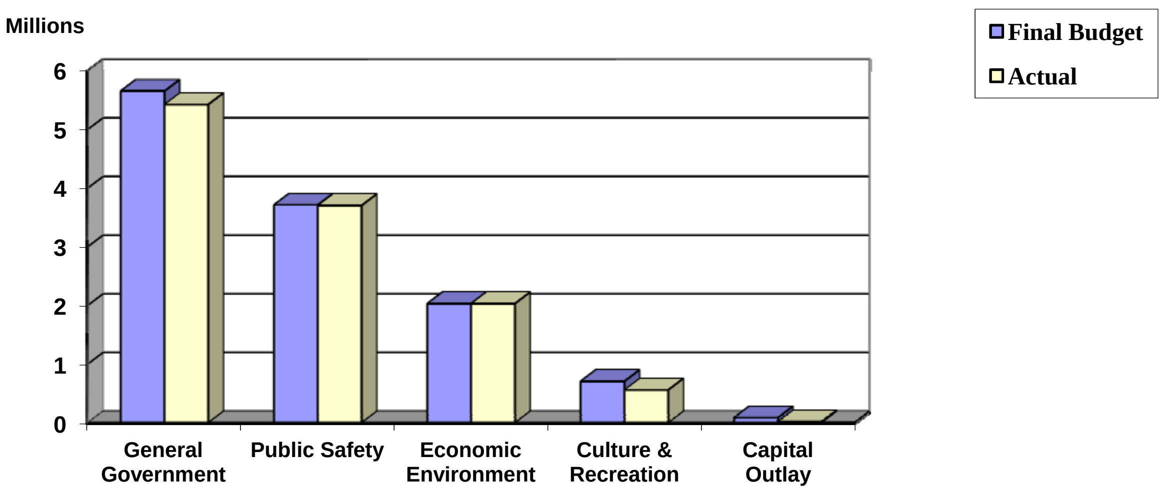
General Fund Revenues
Fiscal Year 2013
(in thousands)

	Final Adopted Budget	Actual Amounts
Revenues:		
Tax increment (property taxes)	$ 32,069	$ 32,072
Resort tax	5,222	5,561
Rents and Leases	-	176
Interest income	25	60
Other	24	24
Total revenues	$ 37,340	$ 37,893

General Fund Expenditures

The following chart and table summarize actual expenditures by function/program for fiscal year 2013 and compare the actual expenditures with the Final Budget:

General Fund Expenditures
Fiscal Year 2013



General Fund Expenditures
Fiscal Year 2013
(in thousands)

	Final Adopted Budget	Actual Amounts
Expenditures:		
General government	$ 5,652	$ 5,424
Public safety	3,711	3,702
Economic Environment	2,029	2,029
Culture and Recreation	704	557
Capital outlay	82	17
Total expenditures	$ 12,178	$ 11,729

Capital Assets and Debt Administration

Capital Assets

The Agency's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to $129.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, vehicles, machinery and equipment, streetscape improvements, restorations and renovations and construction work-in-progress, which are detailed as follows (net of accumulated depreciation):

Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and land improvements	$ 10,818	$ 10,818	$ 3,003	$ 3,003	$ 13,821	$ 13,821
Buildings and structures	21,347	21,311	22,980	23,695	44,327	45,006
Machinery and equipment	15	-	121	65	136	65
Furniture and fixtures	20	4	-	-	20	4
Streetscape improvements	35,012	15,009	-	-	35,012	15,009
Restorations and renovations	27,630	8,132	-	-	27,630	8,132
Construction in progress	8,871	47,569	-	112	8,871	47,681
Totals	$ 103,713	$ 102,843	$ 26,104	$ 26,875	$ 129,817	$ 129,718

The Agency has developed various capital improvement programs to improve the quality of life for the residents of the City of Miami Beach. Recent major projects included the restoration of the City Center Historic District, Collins Park Cultural Center, Beach Restrooms, New World Symphony Park, and Garden Center Renovations. Major on-going projects include streetscape improvements. Additional information on the Agency's capital assets can be found in the notes to the financial statements. Major capital asset events in progress or completed during the current fiscal year include the following:

- Botanical Garden (Garden Center) - Phase II of renovations to the Garden Center includes renovations to the building, entry, patio roof, pergola, maintenance area, site improvements, lighting, signage, planting, irrigation, interior renovations and interior acoustic improvements.
- City Center Right-of-Way Improvement /Convention Center Storm Water Improvement-restoration and enhancement of right-of ways/streetscapes throughout the City Center, including roadway, sidewalks, curb and gutter, landscape, streetscape, irrigation, lighting, potable water, and storm drainage infrastructure as needed.
- New World Symphony Park Project - The partnership between the City and the New World Symphony (the "Symphony") have resulted in the New World Center; a new, state of the art performance and recording facility which opened in February 2011 on City-owned land, with the adjacent City owned 2.85 acre park, SoundScape, which features a 7,000 square foot projection wall on the eastern front of the New World building. Complete with a world-class audio system, ExoStage after dark provides a canvas for video art, music, film and simulcasts of concerts playing inside the New World Center. This facility is a technological wonder designed by celebrity architect Frank Gehry and the first of its kind in the world.

