McGladrey & Pullen
Certified Public Accountants

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

Financial Report
Fiscal Year Ended September 30, 2009

PREPARED BY

THE FINANCE DEPARTMENT

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McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Board Members
Miami Beach Redevelopment Agency:

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, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in financial position, and where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information as listed in table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
June 22, 2010

Management's Discussion and Analysis

The Management's Discussion and Analysis (the "MD&A") of the Miami Beach Redevelopment Agency (the "Agency") is intended to provide an overview of the Agency's position and results of operations for the fiscal year ended September 30, 2009. 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 $80.3 million (net assets).
- The Agency's net assets increased by $24.2 million. The governmental net assets increased by $22.8 million and the business-type net assets increased by $1.4 million.
- Comparing fiscal year 2009 with 2008, the governmental activities revenue decreased by $0.4 million and expenses increased by $0.6 million. The net results from activities decreased by $1.0 million or 4.3%. In both fiscal years 2009 and 2008, the results of activities produced an increase in net assets of $22.8 and $23.9 million, respectively.
- At September 30, 2009 fund balance in the Agency's governmental funds was $68.1 million. This includes $6.5 million restricted in the debt service fund and $52.1 million committed in the capital projects fund.
- The Agency's total long-term liabilities decreased by $4.4 million or 5.1% 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 $26.1 million or 17.1%. The increase is mainly attributed to an increase in capital assets, net of accumulated depreciation of $25.5 million or 43.2%.

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 assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during each fiscal year. All changes in net assets 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 Garage and Anchor Shops, respectively.

The government-wide financial statements include only the financial activities of the Agency. However, the Agency is considered a component unit of the City of Miami Beach, and as such, the financial information of the Agency is included in the City's Comprehensive Annual Financial Report for the current fiscal year.

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 an expenditure, the purchase of capital assets as an 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. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Agency uses enterprise funds to account for the parking and leasing operations of the Anchor Garage and Anchor Shops, respectively.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for parking and leasing of the Anchor 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 – 44 of this report.

Government-Wide Financial Analysis

The table below summarizes the statement of net assets:

Summary of Net Assets (in thousands)

	Governmental Activities 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008	Total 2009	Total 2008
Current and other assets	$ 81,011	$ 82,170	$ 13,044	$ 11,291	$ 94,055	$ 93,461
Capital assets	72,450	46,480	12,118	12,567	84,568	59,047
Total assets	153,461	128,650	25,162	23,858	178,623	152,508
Long-term liabilities	80,653	85,043	68	66	80,721	85,109
Other liabilities	17,461	11,117	87	181	17,548	11,298
Total liabilities	98,114	96,160	155	247	98,269	96,407
Net assets:						
Invested in capital assets, net of related debt	72,450	46,480	12,118	12,567	84,568	59,047
Restricted	6,460	4,816	-	-	6,460	4,816
Unrestricted	(23,563)	(18,806)	12,889	11,044	(10,674)	(7,762)
Total net assets	$ 55,347	$ 32,490	$ 25,007	$ 23,611	$ 80,354	$ 56,101

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

1) Net results of activities will impact (increase/decrease) current assets and unrestricted net assets.
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 assets 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 assets 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $80.3 million at September 30, 2009, an increase of $24.2 million from September 30, 2008.

A large portion of the Agency's net assets ($84.6 million) reflects its investment in capital assets (e.g., land, building, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Agency's net assets (approximately $6.5 million) represents resources that are subject to external restrictions on how they may be used.

The Agency's net assets increased by $24.2 million during the current fiscal year. Governmental activities accounted for an increase of $22.8 million while Business-type accounted for $1.4 million.

There are also various normal impacts on revenue and expense that can affect the change in net assets 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 Council 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.

