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

Financial Report
Fiscal Year Ended September 30, 2014

PREPARED BY

THE FINANCE DEPARTMENT

Table of Contents

Independent Auditor's Report	1 - 2
Management's discussion and analysis (Unaudited)	3 – 16
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	17 – 18
Statement of activities	19
Fund financial statements:	
Governmental funds:	
Balance sheet	20
Reconciliation of governmental funds balance sheet to the statement of net position	21
Statement of revenues, expenditures and changes in fund balances	22
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	23
Enterprise funds:	
Statement of net position	24
Statement of revenues, expenses and changes in fund net position	25
Statement of cash flows	26
Notes to financial statements	27 – 45
Required supplementary information (unaudited):	
Budgetary comparison schedule – general fund	47
Notes to budgetary comparison schedule	48
Supplementary information:	
Budgetary comparison schedule – debt service fund	50
Other Reports:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	52 – 53
Schedule of Findings	54 – 55
Management Letter	56 – 57
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	58

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Miami Beach Redevelopment Agency, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statement present only the Agency and do not purport to, and do not, present fairly the financial position of the City of Miami Beach, Florida as of September 30, 2014, the changes in its financial position, or where applicable its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 1 (11) to the financial statements, in March 2012, the GASB issued GASB Statement 65, *Items Previously Reported as Assets and Liabilities.* The provisions of this Statement are effective for the City's fiscal year ended September 30, 2014, with earlier application being encouraged. The City has implemented this statement retroactively for their fiscal year ended September 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. As a result, net position was restated as of October 1, 2013 for the cumulative effect of the application of this pronouncement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-16 and 47-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. The budgetary comparison schedule for the debt service fund has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
March 30, 2015

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, 2014. 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 $171.8 million (net position).
- The Agency's net position increased by $23 million. The governmental net position increased by $20.6 million and the business-type net position increased by $2.4 million.
- Business Type Activity revenue increased $1.1 million and expenses decreased by $.07 million.
- Comparing fiscal year 2014 with 2013, the governmental activities revenue increased by $5.9 million and expenses increased by $2.7 million.
- At September 30, 2014 fund balance in the Agency's governmental funds was $75.1 million. This includes $7.0 million restricted in the debt service fund and $52.5 million committed in the capital projects fund.
- The Agency's total long-term liabilities decreased by $5.5 million or 8.9% 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 $17.8 million or 8%. The increase is attributed to an increase in restricted cash and investments $ 11.0 million or 21.8% and an increase in current capital assets, net of accumulated depreciation of $ 7.0 million or 5.1%.

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 17 – 19 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 24 – 26 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 27 – 45 of this report. The Agency is considered a component unit of the City of Miami Beach, Florida and as such, the financial information of the Agency is included in the City's Comprehensive Annual Financial Report for the current fiscal year.

Government-Wide Financial Analysis

The table below summarizes the statement of net position:

Summary of Net Position (in thousands)

	Governmental Activities 2014	Governmental Activities 2013	Business-Type Activities 2014	Business-Type Activities 2013	Total 2014	Total 2013
Current and other assets	$ 78,973	$ 70,872	$ 23,450	$ 20,461	$ 102,423	$ 91,333
Capital assets	110,780	103,713	25,722	26,104	136,502	129,817
Total assets	189,753	174,585	49,172	46,565	238,925	221,150
Long-term liabilities	55,561	61,028	254	271	55,815	61,299
Other liabilities	10,411	10,376	801	580	11,212	10,956
Unearned revenue			52		52	
Total liabilities	65,972	71,404	1,107	851	67,079	72,255
Net position:						
Net invesment in capital assets	109,987	103,713	25,722	26,104	135,709	129,817
Restricted for debt service	7,029	6,898	-	-	7,029	6,898
Unrestricted (Deficit)	6,765	(7,430)	22,343	19,610	29,108	12,180
Total net position	$ 123,781	$ 103,181	$ 48,065	$ 45,714	$ 171,846	$ 148,895

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 $171.8 million at September 30, 2014, an increase of $23 million or 15.4% from September 30, 2013.

An additional portion of the Agency's net position (approximately $7.0 million) represents resources that are subject to external restrictions on how they may be used.

The Agency's net position increased by $23 million during the current fiscal year. Governmental activities accounted for an increase of $20.6 million while Business-type accounted for an increase of $2.4 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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	$ 66	$ 200	$ 6,088	$ 5,030	$ 6,154	$ 5,230
Capital grants and contributions	635	-	-	-	635	-
General Revenues:						
Taxes:						
Property taxes	37,457	32,072	-	-	37,457	32,072
Resort taxes	5,886	5,561	-	-	5,886	5,561
Investment earnings	326	498	79	35	405	533
Unrealized Loss on Investment	(177)	-	-	-	(177)	-
Miscellaneous legal fees	113	-	-	-	113	-
Total revenues	44,306	38,331	6,167	5,065	50,473	43,396
Expenses:						
General government	5,607	5,662	-	-	5,607	5,662
Public safety	4,099	3,712	-	-	4,099	3,712
Physical environment	41	41	-	-	41	41
Transportation	2,434	1,131	-	-	2,434	1,131
Economic environment	3,997	3,317	-	-	3,997	3,317
Culture and recreation	3,019	1,775	-	-	3,019	1,775
Parking-Anchor & Penn. Garage	-	-	3,779	3,815	3,779	3,815
Leases-Anchor & Penn. Shops	-	-	463	501	463	501
Interest on long-term debt	3,060	3,882	-	-	3,060	3,882
Total expenses	22,257	19,520	4,242	4,316	26,499	23,836
Increase in net position before transfers and gain (loss) on sale of capital assets	22,049	18,811	1,925	749	23,974	19,560
Gain (Loss) on sale of Capital Assets	2	2	-	-	2	2
Transfers	(426)	(225)	426	225	-	-
Increase in net position	21,625	18,588	2,351	974	23,976	19,562
Net position, beginning as restated	102,156	84,593	45,714	44,740	147,870	129,333
Net position, ending	$ 123,781	$ 103,181	$ 48,065	$ 45,714	$ 171,846	$ 148,895

Governmental activities increased the Agency's net position by $20.6 million.