- Miami City Ballet HVAC Replacement- Replacement of 3 rooftop package A/C units.
- Citywide Wayfinding Signage System- Includes citywide wayfinding signage and identification system.
- Multi-Purpose Municipal Parking Facility – A seven level parking facility having 651 parking spaces, approximately 32,000 sq. ft. of commercial office space facing Meridian Avenue and associated site improvements. The project is located on the East side of Meridian Avenue at 17th Street in the City of Miami Beach Florida behind City Hall.
- Bass Museum HVAC Replacement- Includes replacement of rooftop air units.
- Lincoln Road between Collins & Washington- Is designed to address the needs of the commercial and retail area as well as the pedestrian, private and public vehicular access.
- Lincoln Road Mall Fountain, Landscape and Uplighting – Installation of Fountain Pump, Landscape & Lighting Replacement .
- Collins Canal Enhancement Project – Includes the development of the Dade Blvd. Bike path, which is a recreational greenway that will connect to the Venetian Causeway Bike Path and the Beachwalk, as well as seawall restoration for the north bank of the canal. The major bikeway artery will tie into a regional network of planned recreational trails/alternative transportation routes, called the Atlantic Greenway Network, connecting five public parks, eight beach access areas, and seven regional parking facilities in Miami Beach.
- Collins Park Parking Garage – For a new parking facility including commercial space and a parking garage holding aprox. 360 spaces. Current request only includes fees for the A/E services and testing. Potential land acquisition costs related to the purchase of the lot from Amriv. Project is actively being negotiated.
- CCHC Neighborhood Improvements – Historic District- improvements to the stormwater collection and disposal system upgrades, water distribution center upgrades, roadway resurfacing and streetscape enhancements, landscaping, traffic calming installations, additional pedestrian lighting, and enhanced pedestrian linkages.
- Directory Signs in the City Center- Installation of Monument Directory signs within the City Center neighborhood rights of way, in vicinity of City Hall, and on City Hall Campus Buildings to direct residents and visitors to City offices and services.
- Trash Receptacles- Includes the acquisition and installation of additional trash receptacles.
- 24" PVC Sanitary Sewer Improvements- Project includes installing approximately 960 linear feet of 24-inch PVC C905 and 1190 linear feet of 8-inch of PVC C900 pipe and fittings; 7 manholes, traffic control and all ancillary and miscellaneous work.
- 21st Street Recreation Center Repairs – Replacement of worn out carpeting, emergency Lighting & exit Signs, p.a. System and VCT Flooring , also to replace deteriorated materials and non-functioning equipment.
- Little Stage Complex – Includes planning, programming, design, bid and award and construction services. The work includes the demolition of the existing Bandshell, the historic renovation/restoration of the Carl Fisher Club House, the Little Stage Theater, new support facilities, and new site improvements.
- Beach Shower Replacement & Renovation- Replacement of old concrete shower trees with stainless steel trees and installing drain interceptors at various locations.

Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of $66.1 million. This debt was decreased by $5.0 million during the year. This decrease was due to the current year principal payment of $4.9 million.

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

	Governmental Activities	
	2013	2012
Tax increment revenue bonds	$ 66,058	$ 71,050

Economic Factors and Future Developments

Based on the 2013 Certificate of Taxable Value from the Property Appraiser's Office, the preliminary value of property in City Center is actually projected to increase by 7.3% over 2012, marking the third year in a row; values seem to be back on the rise, following two years of decline. However, as in previous years, the City has received correspondence from the County, advising of the finalization of the tax roll for the prior year, which in the case of fiscal year 2012, reflects a slight decrease from the preliminary valuation for the same year and will result in a corresponding adjustment/reduction in TIF revenues totaling $168,000 for fiscal year 2014 vs $3.5 million for fiscal year 2013. Additional sources of revenue include an estimated $5.4 Million in Resort Tax contributions; a ½ mill levy in the amount of $1.8 Million, to be set aside for the Children's Trust pursuant to an Interlocal Agreement, dated August 16, 2004 between the RDA, the City of Miami Beach and Miami-Dade County; and an estimated $25,000 in interest income.

Project-related expenses account for approximately $28 Million which includes $4.2 Million to be allocated for community policing initiatives in City Center to continue to provide enhanced levels of staffing and services throughout the area, and $5 Million for maintenance of RDA capital projects. On-going and planned capital projects in City Center are projected to account for $18.4 Million in the fiscal year 2014 Budget, and generally include allocations for construction of the Collins Park Garage, City/Convention Center Right-of-Way Storm Water Improvements, Lincoln Road Master Plan and improvements to Euclid Avenue. An additional $67,000 is being proposed for capital renewal and replacement projects; including repairs and maintenance to the Colony Theater. Additionally, $305,000, in transfers to the Pennsylvania Avenue Shops and Garage are budgeted to offset the City's costs associated with the retail and parking operations.

Administrative Expenses total $1.9 Million, comprising a management fee of $1,198,000 which is allocated to the General Fund to pay for direct and indirect staff support for the RDA; approximately $650,000 set aside for on-going planning and consulting work related to the Convention Center expansion master plan; and $25,000 for capital renewal and replacement projects under $25,000. It should be noted that the Management Fee allocation is reflective of actual city resources applied to the operation of the RDA, as supported by the RSM McGladrey Cost Allocation Study, dated July 20, 2009. It should further be noted that Administrative and Operating expenses only account for less than three percent (3%) of the total budget, which is well below the 20% threshold level established (and permitted) in the Interlocal Agreement between the City and the County.

The current combined debt service on the 2005 Series Bonds and the Parity Bonds accounts for approximately \$8.55 Million (\$8.4) Million annually. City Center also continues assuming debt service payments on the portion of the Gulf Breeze Loan used to pay for the Bass Museum expansion and renovation, and the portion of the Sunshine State Loan Program used for Lincoln Road improvements, which collectively account for approximately \$1.3 Million. Reserve line item expenditures include those items that, pursuant to the existing Bond Covenants, may only be expended once the annual debt service obligations have been met. These include the County's administrative fees, equivalent to 1.5% of its respective TIF payment; and the corresponding contribution to the City's General Fund, equivalent to 1.5% of the City's share of its TIF payment; and the remittance of the ½ mill tax levy back to the Children's Trust.