Management's Discussion and Analysis

The table below summarizes the change in net assets:

Summary of Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	$ 75	$ -	$ 3,360	$ 3,398	$ 3,435	$ 3,398
Operating grants and contributions	25	25			25	25
Capital grants and contributions	760	122			760	122
General Revenues:						
Taxes:						
Property taxes	33,446	32,496	-	-	33,446	32,496
Resort taxes	3,278	3,464	-	-	3,278	3,464
Investment earnings	490	2,348	46	298	536	2,646
Gain on sale of capital assets	2	4	-	-	2	4
Total revenues	38,076	38,459	3,406	3,696	41,482	42,155
Expenses:						
General government	5,972	4,812	-	-	5,972	4,812
Public safety	2,794	2,846	-	-	2,794	2,846
Physical environment	41	17	-	-	41	17
Transportation	35	715	-	-	35	715
Economic environment	1,792	1,655	-	-	1,792	1,655
Culture and recreation	481	210	-	-	481	210
Parking-Anchor Garage	-	-	1,907	2,061	1,907	2,061
Leases-Anchor Shops	-	-	103	122	103	122
Interest on long-term debt	4,104	4,315	-	-	4,104	4,315
Total expenses	15,219	14,570	2,010	2,183	17,229	16,753
(Decrease) Increase in net assets	22,857	23,889	1,396	1,513	24,253	25,402
Net assets, beginning	32,490	8,601	23,611	22,098	56,101	30,699
Net assets, ending	$ 55,347	$ 32,490	$ 25,007	$ 23,611	$ 80,354	$ 56,101

Governmental activities increased the Agency's net assets by $22.8 million. Additionally, total governmental fund balance increased by $7.3 million.

Key elements of the net increase are as follows:

- Total expenses and revenues remained relatively stable for the governmental activities which allowed the net results of activities to remain relatively stable at approximately $22.8 million which is $1.0 million less than the prior fiscal year or 4.3 %. This decrease in the net results is due primarily to an increase of $0.6 million in expenditures combined with a decrease of $0.4 million in revenue.

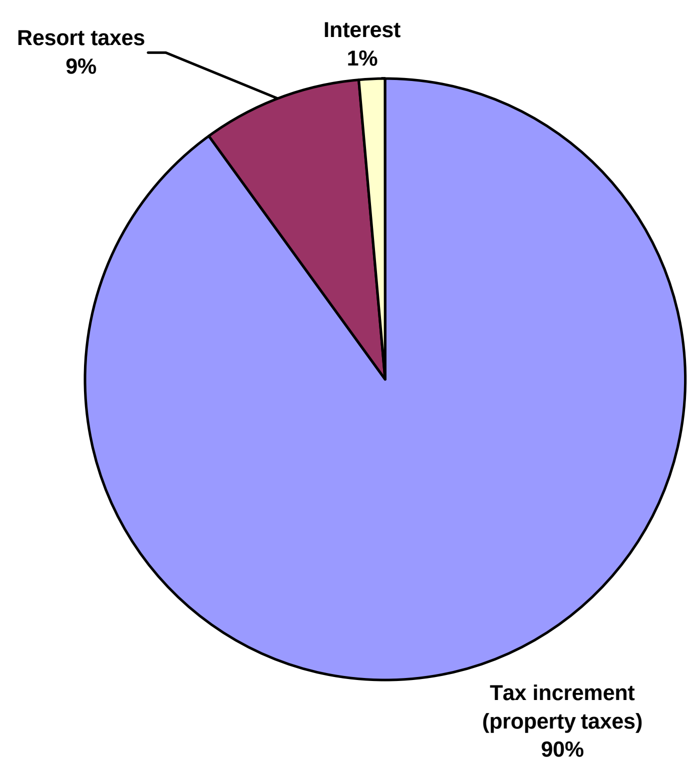
Management's Discussion and Analysis

- Revenues from governmental activities in fiscal year 2009 totaled $38.1 million. Revenues decreased by $0.4 million due to decreases in investment income of $1.8 million and resort tax revenue of $0.2 million offset by an increase in capital grants and contributions of $0.6 million, an increase in charges for services of $0.1 as well as an increase in tax increment revenue of $0.9 million. The increase in capital grants and contributions is due to a one time refund on a prior year expenditures for the Washington Avenue Bridge project received in fiscal year 2009.

- Expenses from governmental activities in fiscal year 2009 totaled $15.2 million. Expenses increased by $0.6 million primarily due to an increase in general governmental activities of $1.2 and a minor increases in culture and recreation of $0.3 million offset by a decrease of $0.7 million in transportation expenses and a minor decrease of $0.2 million in interest on long term debt. The decrease in transportation is contributed to the one time disbursement made in fiscal year 2008 regarding the Washington Avenue Bridge project mentioned above. The increase in governmental activities is due primarily to an increase in property management and repairs/ maintenance for the City Center area.