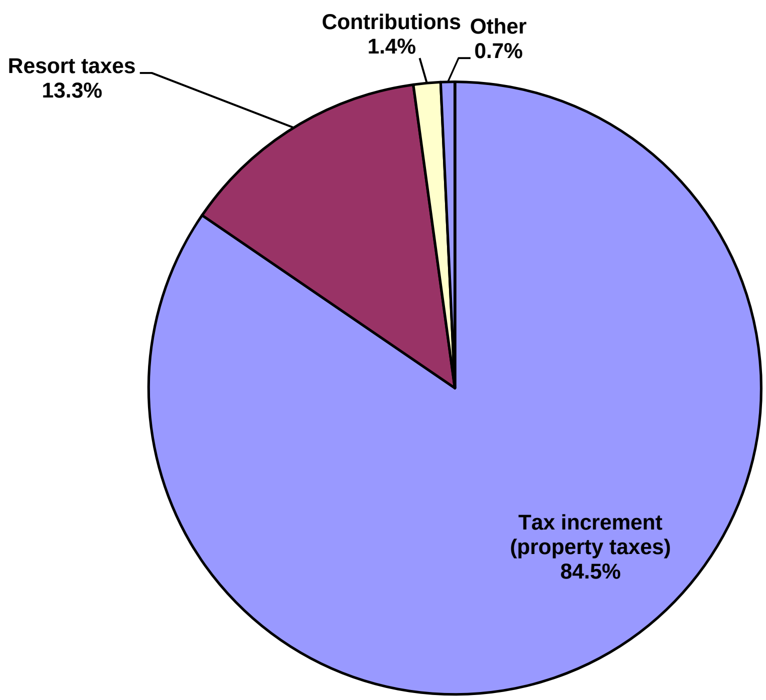
Key elements of the net increase are as follows:

- Total expenses in the governmental activities increased by a net $2.7 million or 14%. Expenses from governmental activities in fiscal 2014 total $ 22.2 million and included an increase in transportation of $1.3 mainly due to a capital contribution to the parking system fund of $.6 and an increase in Culture and Recreation of $.1 million.

- Revenues from governmental activities in fiscal year 2014 totaled $44.3 million, an increase of $5.9 million from 2013. The increase is primarily in tax increment revenue of $5.4 million.

The following chart shows the amounts of program and general revenues for fiscal year 2014:

Revenues by Source – Governmental Activities
Year Ended September 30, 2014



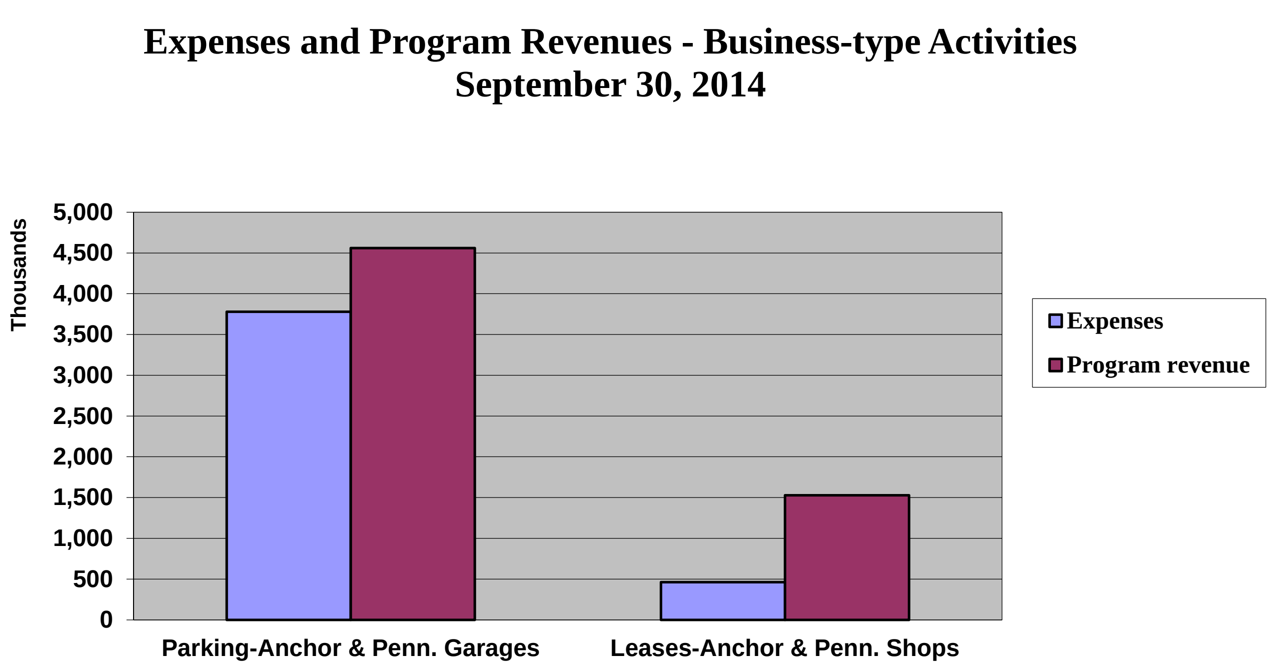
Business-Type Activities

Business-type activities increased the Agency's net position by approximately $2.4 million.

Key elements of this increase are as follows:

- The Parking Garages' net position increased by $1.0 million or 2.7%. The garage funds received a transfer from the governmental operating fund of $.1 million and increase charges for services of $.5 million.
- Operating expenses in the garages decreased by $.03 million, contractual services costs which comprised the largest portion of the expenses 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 $1.4 million or 15.39%. The shops have an increase in permit, rentals and other of $.6 million and also received a capital contribution from the governmental capital fund of $.3 million
- Operating expenses in the shops had a net decrease of $.04 million over the prior year; contractual service decreased by $.02 million which includes payments for management and leasing fees. The shops had an increased in administration fees of $.016 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 2014:



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, 2013	$ 17,311	$ 6,898	$ 41,598	$ 65,807
Revenues	43,674	-	174	43,848
Expenditures	(19,858)	(9,775)	(4,794)	(34,427)
Other financing sources (uses)	(25,628)	9,905	15,582	(141)
Fund balance, September 30, 2014	$ 15,499	$ 7,028	$ 52,560	$ 75,087

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 $75.0 million at September 30, 2014. This is a total increase of $9.3 million or approximately 14.1%.

The general fund is the chief operating fund of the Agency. The fund balance of the Agency's general fund had a net decrease of $1.8 million during the current fiscal year. Net increase in the general fund tax increment by $5.4 million or 16.8%, 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 $.3 million or 5.8% 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 and Tax increment revenue transferred from the general fund to pay the debt service was $9.9 million.

The agency capital project fund had a net increase in fund balance of $10.9 million. In FY 2014 the RDA general fund transferred $16 million to the capital project fund based on an approved capital budget amount. Capital expenditures decrease by $1.1 million or 32.1% compared to FY 2013.