Requests for Information

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

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

Statement of Net Position
September 30, 2013

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	$ 18,332,362	$ 18,898,147	$ 37,230,509
Receivables (net):			
Rent	-	211,916	211,916
Accounts receivables	29,997	109,334	139,331
Interest	160,409	-	160,409
Due from primary government	1,111,906	947,226	2,059,132
Prepaid expenses	4,490	23,638	28,128
Total current assets	19,639,164	20,190,261	39,829,425
Noncurrent Assets:			
Restricted cash and investments	50,208,292	270,687	50,478,979
Deferred charges, net	1,024,914	-	1,024,914
Capital assets not being depreciated:			
Land	10,817,763	3,003,282	13,821,045
Construction in progress	8,871,367	-	8,871,367
Capital assets net of accumulated depreciation:			
Buildings and structures	21,346,632	22,980,437	44,327,069
Streetscape improvements	35,012,345	-	35,012,345
Restorations and renovations	27,630,095	-	27,630,095
Vehicles	212	-	212
Machinery and equipment	15,208	120,466	135,674
Furniture and fixtures	19,561	-	19,561
Total noncurrent assets	154,946,389	26,374,872	181,321,261
Total assets	$ 174,585,553	$ 46,565,133	$ 221,150,686

(Continued)

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

Statement of Net Position (Continued)
September 30, 2013

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 735,520	$ 331,862	$ 1,067,382
Retainage payable	1,057,963	-	1,057,963
Accrued expenses	1,188,905	-	1,188,905
Due to other governments	-	193,431	193,431
Due to primary government	2,190,485	4,461	2,194,946
Unearned revenue	-	50,555	50,555
Portion due or payable within one year:			
Accrued compensated absences	78,669	-	78,669
Bonds payable	5,125,000	-	5,125,000
Total current liabilities	10,376,542	580,309	10,956,851
Long-term liabilities:			
Deposits	-	270,687	270,687
Portion due or payable after one year:			
Accrued compensated absences	94,615	-	94,615
Bonds payable	60,933,157	-	60,933,157
Total long-term liabilities	61,027,772	270,687	61,298,459
Total liabilities	71,404,314	850,996	72,255,310
Net Position:			
Net investment in capital assets	103,713,183	26,104,185	129,817,368
Restricted for debt service	6,898,150	-	6,898,150
Unrestricted (Deficit)	(7,430,094)	19,609,952	12,179,858
Total net position	$ 103,181,239	$ 45,714,137	$ 148,895,376

See Notes to Financial Statements.

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

Statement of Activities
Fiscal Year Ended September 30, 2013

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Governmental Activities	Business-Type Activities	Total
Activities:					
Governmental:					
General government	$ 5,662,200	$ 24,103	$ (5,638,097)	$ -	$ (5,638,097)
Public safety	3,712,322	-	(3,712,322)	-	(3,712,322)
Physical environment	40,951	-	(40,951)	-	(40,951)
Transportation	1,131,533	-	(1,131,533)	-	(1,131,533)
Economic environment	3,316,897	-	(3,316,897)	-	(3,316,897)
Culture and recreation	1,774,797	175,639	(1,599,158)	-	(1,599,158)
Interest on long-term debt	3,882,360	-	(3,882,360)	-	(3,882,360)
Total governmental activities	19,521,060	199,742	(19,321,318)	-	(19,321,318)
Business-type:					
Parking – Anchor & Penn. Garages	3,815,054	4,067,700	-	252,646	252,646
Leasing – Anchor & Penn. Shops	501,247	962,850	-	461,603	461,603
Total business-type activities	4,316,301	5,030,550	-	714,249	714,249
Total primary government	$ 23,837,361	$ 5,230,292	(19,321,318)	714,249	(18,607,069)
General revenues:					
Taxes:					
Tax increments for redevelopment districts			32,072,486	-	32,072,486
Resort tax			5,561,188	-	5,561,188
Investment income			498,407	34,687	533,094
Gain on sale of capital assets			2,490	-	2,490
Transfers			(225,055)	225,055	-
Total general revenues			37,909,516	259,742	38,169,258
Changes in net position			18,588,198	973,991	19,562,189
Net position, beginning			84,593,041	44,740,146	129,333,187
Net position, ending			$ 103,181,239	$ 45,714,137	$ 148,895,376

See Notes to Financial Statements.

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

Balance Sheet
Governmental Funds
September 30, 2013

Assets	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Cash and investments	$ 18,332,362	$ 6,898,150	$ 43,310,142	$ 68,540,654
Receivables:				
Accounts receivable	29,997	-	-	29,997
Interest	-	-	160,409	160,409
Due from primary government	1,111,533	-	373	1,111,906
Prepaid expenses	4,490	-	-	4,490
Total assets	$ 19,478,382	$ 6,898,150	$ 43,470,924	$ 69,847,456
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 278,166	$ -	$ 457,354	$ 735,520
Retainage payable	-	-	1,057,963	1,057,963
Accrued expenses	55,827	-	-	55,827
Due to primary government	1,833,058	-	357,427	2,190,485
Total liabilities	2,167,051	-	1,872,744	4,039,795
Fund balances:				
Nonspendable	4,490	-	-	4,490
Restricted	-	6,898,150	-	6,898,150
Committed	-	-	41,586,156	41,586,156
Unassigned	17,306,841	-	12,024	17,318,865
Total fund balances	17,311,331	6,898,150	41,598,180	65,807,661
Total liabilities and fund balances	$ 19,478,382	$ 6,898,150	$ 43,470,924	$ 69,847,456

See Notes to Financial Statements.