The following chart shows the amounts of program and general revenues for fiscal year 2009:

Revenues by Source – Governmental Activities
Year Ended September 30, 2009



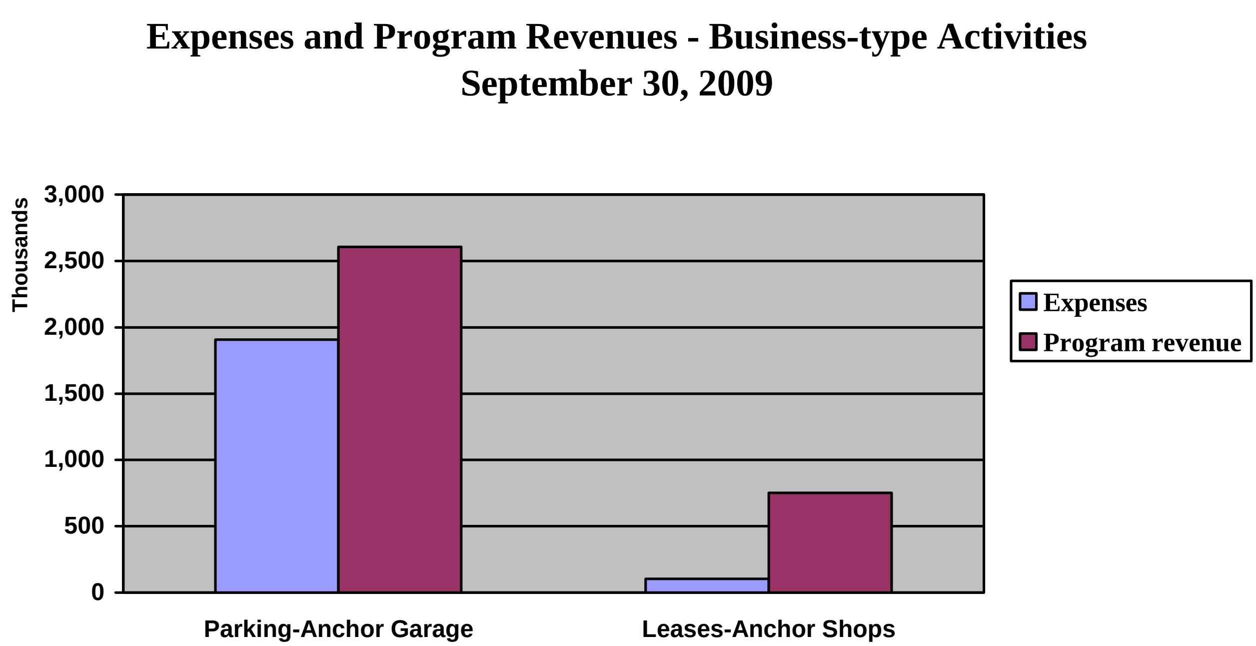
Business-Type Activities

Business-type activities increased the Agency's net assets by approximately $1.4 million.

Key elements of this increase are as follows:

- The Anchor Garage's net assets increased by $728,661 or 4% as a result of maintaining operating expenses lower in relation to the revenue generated.
- The Anchor Shops' net assets increased by $667,233 or 11% as a result of maintaining operating expenses lower in relation to the revenue generated. Rental tenants remain stable.
- Operating revenue for the Anchor garage decreased by 4% while operating expenses decreased by 7%. Operating revenue for the Anchor Shops increased by 12% while expenses decreased by approximately 15%. This explains why operating income increased by 5% and 18% for the Garage and the Shops, respectively. Both the Garage and the Shops had a decrease in interest income of approximately 85%.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2009:



Management's Discussion and Analysis

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, 2008	$ 11,008	$ 6,430	$ 57,927	$ 75,365
Revenues	37,575	28	470	38,073
Expenditures	(8,636)	(10,086)	(26,626)	(45,348)
Other financing sources (uses)	(30,406)	10,088	20,320	2
Fund balance, September 30, 2009	$ 9,541	$ 6,460	$ 52,091	$ 68,092

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 $68.1 million at September 30, 2009. This is a total decrease of $7.3 million or approximately 9.6%.