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 $2.4 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

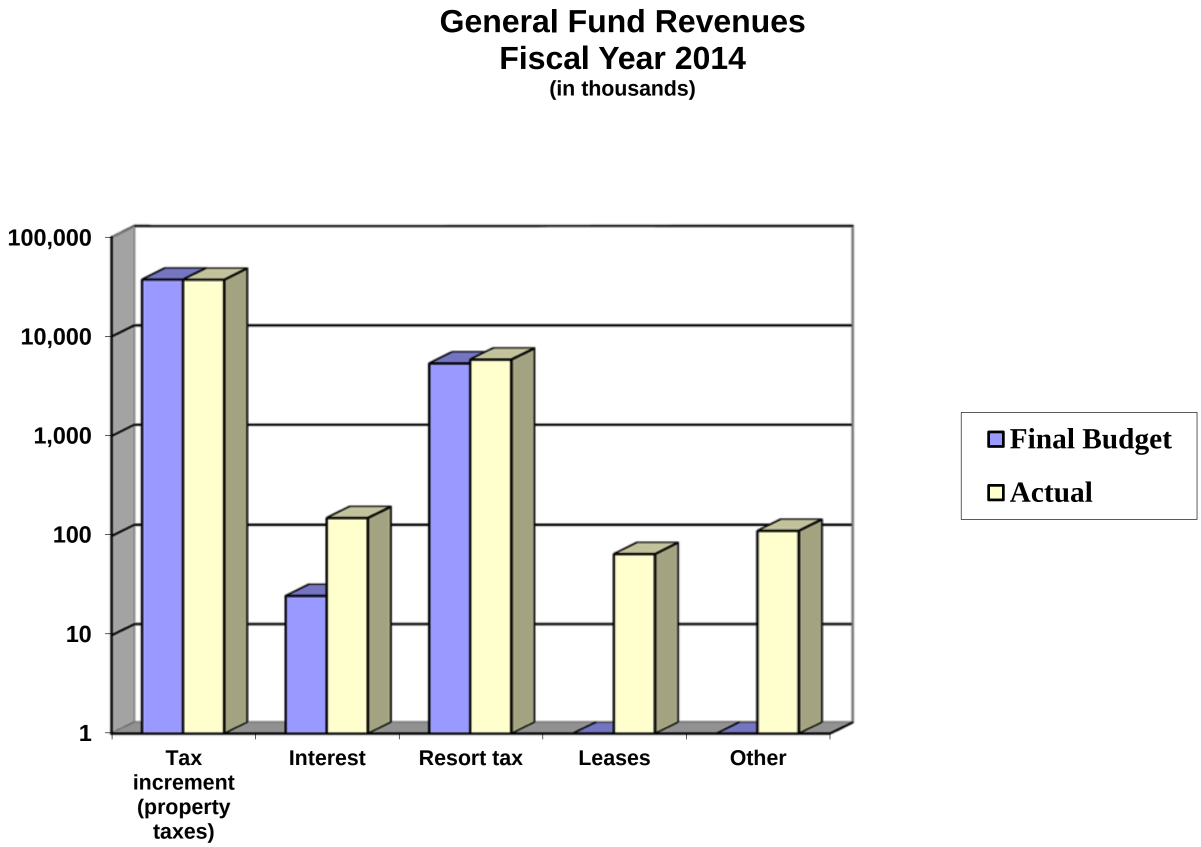
The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

The major variance between the adopted/final budget and actual is the resort tax revenues collected. Fluctuations in resort tax revenues are completely based on the fluctuation in the sales of the above item and vary from one year to another based on the economy and tourism. Pursuant to Section 5.03 of the Miami Beach Code, fifty percent (50%) of the additional one percent (1%) Resort Tax collected on the rent of any hotel, motel, or apartment house is allocated to the Miami Beach Redevelopment Agency (RDA) for debt service related to bonds issued by the RDA.

Actual expenditures were $19,858 million; $.5 million less than budgeted mainly in the General Government function due to less than anticipated professional services costs.

General Fund Revenues

The following charts and tables summarize actual revenues by category for fiscal year 2014 and compares actual revenues with the Adopted/Final Budget:



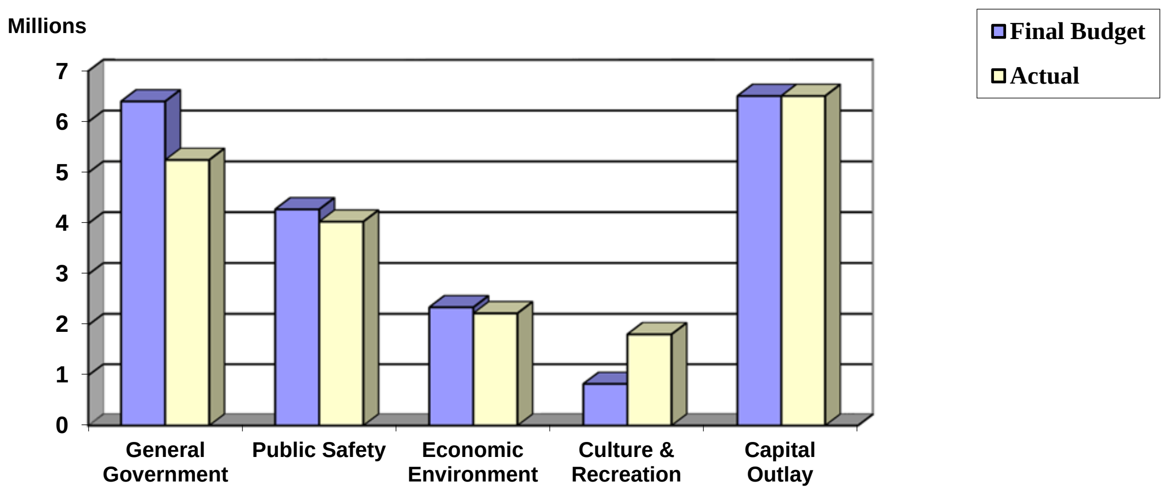
General Fund Revenues
Fiscal Year 2014
(in thousands)

	Final Adopted Budget	Actual Amounts
Revenues:		
Tax increment (property taxes)	$ 37,589	$ 37,457
Resort tax	5,386	5,886
Rents and Leases	-	66
Interest income	25	152
Other	-	113
Total revenues	$ 43,000	$ 43,674

General Fund Expenditures

The following chart and table summarize actual expenditures by function/program for fiscal year 2014 and compare the actual expenditures with the Final Budget:

General Fund Expenditures
Fiscal Year 2014



General Fund Expenditures
Fiscal Year 2014
(in thousands)

	Final Adopted Budget	Actual Amounts
Expenditures:		
General government	$ 6,405	$ 5,253
Public safety	4,281	4,038
Economic Environment	2,353	2,235
Culture and Recreation	832	1,821
Capital outlay	6,511	6,511
Total expenditures	$ 20,382	$ 19,858

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, 2014 amounts to $136.5 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	
	2014	2013	2014	2013	2014	2013
Land and land improvements	$ 10,818	$ 10,818	$ 3,003	$ 3,003	$ 13,821	$ 13,821
Buildings and structures	21,387	21,347	22,630	22,980	44,017	44,327
Machinery and equipment	179	15	89	121	268	136
Furniture and fixtures	514	20	-	-	514	20
Streetscape improvements	34,922	35,012	-	-	34,922	35,012
Restorations and renovations	27,012	27,630	-	-	27,012	27,630
Construction in progress	15,948	8,871	-	-	15,948	8,871
Totals	$ 110,780	$ 103,713	$ 25,722	$ 26,104	$ 136,502	$ 129,817

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

- The City Center Right of Way (ROW) BP9A Infrastructure Improvement includes improvements to the stormwater collection and disposal system upgrade, water distribution system upgrades, roadway resurfacing and streetscape enhancements, landscaping, traffic calming installations, additional pedestrian lighting, and enhanced pedestrian linkages.

- The City Center Right of Way (ROW) BP9B Infrastructure Improvement Project includes the restoration and enhancement of right-of-ways/streetscapes throughout City Center, including roadway, sidewalk, curb and gutter, landscape, streetscape irrigation, lighting, potable water, and storm drainage infrastructure as needed.

- Collins Park Parking Garage is going to be a new parking facility which will accommodate approximately 470 parking spaces and 17,000 sf of ground floor retail space.

- Lincoln Road Master Plan Study is to determine needed improvements for Lincoln Road considering the Convention Center District Plan, change uses of Lincoln Road, intensity of uses, Planning/defining connections with other adjacent or nearby urban assets and long-term maintenance of Lincoln Road.

- Colony Theater Roof Maintenance and repairs to include coating the upper backstage roof.

- Bass Museum Interior Space Expansion to house additional gallery space and other amenities.

Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of $60.8 million. This debt was decreased by $5.0 million during the year. This decrease was due to the current year principal payment of $5.1 million.

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

	Governmental Activities	
	2014	2013
Tax increment revenue bonds	$ 60,834	$ 66,058

Economic Factors and Future Developments

Since its success in attracting two convention-quality hotels, the Redevelopment Agency has been focusing its efforts on a number of initiatives aimed at upgrading the area's infrastructure, streets and parks, alleviating traffic and parking congestion and encouraging the production and presentation of arts and cultural activities in the area. In 2003, the Redevelopment Agency amended its Redevelopment Plan for City Center to specifically address these objectives in the context of the New World Symphony's expansion plans involving the 17th Street surface lots and the resulting impact to the Convention Center and businesses in the area.

To this end, the Redevelopment Agency's mission is to coordinate, implement and fund the Plan's objectives and to compliment the City's established vision:

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

The Redevelopment Agency's objective over the next five years shall focus on the planning and implementation of capital projects associated with, but not limited to the Master Plan for the expansion of the Convention Center, upgrading streetscapes and related infrastructure throughout City Center and increasing the inventory of parking facilities, including the pending construction of a new 450-space parking garage to be located on 23rd street and Collins Avenue, designed by world-renowned architect Zaha Hadid. The RDA shall also continue to fund public service enhancements provided for under the Community Policing Program as well as ensure the on-going maintenance of capital assets funded with TIF. It should be noted that that a majority of the capital enhancements set forth in the Redevelopment Plan and the 2002 Amendment thereto, have been completed and/or are currently underway, including the City Center Right-of-Way improvements, the City Hall Expansion Garage, the Collins Park improvements and the development of the 17th Street surface lots into the New World Campus.

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, 2014

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	$ 16,849,114	$ 22,756,866	$ 39,605,980
Receivables (net):			
Rent	-	364,290	364,290
Accounts receivables	10,625	-	10,625
Interest	183,657	-	183,657
Due from primary government	737,604	18,269	755,873
Prepaid expenses	-	4,483	4,483
Total current assets	17,781,000	23,143,908	40,924,908
Noncurrent Assets:			
Restricted cash and investments	61,191,775	305,496	61,497,271
Capital assets not being depreciated:			
Land	10,817,763	3,003,282	13,821,045
Construction in progress	15,947,527	-	15,947,527
Capital assets net of accumulated depreciation:			
Buildings and structures	21,387,254	22,630,331	44,017,585
Streetscape improvements	34,921,929	-	34,921,929
Restorations and renovations	27,012,121	-	27,012,121
Machinery and equipment	179,112	88,611	267,723
Furniture and fixtures	514,328	-	514,328
Total noncurrent assets	171,971,809	26,027,720	197,999,529
Total assets	$ 189,752,809	$ 49,171,628	$ 238,924,437

(Continued)

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

Statement of Net Position (Continued)
September 30, 2014

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 1,519,251	$ 219,579	$ 1,738,830
Retainage payable	792,909	-	792,909
Accrued expenses	1,049,887	441,166	1,491,053
Due to other governments	-	114,950	114,950
Due to primary government	1,536,403	25,180	1,561,583
Portion due or payable within one year:			
Accrued compensated absences	137,757	-	137,757
Bonds payable	5,375,000	-	5,375,000
Total current liabilities	10,411,207	800,875	11,212,082
Long-term liabilities:			
Deposits	-	254,001	254,001
Portion due or payable after one year:			
Accrued compensated absences	101,887	-	101,887
Bonds payable	55,459,006	-	55,459,006
Unearned Revenue		51,495	51,495
Total long-term liabilities	55,560,893	305,496	55,866,389
Total liabilities	65,972,100	1,106,371	67,078,471
Net Position:			
Net investment in capital assets	109,987,125	25,722,224	135,709,349
Restricted for debt service	7,028,932	-	7,028,932
Unrestricted	6,764,652	22,343,033	29,107,685
Total net position	$ 123,780,709	$ 48,065,257	$ 171,845,966