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

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2013

Total fund balance – governmental funds		$ 65,807,661
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land	$ 10,817,763	
Construction in progress	8,871,367	
Buildings and structures, net of $2,549,486 accumulated depreciation	21,346,632	
Street improvements, net of $2,160,832 accumulated depreciation	35,012,345	
Restoration and renovations, net of $2,332,082 accumulated depreciation	27,630,095	
Vehicles, net of $117,391 accumulated depreciation	212	
Machinery and equipment, net of $359,206 accumulated depreciation	15,208	
Furniture and fixtures, net of $13,268 accumulated depreciation	19,561	
Total capital assets		103,713,183
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at September 30, 2013 are:		
Accrued interest on bonds	(1,133,078)	
Bonds payable	(65,490,000)	
Premium on bonds payable	(568,157)	
Accrued compensated absences	(173,284)	
Total long-term liabilities		(67,364,519)
Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of net position and amortized over the life of the bonds.		1,024,914
Total net position of governmental activities		$ 103,181,239

See Notes to Financial Statements.

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended September 30, 2013

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Tax increment	$ 32,072,486	$ -	$ -	$ 32,072,486
Resort tax	5,561,188	-	-	5,561,188
Rents and leases	175,639	-	-	175,639
Interest	59,546	42	438,820	498,408
Other	24,103	-	-	24,103
Total revenues	37,892,962	42	438,820	38,331,824
Expenditures:				
Current:				
General government	5,424,069	-	-	5,424,069
Public safety	3,702,342	-	-	3,702,342
Economic environment	2,028,897	1,288,000	-	3,316,897
Culture and recreation	556,556	-	-	556,556
Capital outlay	17,500	-	3,496,718	3,514,218
Debt service:				
Principal	-	4,885,000	-	4,885,000
Interest and fiscal charges	-	3,512,766	445,283	3,958,049
Total expenditures	11,729,364	9,685,766	3,942,001	25,357,131
Excess of revenues over (under) expenditures	26,163,598	(9,685,724)	(3,503,181)	12,974,693
Other financing sources (uses):				
Sale of capital assets	2,490	-	-	2,490
Transfers in	-	9,812,081	14,943,000	24,755,081
Transfers out	(24,980,136)	-	-	(24,980,136)
Total other financing sources (uses)	(24,977,646)	9,812,081	14,943,000	(222,565)
Net change in fund balances	1,185,952	126,357	11,439,819	12,752,128
Fund balances, beginning	16,125,379	6,771,793	30,158,361	53,055,533
Fund balances, ending	$ 17,311,331	$ 6,898,150	$ 41,598,180	$ 65,807,661

See Notes to Financial Statements.

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended September 30, 2013

Net change in fund balances – governmental funds		$ 12,752,128
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital outlay	3,514,218	
Deletions	(153,219)	
Depreciation expense	(2,490,614)	
Excess of deletions and depreciation over capital outlay		870,385
In addition, the net effect of various transactions involving capital assets (i.e., sales) is to decrease net position - transfer to primary government.		
The issuance of long-term debt (e.g., bonds) 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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The statement of net position has been adjusted for transactions as follows:		
Repayments:		
Principal – debt service	4,885,000	
Premium on bonds	107,107	
Cost of issuance	(102,491)	
Total long term-debt retirement and related transactions		4,889,616
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental activities section of the statement of net position:		
Accrued compensated absences		381
Accrued interests on bonds		75,688
Change in net position of governmental activities		$ 18,588,198

See Notes to Financial Statements.

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

Statement of Net Position
Enterprise Funds
September 30, 2013

	Business-Type Activities Enterprise Funds		
Assets	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	$ 12,017,025	$ 6,881,122	$ 18,898,147
Receivables:			
Rent, net of allowance		211,916	211,916
Accounts receivable	109,334	-	109,334
Due from primary government	748,955	198,271	947,226
Prepaid expenses	7,000	16,638	23,638
Total current assets	12,882,314	7,307,947	20,190,261
Noncurrent Assets:			
Restricted cash and investments	14,189	256,498	270,687
Capital assets:			
Land	2,793,052	210,230	3,003,282
Buildings and structures	28,086,521	2,052,692	30,139,213
Machinery and equipment	329,072	9,404	338,476
Less accumulated depreciation	(6,821,114)	(555,672)	(7,376,786)
Total capital assets (net of accumulated depreciation)	24,387,531	1,716,654	26,104,185
Total noncurrent assets	24,401,720	1,973,152	26,374,872
Total assets	37,284,034	9,281,099	46,565,133
Liabilities and Net Position			
Current Liabilities:			
Accounts payable	330,394	1,468	331,862
Due to other governments	125,065	68,366	193,431
Due to primary government	4,461	-	4,461
Unearned revenue	50,555	-	50,555
Total current liabilities	510,475	69,834	580,309
Noncurrent Liabilities:			
Deposits	14,189	256,498	270,687
Total noncurrent liabilities	14,189	256,498	270,687
Total liabilities	524,664	326,332	850,996
Net Position			
Net investment in capital assets	24,387,531	1,716,654	26,104,185
Unrestricted	12,371,839	7,238,113	19,609,952
Total net position	$ 36,759,370	$ 8,954,767	$ 45,714,137

See Notes to Financial Statements.