The general fund is the chief operating fund of the Agency. The fund balance of the Agency's general fund decreased by $1.5 million during the current fiscal year. This decrease is due primarily to the increase in funds appropriated and transferred to the Debt Service Fund of $1.1 million for debt service payments combined with the $0.4 million increase in the General Fund expenditures. All other factors such as revenue and the current year transfer to the Capital Projects Fund based on the Capital Improvement Plan and Capital Budget remained relatively stable.

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

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 assets for both proprietary funds was approximately $1.4 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

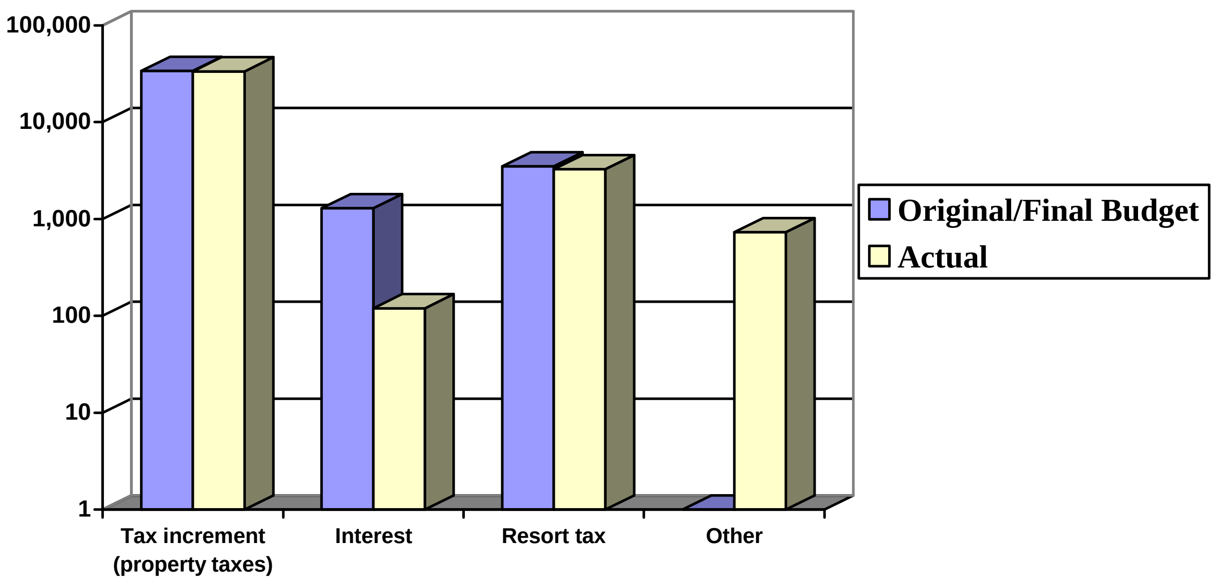
The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

The major variances between the adopted/final budget and actual are the interest income, other revenue, general government expenditures and public safety expenditures. The variance of approximately $1.1 million in interest income is due to a major decrease in interest rates in fiscal year 2009. The variance of approximately $600 thousand in other revenue is due to a one time refund of prior year expenditures for the Washington Avenue Bridge Project from fiscal year 2008 refunded in fiscal year 2009. The variance for public safety is due to a decrease in community policing salaries and wages and overtime due to a decrease in staffing. The variance in general government expenditures is due to increased property management and repairs for the City Center area that was not originally anticipated.

General Fund Revenues

The following charts and tables summarize actual revenues by category for fiscal year 2009 and compares actual revenues with the Adopted/Final Budget:

General Fund Revenues
Fiscal Year 2009
(in thousands)