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, 2014

	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Activities:						
Governmental:						
General government	$ 5,607,069	$ -	$ -	$ (5,607,069)	$ -	$ (5,607,069)
Public safety	4,098,600	-	-	(4,098,600)	-	(4,098,600)
Physical environment	40,951	-	-	(40,951)	-	(40,951)
Transportation	2,434,039	-	634,530	(1,799,509)	-	(1,799,509)
Economic environment	3,997,672	-	-	(3,997,672)	-	(3,997,672)
Culture and recreation	3,019,075	66,465	-	(2,952,610)	-	(2,952,610)
Interest on long-term debt	3,059,544	-	-	(3,059,544)	-	(3,059,544)
Total governmental activities	22,256,950	66,465	634,530	(21,555,955)	-	(21,555,955)
Business-type:						
Parking – Anchor & Penn. Garages	3,779,401	4,560,878	-	-	781,477	781,477
Leasing – Anchor & Penn. Shops	462,519	1,527,048	-	-	1,064,529	1,064,529
Total business-type activities	4,241,920	6,087,926	-	-	1,846,006	1,846,006
Total primary government	$ 26,498,870	$ 6,154,391	$ 634,530	(21,555,955)	1,846,006	(19,709,949)
General revenues:						
Taxes:						
Tax increments for redevelopment districts				37,456,562	-	37,456,562
Resort tax				5,885,927	-	5,885,927
Investment income				326,178	78,849	405,027
Unrealized Loss on Investment				(176,809)	-	(176,809)
Gain on sale of capital assets				1,915	-	1,915
Miscellaneous				112,831	-	112,831
Transfers				(426,265)	426,265	-
Total general revenues				43,180,339	505,114	43,685,453
Changes in net position				21,624,384	2,351,120	23,975,504
Net position, beginning as restated. See Note 13				102,156,325	45,714,137	147,870,462
Net position, ending				$ 123,780,709	$ 48,065,257	$ 171,845,966

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, 2014

Assets	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Cash and investments	$ 16,849,114	$ 7,028,932	$ 54,162,843	$ 78,040,889
Receivables:				
Accounts receivable	10,625	-	-	10,625
Interest	-	-	183,657	183,657
Due from primary government	737,604	-	-	737,604
Total assets	$ 17,597,343	$ 7,028,932	$ 54,346,500	$ 78,972,775
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 1,209,555	$ -	$ 309,696	$ 1,519,251
Retainage payable	-	-	792,909	792,909
Accrued expenses	36,853	-	-	36,853
Due to primary government	851,973	-	684,430	1,536,403
Total liabilities	2,098,381	-	1,787,035	3,885,416
Fund balances:				
Restricted	-	7,028,932	-	7,028,932
Committed	-	-	52,559,465	52,559,465
Assigned	7,525,395	-	-	7,525,395
Unassigned	7,973,567	-		7,973,567
Total fund balances	15,498,962	7,028,932	52,559,465	75,087,359
Total liabilities and fund balances	$ 17,597,343	$ 7,028,932	$ 54,346,500	$ 78,972,775

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, 2014

Total fund balance – governmental funds		$ 75,087,359
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	15,947,527	
Buildings and structures, net	21,387,254	
Street improvements, net	34,921,929	
Restoration and renovations, net	27,012,121	
Machinery and equipment, net	179,112	
Furniture and fixtures, net	514,328	
Total capital assets, net		110,780,034
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 but rather is recognized as an expenditure when due. All liabilities, current and long-term, are reported in the statement of net position. Balances at September 30, 2014 are:		
Accrued interest on bonds	(1,013,034)	
Bonds payable	(60,365,000)	
Premium on bonds payable	(469,006)	
Accrued compensated absences	(239,644)	
Total long-term liabilities		(62,086,684)
Total net position of governmental activities		$ 123,780,709

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, 2014

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Tax increment	$ 37,456,562	$ -	$ -	$ 37,456,562
Resort tax	5,885,927	-	-	5,885,927
Rents and leases	66,465	-	-	66,465
Interest	151,810	748	173,620	326,178
Other	112,831	-	-	112,831
Total revenues	43,673,595	748	173,620	43,847,963
Expenditures:				
Current:				
General government	5,253,374	-	-	5,253,374
Public safety	4,037,998	-	-	4,037,998
Economic environment	2,234,710	1,371,346	391,616	3,997,672
Transportation	-	-	634,530	634,530
Culture and recreation	1,820,796	-	-	1,820,796
Capital outlay	6,511,117	-	3,591,380	10,102,497
Debt service:				
Principal	-	5,125,000	-	5,125,000
Interest and fiscal charges	-	3,278,739	176,809	3,455,548
Total expenditures	19,857,995	9,775,085	4,794,335	34,427,415
Excess of revenues over (under) expenditures	23,815,600	(9,774,337)	(4,620,715)	9,420,548
Other financing sources (uses):				
Sale of capital assets	1,915	-	-	1,915
Transfers in	-	9,905,119	15,582,000	25,487,119
Transfers out	(25,629,884)	-	-	(25,629,884)
Total other financing sources (uses)	(25,627,969)	9,905,119	15,582,000	(140,850)
Net change in fund balances	(1,812,369)	130,782	10,961,285	9,279,698
Fund balances, beginning	17,311,331	6,898,150	41,598,180	65,807,661
Fund balances, ending	$ 15,498,962	$ 7,028,932	$ 52,559,465	$ 75,087,359

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, 2014

Net change in fund balances – governmental funds		$ 9,279,698
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	10,102,497	
Contribution to proprietary fund	(283,500)	
Contribution from primary government	634,530	
Adjustments	(7,200)	
Depreciation expense	(3,379,476)	
Excess of deletions and depreciation over capital outlay		7,066,851
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	5,125,000	
Premium on bonds (Included with interest expense)	99,151	
Total long term-debt retirement and related transactions		5,224,151
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental activities section of the statement of net position:		
Increase in Accrued compensated absences		(66,360)
Decrease in Accrued interests on bonds		120,044
Change in net position of governmental activities		$ 21,624,384

See Notes Financial Statements.