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

Statement of Revenues, Expenses and Changes in Fund Net Position –
Enterprise Funds
Fiscal Year Ended September 30, 2013

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Operating revenues:			
Charges for services	$ 3,530,426	$ -	$ 3,530,426
Permits, rentals and other	537,274	962,850	1,500,124
Total operating revenues	4,067,700	962,850	5,030,550
Operating expenses:			
Operating supplies	117,978	-	117,978
Contractual services	2,165,385	320,012	2,485,397
Utilities	105,285	-	105,285
Administrative fees	342,287	35,232	377,519
Depreciation	735,761	67,247	803,008
Other	348,358	78,756	427,114
Total operating expenses	3,815,054	501,247	4,316,301
Operating income	252,646	461,603	714,249
Transfers In	225,055	-	225,055
Interest income	21,540	13,147	34,687
Total nonoperating revenues	246,595	13,147	259,742
Changes in net position	499,241	474,750	973,991
Total net position, beginning	36,260,129	8,480,017	44,740,146
Total net position, ending	$ 36,759,370	$ 8,954,767	$ 45,714,137

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

Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended September 30, 2013

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 3,449,856	$ 83,862	$ 3,533,718
Cash paid to suppliers	(2,352,861)	(331,151)	(2,684,012)
Payments made to primary government	(1,470,899)	(535,186)	(2,006,085)
Other operating	537,274	962,850	1,500,124
Net cash provided by operating activities	163,370	180,375	343,745
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(31,826)	-	(31,826)
Net cash used in capital and related financing activities	(31,826)	-	(31,826)
Cash Flows From NonCapital Financing Activities:			
Transfers In	225,055	-	225,055
Net cash provided by financing activities	225,055	-	225,055
Cash Flows From Investing Activities:			
Interest on investments	21,540	13,146	34,686
Net cash provided by investing activities	21,540	13,146	34,686
Net increase in cash and investments	378,139	193,521	571,660
Cash and investments – beginning of year	11,653,075	6,944,099	18,597,174
Cash and investments – end of year	$ 12,031,214	$ 7,137,620	$ 19,168,834
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	$ 252,646	$ 461,603	$ 714,249
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	735,761	67,247	803,008
Provisions for uncollectible accounts	1,095	(114,559)	(113,464)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(92,764)	188,649	95,885
Increase in due from primary government	(576,283)	(191,555)	(767,838)
Decrease in prepaid expenses	-	9,503	9,503
Increase in accounts payable	39,473	(5,394)	34,079
Increase (Decrease) in due to other governments	(1,837)	(2,910)	(4,747)
Increase in due to primary government	(205,820)	(241,981)	(447,801)
Increase in unearned revenue	9,845	-	9,845
Increase in deposits	1,254	9,772	11,026
Total adjustments	(89,276)	(281,228)	(370,504)
Net cash provided by operating activities	$ 163,370	$ 180,375	$ 343,745

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

The City provides the Agency facilities for its operations.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. The government-wide focus is more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. The Agency's program revenue consists of charges to customers or applicants, who purchase use or directly benefit from goods, services or privileges provided by a given functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The Agency reports the following major governmental funds:

- The general fund is the general operating fund of the Agency. All financial resources, except those required to be accounted for in another fund, are accounted for in the general fund.

- The City Center debt service fund is used to account for the accumulation of resources for the payment of general long-term debt, principal, interest and related costs associated with the City Center District.

- The City Center capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities within the City Center District.

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

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

The Agency reports the following major proprietary funds:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity

1. Capital Assets

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

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

Assets	Threshold	Years
Land & other nondepreciable assets	Capitalize All	N/A
Construction work in progress	$ 100,000	N/A
Building and building improvements	100,000	35-50
Roads, Sidewalks, Foot Bridges, and Curbs & Streets	100,000	10-30
Causeways, Bridges, Canals, and Drainage Systems	100,000	50
Guard rails, Noise abatement, Alley and Seawalls, boardwalk, walkways	100,000	30
Furniture and Equipment	5,000	7
Maintenance and Heavy Moving Equip.	5,000	15
Motor Vehicles	5,000	5
Motor Vehicles (Greater than $50,000)	50,000	10

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

2. Cash and Investments

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

3. Prepaid Items

Expenditures made for services that will benefit periods beyond September 30, 2013 are recorded as prepaid expenses in the government-wide statements. Accordingly, a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. Fund Equity/Net Position

Fund Equity:

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

a. Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
b. Restricted Fund Balance – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
c. Committed Fund Balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. The commission adopts a City resolution, which includes the amount to be committed and the reason for the commitment. Only an adopted resolution by the Commission can establish, modify or rescind the commitment.
d. Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. These amounts are approved and committed by the City commission subsequent to September 30, 2013. The balance also includes encumbrances assigned for goods and services.
e. Unassigned Fund Balance – Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Net Position:

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

Note 1. Summary of Significant Accounting Policies (Continued)

5. Estimates

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

6. Risk Management

The City, which includes coverage for the Agency, is self-insured for health insurance, automobile liability, general liability, police professional liability, workers' compensation, theft and property damage. The Agency is charged a premium fee by the City's self-insurance fund. The Agency does not retain any risk beyond premiums paid to the City. For fiscal year ended September 30, 2013, the City charged the Agency $392,833 for health insurance, automobile liability, general liability, police professional liability and workers' compensation coverage.

7. Employee Benefit Plan

The following is a brief description of the Agency employees' participation in the Miami Beach Employees' Retirement Plan and the City's Pension Fund for Firefighter's and Police (the "Plans"). Readers should refer to Note I parts 3 (a) and (b) of the City's 2013 Comprehensive Annual Financial Report and Plan documents for detailed and comprehensive information on the Plans.