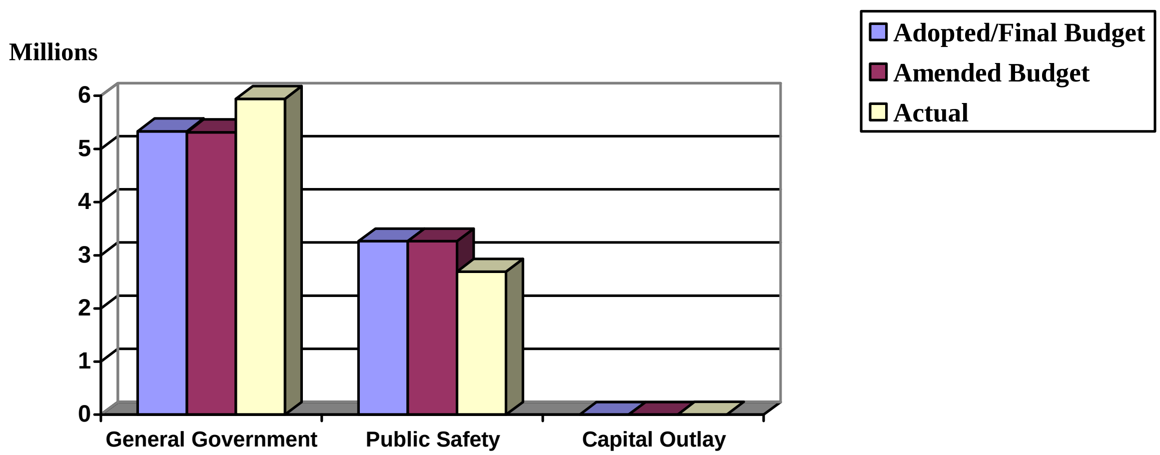
General Fund Revenues
Fiscal Year 2009
(in thousands)

	Original/ Final Budget	Actual Amounts
Revenues:		
Tax increment (property taxes)	$ 33,816	$ 33,446
Resort tax	3,506	3,278
Interest income	1,295	120
Other	-	731
Total revenues	$ 38,617	$ 37,575

General Fund Expenditures

The following chart and table summarize actual expenditures by function/program for fiscal year 2009 and compare the actual expenditures with the Adopted Budget and Amended Budget:

General Fund Expenditures
Fiscal Year 2009



General Fund Expenditures
Fiscal Year 2009
(in thousands)

	Original/Final Adopted Budget	Actual Amounts
Expenditures:		
General government	$ 5,335	$ 5,942
Public safety	3,262	2,692
Capital outlay	1	2
Total expenditures	$ 8,598	$ 8,636

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, 2009 amounts to $84.6 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	
	2009	2008	2009	2008	2009	2008
Land and land improvements	$ 5,928	$ 5,928	3,003	3,003	$ 8,931	$ 8,931
Buildings and structures	5,658	5,868	8,375	8,816	14,033	14,684
Vehicles	49	97	-	-	49	97
Machinery and equipment	23	71	187	2	210	73
Furniture and fixtures	-	1	-	-	-	1
Streetscape improvements	1,019	1,055	-	-	1,019	1,055
Restorations and renovations	8,973	9,285	-	-	8,973	9,285
Construction in progress	50,800	24,175	553	746	51,353	24,921
Total	$ 72,450	$ 46,480	$ 12,118	$ 12,567	$ 84,568	$ 59,047

The Agency has developed various capital improvement programs to improve the quality of life for the residents of the City of Miami Beach. Recent projects included the restoration of the Colony Theater, Collins Park Cultural Center including the purchase of the Miami City Ballet building and the completion of the Beachwalk. Major on-going projects include streetscape improvements, the multi-purpose municipal parking facility, the Collins Canal enhancement and the Lincoln Road project between Lenox Avenue and Alton Road among a few. 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:

- CCHC Neighborhood Improvements – Historic District – This project includes improvements to the stormwater collection and disposal system upgrades, water distribution center upgrades, roadway resurfacing and streetscape enhancements, landscaping, traffic calming installations, additional pedestrian lighting, and enhanced pedestrian linkages. The project limits are bounded by Washington Avenue to the west, Collins Avenue to the east, Lincoln Road to the South, and Dade Blvd to the north, and includes James, Park and Liberty Avenue, 17th, 18th, 19th and 20th Streets, and 21st Street west of Park Avenue.
- Multi-Purpose Municipal Parking Facility – A seven level parking facility having 650 parking spaces, approximately 32,000 sq. ft. of commercial office space facing Meridian Avenue and associated site improvements. The project is located on the East side of Meridian Avenue at 17th Street in the City of Miami Beach Florida behind City Hall. The project was constructed in five separate construction phases: Demolition, Piling, Underground Utilities, Garage & Office Complex and Tenant Build-Out with all but the Office Complex and Tenant Build-Out completed.