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

Statement of Net Position
Enterprise Funds
September 30, 2014

	Business-Type Activities Enterprise Funds		
Assets	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	$ 14,578,738	$ 8,178,128	$ 22,756,866
Receivables:			
Rent, net of allowance	118,863	245,427	364,290
Due from primary government	14,456	3,813	18,269
Prepaid expenses	-	4,483	4,483
Total current assets	14,712,057	8,431,851	23,143,908
Noncurrent Assets:			
Restricted cash and investments	58,005	247,491	305,496
Capital assets:			
Land	2,793,052	210,230	3,003,282
Buildings and structures	28,206,138	2,336,192	30,542,330
Machinery and equipment	338,532	9,404	347,936
Less accumulated depreciation	(7,547,145)	(624,179)	(8,171,324)
Total capital assets (net of accumulated depreciation)	23,790,577	1,931,647	25,722,224
Total noncurrent assets	23,848,582	2,179,138	26,027,720
Total assets	38,560,639	10,610,989	49,171,628
Liabilities and Net Position			
Current Liabilities:			
Accounts payable	219,579	-	219,579
Accrued expenses	441,166	-	441,166
Due to primary government	85,811	29,139	114,950
Due to other government	23,558	1,622	25,180
Unearned revenue	51,495	-	51,495
Total current liabilities	821,609	30,761	852,370
Noncurrent Liabilities:			
Deposits	6,510	247,491	254,001
Total noncurrent liabilities	6,510	247,491	254,001
Total liabilities	828,119	278,252	1,106,371
Net Position			
Net investment in capital assets	23,790,577	1,931,647	25,722,224
Unrestricted	13,941,943	8,401,090	22,343,033
Total net position	$ 37,732,520	$ 10,332,737	$ 48,065,257

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, 2014

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Operating revenues:			
Charges for services	$ 4,018,948	$ -	$ 4,018,948
Permits, rentals and other	541,930	1,527,048	2,068,978
Total operating revenues	4,560,878	1,527,048	6,087,926
Operating expenses:			
Operating supplies	1,865	-	1,865
Contractual services	2,362,634	300,894	2,663,528
Utilities	121,500	-	121,500
Administrative fees	363,000	51,000	414,000
Depreciation	726,031	68,507	794,538
Other	204,371	42,118	246,489
Total operating expenses	3,779,401	462,519	4,241,920
Operating income	781,477	1,064,529	1,846,006
Capital contribution	-	283,500	283,500
Transfers In	142,765	-	142,765
Interest income	48,908	29,941	78,849
Total nonoperating revenues	191,673	313,441	505,114
Changes in net position	973,150	1,377,970	2,351,120
Total net position, beginning	36,759,370	8,954,767	45,714,137
Total net position, ending	$ 37,732,520	$ 10,332,737	$ 48,065,257

See Notes to Financial Statements.

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

Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended September 30, 2014

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Cash Flows From Operating Activities:			
Receipts received from customers	$ 4,002,680	$ (42,518)	$ 3,960,162
Payments to suppliers	(2,138,953)	(310,703)	(2,449,656)
Payments made for interfund services used	137,276	84,231	221,507
Receipts for other operating revenue	541,930	1,527,048	2,068,978
Net cash provided by operating activities	2,542,933	1,258,058	3,800,991
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(129,077)	-	(129,077)
Net cash used in capital and related financing activities	(129,077)	-	(129,077)
Cash Flows From NonCapital Financing Activities:			
Transfers In	142,765	-	142,765
Net cash provided by financing activities	142,765	-	142,765
Cash Flows From Investing Activities:			
Interest on investments	48,908	29,941	78,849
Net cash provided by investing activities	48,908	29,941	78,849
Net increase in cash and investments	2,605,529	1,287,999	3,893,528
Cash and investments – beginning of year	12,031,214	7,137,620	19,168,834
Cash and investments – end of year	$ 14,636,743	$ 8,425,619	$ 23,062,362
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	$ 781,477	$ 1,064,529	$ 1,846,006
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	726,031	68,507	794,538
Provisions for uncollectible accounts	1,367	184,400	185,767
Changes in assets and liabilities:			
(Increase) decrease in receivables	(10,896)	(217,911)	(228,807)
(Increase) decrease in due from primary government	734,499	194,458	928,957
(Increase) decrease in prepaid expenses	7,000	12,155	19,155
Increase (decrease) in accounts payable	(110,815)	(1,468)	(112,283)
Increase (decrease) in accrued expenses	441,166	-	441,166
Increase (decrease) in due to other governments	19,097	1,622	20,719
Increase (Decrease) in due to primary government	(39,254)	(39,227)	(78,481)
Increase (decrease) in deposits	(7,679)	(9,007)	(16,686)
Increase (decrease) in unavailable other revenue	940	-	940
Total adjustments	1,761,456	193,529	1,954,985
Net cash provided by operating activities	$ 2,542,933	$ 1,258,058	$ 3,800,991
Non-Cash Transactions affecting financial position:			
Capital contributions	-	$ 283,500	-

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 , Deferred Outflows/Inflows of Resources and Net Position/Fund Balance or Equity

1. Capital Assets

Capital assets, which include property, vehicles, machinery, furniture and fixtures, are reported in the applicable governmental or business-type columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost as described below, and an estimated useful life in excess of one year. Such assets are recorded at historical costs or 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, 2014 are recorded as prepaid expenses in the government-wide statements and proprietary fund statements. Accordingly, a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

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. 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.
b. 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.
c. Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. This balance may also include amounts approved and committed by the City commission subsequent to September 30, 2014. The balance also includes encumbrances assigned for goods and services.
d. 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.

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, 2014, the City charged the Agency $240,900 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"). Pursuant to Modification 29 of the Florida State Social Security Agreement, effective January 1, 1955, the City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. Instead, it provides eligible employees a comprehensive defined benefit pension. The City of Miami Beach does participate in the hospital insurance tax, also known as Medicare and withholds taxes accordingly. Readers should refer to Note IV of the City's 2014 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 2014 were $946,000. At September 30, 2014 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, 2014 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 $197,318 to the OPEB Trust. At September 30, 2014, the Agency did not have a net OPEB obligation or a net OPEB asset. Readers should refer to Note IV (f) of the City's 2014 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 are recorded as additions to or deductions from the related debt and amortized in interest expense over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as debt service expenditures.

10. Deferred Outflows/Inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency does not have items that qualify for reporting in this category for the fiscal year ending September 30, 2014.

Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency does not have any item that qualifies for reporting in this category for the fiscal year ending September 30, 2014.

11. New accounting standard adopted

On October 1, 2013, the City adopted Statement No. 65, Items Previously Reported as Assets and Liabilities. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements, deferred outflows of resources, and deferred inflows of resources to ensure consistency in financial reporting. With the exception of prepaid insurance, debt issuance costs related to services provided for the issuance of new debt should be expensed as incurred. As such, prior period adjustments of $1,024,914 were recorded in the Government-wide statement to account for the balances from the prior year.

Note 2. Deposits and Investments

<u>Deposits</u>

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.

<u>Investments</u>

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.

<u>Interest rate risk</u>: 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.