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

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

Based on a percentage of budgeted salary by position per department, the Agency is allocated a proportionate share of contributions by the City and hence contributes annually to the Plans. Contributions for 2013 were $970,947. At September 30, 2013 the Agency did not have a net pension obligation or a net pension asset.

Note 1. Summary of Significant Accounting Policies (Continued)

8. Post Employment Benefits Other Than Pensions (OPEB)

Government Accounting Standards Board (GASB Statement No. 45), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), was effective for the Agency beginning with its year ending September 30, 2008. This Statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan.

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. This coverage extends to Agency employees.

The City has the authority to establish and amend funding policy. The annual cost (expense) of the City's Plan is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years.

The Agency's Annual Required Contribution (ARC) to the OPEB Trust for the fiscal year ended September 30, 2013 was based on an actuarially determined amount for the City. The Agency was allocated its equitable share of the ARC based on its covered payroll. The Agency contributed $191,323 to the OPEB Trust. At September 30, 2013, the Agency did not have a net OPEB obligation or a net OPEB asset. Readers should refer to Note I part 3 (e) of the City's 2013 Comprehensive Annual Financial Report for detailed and comprehensive information on OPEB.

9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as debt service expenditures.

Note 1. Summary of Significant Accounting Policies (Continued)

10. New accounting standard adopted

On October 1, 2012, the Agency adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 63 establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (residual amount of the other elements). The statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the Agency's financial statements was the renaming of "Net Assets" to "Net Position", including changing the name of the financial statement from "Statement of Net Assets" to "Statement Net Position".

Note 2. Deposits and Investments

Deposits

All deposits are held in banking institutions approved by the State Treasurer of the State of Florida, to hold public funds. Under the Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statutes. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

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

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

Investments are made based on prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved by the sale of an investment, prior to maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting its exposure to fair value losses, the Agency's investment policy limits maturity of its investments to seven years or less. At September 30, 2013, all of the Agency's investments had a maturity of 5 years or less.

Note 2. Deposits and Investments (Continued)

As of September 30, 2013, the Agency had the following investments and maturities:

Investment Type		Fair Value		Investment Maturities (in years) Less Than 1		1-5
U.S. Treasury Securities	$	57,898,015	$	16,331,748	$	41,566,267
Money Market Funds		6,824,651		6,824,651		
Repurchase Agreements - U.S. Treasuries		4,811,916		4,811,916		
	$	69,534,582	$	27,968,315	$	41,566,267

Credit risk: This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. State law limits investments in commercial paper and corporate bonds rated in one of the top two ratings issued by the Nationally Recognized Statistical Rating Organization ("NRSRO"). It is the Agency's policy to limit its investments in these investment types to the top rating issued by the NSRSO. As of September 30, 2013, the Agency had no investments in commercial paper or corporate bonds.

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

As of September 30, 2013 the Agency's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's		Fair Value
Money Market Fund	U.S. Government	AA+	Aaa	$	6,824,651
				$	6,824,651

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

Note 2. Deposits and Investments (Continued)

The Agency's cash and investments at September 30, 2013 are shown below:

	Carrying Amount	% of Portfolio
Demand Deposits - interest bearing	$ 18,196,812	20.75%
Money market fund	6,824,651	7.78
Repurchase agreements	4,811,916	5.49
Treasury securities	57,876,111	65.98
	$ 87,709,490	100.00%

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

Note 3, Capital Assets

Capital asset activities for the year ended September 30, 2013 were as follows:

A. Governmental activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 10,817,763	$ -	$ -	$ 10,817,763
Construction in progress	47,569,068	3,496,718	42,194,419	8,871,367
Total capital assets not being depreciated	58,386,831	3,496,718	42,194,419	19,689,130
Capital assets, being depreciated:				
Buildings and structures	23,348,539	547,579	-	23,896,118
Streetscape improvements	16,205,673	21,135,160	167,656	37,173,177
Restorations/renovations	9,469,252	20,492,925	-	29,962,177
Vehicles	228,270	-	110,667	117,603
Machinery and equipment	356,914	17,500	-	374,414
Furniture and fixtures	14,074	18,755	-	32,829
Total capital assets being depreciated	49,622,722	42,211,919	278,323	91,556,318
Less accumulated depreciation for:				
Buildings and structures	2,037,277	512,209	-	2,549,486
Streetscape improvements	1,196,954	978,315	14,437	2,160,832
Restorations/renovations	1,337,728	994,354	-	2,332,082
Vehicles	227,775	283	110,667	117,391
Machinery and equipment	356,914	2,292	-	359,206
Furniture and fixtures	10,107	3,161	-	13,268
Total accumulated depreciation	5,166,755	2,490,614	125,104	7,532,265
Total capital assets, being depreciated, net	44,455,967	39,721,305	153,219	84,024,053
Governmental activities capital assets, net	$ 102,842,798	$ 43,218,023	$ 42,347,638	$ 103,713,183

Note 3. Capital Assets (Continued)

B. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 3,003,282	$ -	$ -	$ 3,003,282
Construction in progress	112,701	-	112,701	-
Total capital assets, not being depreciated	3,115,983	-	112,701	3,003,282
Capital assets, being depreciated:				
Buildings and structures	30,107,384	31,829	-	30,139,213
Machinery and equipment	225,775	112,701	-	338,476
Total capital assets being depreciated	30,333,159	144,530	-	30,477,689
Less accumulated depreciation for:				
Buildings and structures	6,412,776	746,003	(3)	7,158,776
Machinery and equipment	160,999	57,011	-	218,010
Total accumulated depreciation	6,573,775	803,014	(3)	7,376,786
Total capital assets, being depreciated, net	23,759,384	(658,484)	(3)	23,100,897
Business-type activities capital assets, net	$ 26,875,367	$ (658,484)	$ 112,698	$ 26,104,185