- New World Symphony Garage Project – Replacement parking as part of the Sound Space Project. Pursuant to the direction of the City Commission, the proposed design of the parking facility maximizes the total number of available spaces at 644 spaces. Pursuant to the development and lease agreement for the Sound Space Project, the New World Symphony is responsible for building replacement parking in order to mitigate the impact to surrounding business and retail uses that currently utilize the surface parking lots which comprise the development site.
- New World Symphony Park Project – A new park which is an integral component of the overall Master Plan involving the New World Symphony Sound Space Project. The park will become a key attraction for residents and visitors alike.
- The Little Stage Complex Project – Includes planning, programming, design, bid and award and construction administration, restoration and/or rehabilitation of the Little Stage Theater (Acorn Theater), Carl Fisher Clubhouse, Outdoor Dance Plaza / Bandshell, and associated walkway areas adjacent to these facilities to accommodate pedestrian circulation and limited vehicular routes as necessary.
- Lincoln Road Project – Design, development, and construction of certain improvements to a portion of Lincoln Road Mall, between Lenox Avenue and Alton Road, including, without limitation, streetscape, street furniture, landscaping, decorative fountains/water features, and corresponding lighting, irrigation, and drainage systems, and which includes the closure of the aforestated portion of Lincoln Road Mall to vehicular traffic, and design, development, and construction of a new public pedestrian plaza, extending the pedestrian portion of Lincoln Road Mall further to the west (to include the referenced area between Lenox Avenue and Alton Road).
- Botanical Garden – This project is for Phase II of renovations to the Garden Center. Phase I improvements, which are complete, included new fencing, new roof with related asbestos abatement, restroom renovations, exterior paint, new doors, trash cans, benches and other site furnishings. The Phase II project will include renovations to the building, entry, patio roof, pergola, maintenance area, site improvements, lighting, signage, planting, irrigation, interior renovations and interior acoustic improvements.

Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of $85 million. This debt was decreased by $4 million during the year. This decrease was due to the current year principal payment of $4.05 million.

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

	Governmental Activities	
	2009	2008
Tax increment revenue bonds	$ 84,780	$ 88,985

Economic Factors and Future Developments

Following a period of extensive growth spanning the existence of City Center, the taxable value in the Redevelopment Area is anticipated to decline for the first time in its history, largely due to the deterioration of the economy, coupled with the decline in property values. Based on the 2009 Certificate of Taxable Value from the Property Appraiser's Office, it is anticipated that value of property in City Center will decline by 7% in FY 2009/10.

Using the County's rollback rate and based upon the City's adopted millage rate (5.655 mills), the RDA anticipates receiving $33.2 Million in TIF revenues. As in previous years, the City also received correspondence from the County, advising of the finalization of the tax roll for the prior year, which in the case of FY 2007/08, reflected nearly an 8 percent decrease from the preliminary valuation for the same year. Consequently, the County anticipates adjusting the FY 2009/10 TIF payment for overpayment in FY 2007/08 by $954,605. The City's TIF payment is also anticipated to be impacted by this adjustment, by estimated $1,178,873. This combined impact, totaling $2,133,478, is being partially offset by the projected increase in the County's share of the TIF payment, as a result of the rollback rate going into effect.

Project-related expenses will account for approximately $23.5 Million, comprising $2.8 Million to be allocated for community policing initiatives in City Center to continue to provide enhanced levels of staffing and services throughout the area and $3 Million for maintenance of RDA capital projects. On-going and planned capital projects in City Center are projected to account for approximately $13.1 Million in the FY 2009/10 Budget and generally include design and construction of Lincoln Park related to the New World Symphony Project, additional (reallocated) funding for the Pennsylvania Avenue Garage and additional funding towards completion of improvements to Lincoln Road, between Lenox Avenue and Alton Road. An additional $4.9 Million has been set aside as a contingency for the New World Symphony Project/Lincoln Road Park Complex. Previously funded projects that are underway in City Center include construction of streetscapes throughout City Center; construction of Collins Park, including the restoration of the Rotunda; implementation of improvements to Lincoln Road, between Collins and Washington Avenues; and, planning and design of landscaping improvements to the Botanical Garden.