Note 2. Deposits and Investments (Continued)

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, 2014, all of the Agency's investments had a maturity of 5 years or less.

As of September 30, 2014, the Agency had the following investments and maturities:

		Investment Maturities (in years)	
Investment Type	Fair Value	Less Than 1	1-5
U.S. Treasury Securities	$ 77,619,926	$ 19,225,828	$ 58,394,098
Money Market Funds	6,954,777	6,954,777	
Repurchase Agreements - U.S. Treasuries	5,357,626	5,357,626	
	$ 89,932,329	$ 31,538,231	$ 58,394,098

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, 2014, 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, 2014 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	$ 6,954,777
				$ 6,954,777

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, 2014 are shown below:

	Carrying Amount	% of Portfolio
Demand Deposits - interest bearing	$ 11,234,241	11.11%
Money market fund	6,954,777	6.88
Repurchase agreements	5,357,626	5.30
Treasury securities	77,556,607	76.71
	$ 101,103,251	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, 2014 were as follows:

A. Governmental activities

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 10,817,763	$ -	$ -	$ 10,817,763
Construction in progress	8,871,367	9,742,548	2,666,388	15,947,527
Total capital assets not being depreciated	19,689,130	9,742,548	2,666,388	26,765,290
Capital assets, being depreciated:				
Buildings and structures	23,896,118	502,896	-	24,399,014
Streetscape improvements	37,173,177	1,701,893	-	38,875,070
Restorations/renovations	29,962,177	393,908	-	30,356,085
Vehicles	117,603	-	-	117,603
Machinery and equipment	374,414	192,852	-	567,266
Furniture and fixtures	32,829	578,618	-	611,447
Total capital assets being depreciated	91,556,318	3,370,167	-	94,926,485
Less accumulated depreciation for:				
Buildings and structures	2,549,486	462,274	-	3,011,760
Streetscape improvements	2,160,832	1,792,309	-	3,953,141
Restorations/renovations	2,332,082	1,011,882	-	3,343,964
Vehicles	117,391	212	-	117,603
Machinery and equipment	359,206	28,948	-	388,154
Furniture and fixtures	13,268	83,851	-	97,119
Total accumulated depreciation	7,532,265	3,379,476	-	10,911,741
Total capital assets, being depreciated, net	84,024,053	(9,309)	-	84,014,744
Governmental activities capital assets, net	$ 103,713,183	$ 9,733,239	$ 2,666,388	$ 110,780,034

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
Total capital assets, not being depreciated	3,003,282	-	-	3,003,282
Capital assets, being depreciated:				
Buildings and structures	30,139,213	403,117	-	30,542,330
Machinery and equipment	338,476	9,460	-	347,936
Total capital assets being depreciated	30,477,689	412,577	-	30,890,266
Less accumulated depreciation for:				
Buildings and structures	7,158,776	753,223		7,911,999
Machinery and equipment	218,010	41,315	-	259,325
Total accumulated depreciation	7,376,786	794,538	-	8,171,324
Total capital assets, being depreciated, net	23,100,903	(381,961)	-	22,718,942
Business-type activities capital assets, net	$ 26,104,185	$ (381,961)	$ -	$ 25,722,224

Note 3. Capital Assets (Continued)

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

Governmental activities:	
General government	$ 347,322
Public safety	6,263
Physical environment	40,951
Transportation	1,792,309
Culture and recreation	1,192,631
Total deprecation expense - governmental activities	$ 3,379,476
Business-type activities:	
Parking	$ 726,031
Leasing	68,507
Total deprecation expense - business-type activities	$ 794,538

Note 4. Construction Commitments

The Agency had the following construction commitments as of September 30, 2014:

City Center Capital Projects	$	8,251,513
Anchor Garage		237,795
	$	8,489,308

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, 2014 are as follows:

Year Ending September 30,		
2015	$	707,602
2016		613,918
2017		627,771
2018		542,283
2019		454,734
2020 and thereafter		841,908
	$	3,788,216

Note 5. Tenant Leases

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, 2014:

Parking Facilities	$	4,889,763
Retail Space		2,336,192
Recreational Facilities		5,431,489
Less: Accumulated Depreciation		(1,836,332)
	$	10,821,112

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, and (b) 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 that annual debt service requirements be fully funded upon receipt of trust fund revenue. 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, 2014.

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, and (b) 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.

Note 6. Tax Increment Revenue Bonds (Continued)

The Agency has pledged net revenues received from the City Center/ Historic Convention Village Redevelopment and Revitalization Area for the 1998 Series Tax Increment Revenue Bonds and 2005 Series Tax Increment Revenue Refunding Bonds. The Municipal Resort Tax revenue pledged for Tax Increment Revenue Bonds was released in fiscal year 2014. For the fiscal year ended September 30, 2014, debt service on the tax increment bonds was $8,403,739 and tax increment revenues totaled $37,456,562 and net customer revenues were $9,573,968. Remaining outstanding principal and interest is $75,817,020.

The aggregate maturities of tax increment revenue bonds at September 30, 2014 are as follows:

Year Ending September 30,	Principal	Interest	Total
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	6,630,000	1,779,723	8,409,723
2020-2023	30,520,000	3,261,434	33,781,434
	60,365,000	15,452,020	75,817,020
Add net unarmortized bond premium	469,006	-	469,006
	$ 60,834,006	$ 15,452,020	$ 76,286,026

Note 7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Revenue Bonds	$ 65,490,000	$ -	$ 5,125,000	$ 60,365,000	$ 5,375,000
Add: Series 2005B Premium	574,705	-	100,445	474,260	-
Less: Series 1998A Discount	6,548	-	1,294	5,254	-
Total bonds payable	66,058,157	-	5,224,151	60,834,006	5,375,000
Compensated absences	173,284	66,360		239,644	137,757
Govermental activity long-term liabilities	$ 66,231,441	$ 66,360	$ 5,224,151	$ 61,073,650	$ 5,512,757
Business-type activities:					
Tenant deposits	274,208	178,292	198,499	254,001	-
Business-type activity long-term liabilities	$ 274,208	$ 178,292	$ 198,499	$ 254,001	$ -

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 $1,754,607 of management-fee expense under this agreement for the year ended September 30, 2014. Presented below are the Agency's balances outstanding at September 30, 2014, 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 2014.