Note 3. Capital Assets (Continued)

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

Governmental activities:	
General government	$ 252,824
Public safety	283
Physical environment	40,951
Transportation	978,315
Culture and recreation	1,218,241
Total deprecation expense - governmental activities	$ 2,490,614
Business-type activities:	
Parking	$ 735,761
Leasing	67,247
Total deprecation expense - business-type activities	$ 803,008

Note 4. Construction Commitments

The Agency had the following construction commitments as of September 30, 2013:

City Center Capital Projects	$	5,794,552
Anchor Garage		113,077
	$	5,907,629

Note 5. Tenant Leases

The Agency serves as the lessor for the tenants leasing various retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2021. For leases that contain predetermined fixed escalations of the minimum rentals, the Agency recognizes the related rental revenue on the straight-line basis over the initial lease term. Future minimum lease payments to be received under the operating leases at September 30, 2013 are as follows:

Year Ending September 30,		
2014	$	855,881
2015		375,233
2016		177,263
2017		110,520
2018		110,520
2019 and thereafter		248,670
	$	1,878,087

The following schedule provides an analysis of the Agency's investment in property under operating leases and property held for lease by major classes as of September 30, 2013:

Parking Facilities	$	4,889,763
Retail Space		2,052,692
Recreational Facilities		5,431,489
Less: Accumulated Depreciation		(1,629,902)
	$	10,744,042

Note 6. Tax Increment Revenue Bonds

On July 1, 1998, the Agency issued $29,105,000 (Series 1998A) and $9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the funds, which include: (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were issued with interest rates of 3.60% and 5.20% payable semiannually on each June 1 and December 1, and matured serially through December 1, 2008 at which time they were paid off in full. The bonds are subject to a trust indenture, which requires

Note 6. Tax Increment Revenue Bonds (Continued)

that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The bonds were issued for the development and construction of certain areas within the Redevelopment Area. Specifically, these projects include certain public areas of the Loews Miami Beach Hotel, development of the Anchor Garage, acquisition of property for the development and construction of the Royal Palm Crowne Plaza Resort Hotel, acquisition of property for development and construction of a portion of the cultural center facilities and additional public improvements within the Redevelopment Area. The Series 1998A and 1998B tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax-increment revenue refunding bonds on September 22, 2005. The Series 1998A bonds had a remaining outstanding principal balance, after the refunding, of $10,000,000 at September 30, 2013.

On September 22, 2005, the Agency issued $51,440,000 (Series 2005A) and $29,330,000 (Series 2005B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the funds, which include: (a) the net trust fund revenue received by the Agency from the Redevelopment Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 2005A bonds were issued with interest rates of 4.31% to 5.22% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The Series 2005B bonds were issued with interest rates of 3.25% to 5.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution.

The Agency has pledged net revenues received from the City Center/ Historic Convention Village Redevelopment and Revitalization Area and the Agency's portion of the proceeds from the municipal resort tax levied and collected by the City for the 1998 Series Tax Increment Revenue Bonds and 2005 Series Tax Increment Revenue Refunding Bonds. For the fiscal year ended September 30, 2013, debt service on the tax increment bonds was $8,397,766 and tax increment revenues totaled $32,072,486 and net customer revenues were $5,519,567. Remaining outstanding principal and interest is $84,220,759.

Note 6. Tax Increment Revenue Bonds (Continued)

The aggregate maturities of tax increment revenue bonds at September 30, 2013 are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	$ 5,125,000	$ 3,278,739	$ 8,403,739
2015	5,375,000	3,039,103	8,414,103
2016	5,635,000	2,773,056	8,408,056
2017	5,935,000	2,465,324	8,400,324
2018	6,270,000	2,133,380	8,403,380
2019-2023	37,150,000	5,041,157	42,191,157
	65,490,000	18,730,759	84,220,759
Add unarmortized bond premium	568,157	-	568,157
	$ 66,058,157	$ 18,730,759	$ 84,788,916

Note 7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Revenue Bonds	$ 70,375,000	$ -	$ 4,885,000	$ 65,490,000	$ 5,125,000
Add: Series 2005B Premium	683,107	-	108,402	574,705	-
Less: Series 1998A Discount	7,843	-	1,295	6,548	-
Total bonds payable	71,050,264	-	4,992,107	66,058,157	5,125,000
Compensated absences	173,665	-	381	173,284	78,669
Govermental activity long-term liabilities	$ 71,223,929	$ -	$ 4,992,488	$ 66,231,441	$ 5,203,669
Business-type activities:					
Tenant deposits	259,661	61,102	46,555	274,208	-
Business-type activity long-term liabilities	$ 259,661	$ 61,102	$ 46,555	$ 274,208	$ -

Note 8. Tax Increment Revenue

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

Note 9. Related-Party Transactions

The Agency obtains certain managerial and administrative services from the Primary Government in accordance with a management agreement. The Agency incurred $1,649,701 of management-fee expense under this agreement for the year ended September 30, 2013. Presented below are the Agency's balances outstanding at September 30, 2013, resulting from other transactions with the Primary Government. The majority of the balance due to the primary government represents sanitation and property management expenses incurred by the City on behalf of the Agency as well as community policing overtime due to the City. The majority of the balance due from the primary government represents the remaining resort tax proceeds due to the Agency for fiscal year 2013.

Related-party transactions for the year ended September 30, 2013 are as follows:

Governmental funds:	
Due from the primary government to:	
General fund	$ 1,111,533
Capital Projects fund	373
	$ 1,111,906
Due to the primary government from:	
General fund	$ 1,833,058
Capital projects fund	357,427
	$ 2,190,485
Business-type activities:	
Due from the primary government from:	
Enterprise funds – parking fund	$ 748,955
Enterprise funds – leasing fund	198,271
	$ 947,226
Due to the primary government from:	
Enterprise funds – parking fund	$ 4,461
	$ 4,461

Note 10. Interfund Transfers

Interfund transfers for the year ended September 30, 2013 consisted of the following:

Government funds:	
Transfers from the general fund to:	
Debt service	$ 9,812,081
Capital projects	14,943,000
Total transfers from the general fund	$ 24,755,081
Enterprise funds:	
Transfers from the general fund to:	
Parking Fund	$ 225,055
Total transfers from the general fund	$ 225,055

Transfers are used to: (1) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them, and (2) move receipts restricted for debt services from the funds collecting the receipts to the debt service fund.

Note 11. Receivables

Receivable at September 30, 2013 for the Agency's governmental and enterprise funds are as follows:

	Governmental Activities	
	General	Total
Receivables:		
Accounts	$ 29,997	$ 29,997
Gross receivable	29,997	29,997
Net receivables	$ 29,997	$ 29,997

	Business-Type Activities		
	Parking Funds	Leasing Funds	Total
Receivables:			
Rent	$ -	$ 391,874	$ 391,874
Accounts	110,429	-	110,429
Gross receivable	110,429	391,874	502,303
Less allowance for uncollectible	1,095	179,958	181,053
Net receivables	$ 109,334	$ 211,916	$ 321,250

Note 12. Governmental Fund – Fund Balance

Below is a table of fund balance categories and classifications at September 30, 2013 for the Agency's governmental funds:

	General Fund	Debt Service	Capital Projects
Non-spendable:			
Prepaids	$ 4,490	$ -	$ -
Restricted:			
Debt Service	-	6,898,150	-
Committed:			
Economic Environment	-	-	2,955,729
General Public Facility	-	-	14,168,438
Parks	-	-	36,132
Streets/Sidewalks	-	-	23,316,382
Transit	-	-	1,109,475
Assigned:			
Unassigned:	17,306,841	-	12,024
Total Fund Balance	$ 17,311,331	$ 6,898,150	$ 41,598,180

Note 13. Contingencies

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

Requests for Information

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

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)
UNAUDITED

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2013
(Unaudited)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:				
Tax increment	$ 32,074,000	$ 32,069,405	$ 32,072,486	$ 3,081
Resort tax	4,684,000	5,221,848	5,561,188	339,340
Rents and leases	-	-	175,639	175,639
Interest	13,000	24,644	59,546	34,902
Other	-	24,103	24,103	-
Total revenues	36,771,000	37,340,000	37,892,962	552,962
Expenditures:				
General government	5,147,740	5,651,611	5,424,069	227,542
Public safety	3,741,000	3,711,000	3,702,342	8,658
Economic environment	2,034,000	2,029,405	2,028,897	508
Culture and recreation	763,000	704,169	556,556	147,613
Capital outlay	34,260	81,760	17,500	64,260
Total expenditures	11,720,000	12,177,945	11,729,364	448,581
Excess of revenues over expenditures	25,051,000	25,162,055	26,163,598	1,001,543
Other financing sources (uses):				
Sale of capital assets	-	-	2,490	2,490
Operating transfers out	(25,051,000)	(25,162,055)	(24,980,136)	181,919
Total other financing sources (uses)	(25,051,000)	(25,162,055)	(24,977,646)	184,409
Net change in fund balance	-	-	1,185,952	1,185,952
Fund balance, beginning	16,125,379	16,125,379	16,125,379	-
Fund balance, ending	$ 16,125,379	$ 16,125,379	$ 17,311,331	$ 1,185,952

See Accompanying Notes to Required Supplementary Information.

Notes to Budgetary Comparison Schedule
September 30, 2013 (Unaudited)

Note 1. Budgetary Policy

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

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

There was one (1) supplemental budgetary appropriations during fiscal year ended September 30, 2013.

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

SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule
Debt Service Fund
Year Ended September 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:				
Interest	$ -	$ -	$ 42	$ 42
Total revenues	-	-	42	42
Expenditures:				
Economic environment	1,288,000	1,288,000	1,288,000	-
Debt Service:				
Principal	4,885,000	4,885,000	4,885,000	-
Interest	3,513,000	3,513,000	3,512,766	234
Other	17,000	17,000	-	17,000
Total expenditures	9,703,000	9,703,000	9,685,766	17,234
Excess of revenues over expenditures	(9,703,000)	(9,703,000)	(9,685,724)	17,276
Other financing sources:				
Operating transfers in	9,703,000	9,703,000	9,812,081	109,081
Total other financing sources	9,703,000	9,703,000	9,812,081	109,081
Net change in fund balance	-	-	126,357	126,357
Fund balance, beginning	6,771,793	6,771,793	6,771,793	-
Fund balance, ending	$ 6,771,793	$ 6,771,793	$ 6,898,150	$ 126,357

OTHER REPORT

McGladrey

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

The Board Members
Miami Beach Redevelopment Agency
Miami Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida, (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements, and have issued our report thereon dated April 28, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

McGladrey LLP

Miami, Florida
April 28, 2014