Related-party transactions for the year ended September 30, 2014 are as follows:

Governmental funds:		
Due from the primary government to:		
General fund	$	737,604
Capital Projects fund		
	$	737,604
Due to the primary government from:		
General fund	$	851,973
Capital projects fund		684,430
	$	1,536,403
Business-type activities:		
Due from the primary government from:		
Enterprise funds – parking fund	$	14,456
Enterprise funds – leasing fund		3,813
	$	18,269
Due to the primary government from:		
Enterprise funds – parking fund	$	23,558
Enterprise funds – leasing fund		1,622
	$	25,180

Note 10. Interfund Transfers

Interfund transfers for the year ended September 30, 2014 consisted of the following:

Government funds:	
Transfers from the general fund to:	
Debt service	$ 9,905,119
Capital projects	15,582,000
Total transfers from the general fund	$ 25,487,119
Enterprise funds:	
Transfers from the general fund to:	
Parking Fund	$ 142,765
Total transfers from the general fund	$ 142,765

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, 2014 for the Agency's governmental and enterprise funds are as follows:

	Governmental Activities	
	General	Total
Receivables:		
Accounts	$ 29,584	$ 29,584
Gross receivable	29,584	29,584
Less Allowance for uncollectible	18,959	18,959
Net receivables	$ 10,625	$ 10,625

	Business-Type Activities		
	Parking Funds	Leasing Funds	Total
Receivables:			
Rent	$ -	$ 434,827	$ 434,827
Accounts	121,325	-	121,325
Gross receivable	121,325	434,827	556,152
Less allowance for uncollectible	2,462	189,400	191,862
Net receivables	$ 118,863	$ 245,427	$ 364,290

Note 12. Governmental Fund – Fund balance

Below is a table of fund balance categories and classifications at September 30, 2014 for the Agency's governmental funds:

	General Fund	Debt Service	Capital Projects
Restricted:			
Debt Service	-	7,028,932	-
Committed:			
Economic Environment	-	-	2,809,737
General Public Facility	-	-	28,651,386
Parks	-	-	36,132
Streets/Sidewalks	-	-	19,970,619
Transit	-	-	1,016,756
Other	-	-	74,835
Assigned:	7,525,395	-	-
Unassigned:	7,973,567	-	-
Total Fund Balance	$ 15,498,962	$ 7,028,932	$ 52,559,465

Note 13. Change in accounting principle

GASB 65 changed the treatment of debt issuance costs, the classification of related prepaid insurance, and classification of deferred amounts on refunding. With the exception of prepaid insurance, debt issuance costs related to services provided for the issuance of new debt should be expensed as incurred. As such, prior period adjustments were recorded in the Government-wide statement to account for the balances from the prior year. The effect of the restatement on net position is presented below:

Governmental Activities	
Net Position, October 1, 2013	$ 103,181,239
Restatement for:	
Deferred Bond Issuance Costs	(1,024,914)
Restated Net Position, October 1, 2013	$ 102,156,325

Note 14. 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

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

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2014
(Unaudited)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:				
Tax increment	$ 37,589,000	$ 37,589,000	$ 37,456,562	$ (132,438)
Resort tax	5,386,000	5,386,000	5,885,927	499,927
Rents and leases	-	-	66,465	66,465
Interest	25,000	25,000	151,810	126,810
Other	-		112,831	112,831
Total revenues	43,000,000	43,000,000	43,673,595	673,595
Expenditures:				
General government	6,405,000	6,405,000	5,253,374	1,151,626
Public safety	4,280,830	4,280,830	4,037,998	242,832
Economic environment	2,353,000	2,353,000	2,234,710	118,290
Culture and recreation	832,000	1,878,285	1,820,796	57,489
Capital outlay	50,170	6,511,217	6,511,117	100
Total expenditures	13,921,000	21,428,332	19,857,995	1,570,337
Excess of revenues over expenditures	29,079,000	21,571,668	23,815,600	2,243,932
Other financing sources (uses):				
Sale of capital assets	-	-	1,915	1,915
Operating transfers out	(29,079,000)	(28,032,715)	(25,629,884)	2,402,831
Total other financing sources (uses)	(29,079,000)	(28,032,715)	(25,627,969)	2,404,746
Net change in fund balance	-	(6,461,047)	(1,812,369)	4,648,678
Fund balance, beginning	17,311,331	17,311,331	17,311,331	-
Fund balance, ending	$ 17,311,331	$ 10,850,284	$ 15,498,962	$ 4,648,678

See Accompanying Notes to Required Supplementary Information.

Notes to Budgetary Comparison Schedule
September 30, 2014 (Unaudited)

Note 1. Budgetary Policy

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

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

There were two (2) supplemental budgetary appropriations during fiscal year ended September 30, 2014; one (1) operating and one (1) capital.

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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:				
Interest	$ -	$ -	$ 748	$ 748
Total revenues	-	-	748	748
Expenditures:				
Economic environment	1,372,000	1,372,000	1,371,346	654
Debt Service:				
Principal	5,125,000	5,125,000	5,125,000	-
Interest	3,425,000	3,425,000	3,278,739	146,261
Other			-	-
Total expenditures	9,922,000	9,922,000	9,775,085	146,915
Excess of revenues over expenditures	(9,922,000)	(9,922,000)	(9,774,337)	147,663
Other financing sources:				
Operating transfers in	9,922,000	9,922,000	9,905,119	(16,881)
Total other financing sources	9,922,000	9,922,000	9,905,119	(16,881)
Net change in fund balance	-	-	130,782	130,782
Fund balance, beginning	6,898,150	6,898,150	6,898,150	-
Fund balance, ending	$ 6,898,150	$ 6,898,150	$ 7,028,932	$ 130,782

OTHER REPORT

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the Miami Beach Redevelopment Agency (the “Agency) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated March 30, 2015.

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
March 30, 2015

MIAMI BEACH REDEVELOPMENT AGENCY
(A Component Unit of the City of Miami Beach, Florida)

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified not considered to be material weakness	None Reported
Noncompliance material to financial statements noted	No

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended September 30, 2014.

Crowe Horwath LLP
Independent Member Crowe Horwath International

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

Report on the Financial Statements

We have audited the financial statements of the Miami Beach Redevelopment Agency (the "Agency") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 30, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of The Financial Statements Performed in Accordance with Government Auditing Standards, the Schedule of Findings, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 30, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

There were no prior year findings to report.

Official Title and Legal Authority

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

Purpose of this Letter

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

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
March 30, 2015

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

The Honorable Mayor and City of Commissioners
City of Miami Beach, Florida

We have examined the Miami Beach Redevelopment Agency's (the "Agency") compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2014. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Crowe Horwath LLP

Crowe Horwath LLP

Fort Lauderdale, Florida
March 30, 2015