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 Assets
September 30, 2009

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	$ 78,840,622	$ 12,502,728	$ 91,343,350
Receivables (net):			
Rent	-	404,083	404,083
Accounts receivables	17,289	4,351	21,640
Interest	148	-	148
Due from other governments	-	1,129	1,129
Due from primary government	1,023,897	-	1,023,897
Prepaid expenses	4,489	63,861	68,350
Total current assets	79,886,445	12,976,152	92,862,597
Noncurrent Assets:			
Restricted cash and investments	-	67,373	67,373
Deferred charges, net	1,124,670	-	1,124,670
Capital assets not being depreciated:			
Land	5,928,000	3,003,281	8,931,281
Construction in progress	50,800,322	552,546	51,352,868
Capital assets net of accumulated depreciation:			
Buildings and structures	5,658,231	8,374,596	14,032,827
Streetscape improvements	1,019,208	-	1,019,208
Restorations and renovations	8,973,190	-	8,973,190
Vehicles	48,747	-	48,747
Machinery and equipment	22,677	187,499	210,176
Total noncurrent assets	73,575,045	12,185,295	85,760,340
Total assets	153,461,490	25,161,447	178,622,937

(Continued)

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

Statement of Net Assets (Continued)
September 30, 2009

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 7,072,276	$ 63,918	$ 7,136,194
Retainage payable	1,158,556	-	1,158,556
Accrued expenses	1,578,495	619	1,579,114
Due to primary government	3,364,325	12,779	3,377,104
Unearned revenue	-	9,951	9,951
Portion due or payable within one year:			
Accrued compensated absences	32,950	-	32,950
Bonds payable	4,255,000	-	4,255,000
Total current liabilities	17,461,602	87,267	17,548,869
Long-term liabilities:			
Liabilities payable from restricted assets:			
Deposits	-	67,373	67,373
Portion due or payable after one year:			
Accrued compensated absences	127,002	-	127,002
Bonds payable	80,525,476	-	80,525,476
Total long-term liabilities	80,652,478	67,373	80,719,851
Total liabilities	98,114,080	154,640	98,268,720
Net assets:			
Invested in capital assets, net of related debt	72,450,375	12,117,922	84,568,297
Restricted for debt service	6,459,969	-	6,459,969
Unrestricted	(23,562,934)	12,888,885	(10,674,049)
Total net assets	$ 55,347,410	$ 25,006,807	$ 80,354,217

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, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Activities:							
Governmental:							
General government	$ 5,972,033	$ -	$ 25,282	$ -	$ (5,946,751)	$ -	$ (5,946,751)
Public safety	2,793,975	-	-	-	(2,793,975)	-	(2,793,975)
Physical environment	40,951	-	-	-	(40,951)	-	(40,951)
Transportation	35,658	-	-	630,988	595,330	-	595,330
Economic environment	1,791,879	-	-	-	(1,791,879)	-	(1,791,879)
Culture and recreation	480,898	74,801	-	128,848	(277,249)	-	(277,249)
Interest on long-term debt	4,103,547	-	-	-	(4,103,547)	-	(4,103,547)
Total governmental activities	15,218,941	74,801	25,282	759,836	(14,359,022)	-	(14,359,022)
Business-type:							
Parking – Anchor Garage	1,906,572	2,607,142	-	-	-	700,570	700,570
Leasing – Anchor Shops	103,399	752,647	-	-	-	649,248	649,248
Total business-type activities	2,009,971	3,359,789	-	-	-	1,349,818	1,349,818
Total primary government	$ 17,228,912	$ 3,434,590	$ 25,282	$ 759,836	(14,359,022)	1,349,818	(13,009,204)
General revenues:							
Taxes:							
Tax increments for redevelopment districts					33,446,103	-	33,446,103
Resort tax					3,277,680	-	3,277,680
Gain on sale of capital assets					1,873	-	1,873
Investment income					490,223	46,076	536,299
Total general revenues					37,215,879	46,076	37,261,955
Changes in net assets					22,856,857	1,395,894	24,252,751
Net assets, beginning					32,490,553	23,610,913	56,101,466
Net assets, ending					$ 55,347,410	$ 25,006,807	$ 80,354,217

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, 2009

Assets	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Cash and investments	$ 11,405,094	$ 6,459,942	$ 60,975,586	$ 78,840,622
Receivables:				
Accounts receivable	17,289	-	-	17,289
Interest	29	27	92	148
Due from primary government	1,023,897	-	-	1,023,897
Prepaid expenses	4,489	-	-	4,489
Total assets	$ 12,450,798	$ 6,459,969	$ 60,975,678	$ 79,886,445
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 115,545	$ -	$ 6,956,731	$ 7,072,276
Retainage payable	-	-	1,158,556	1,158,556
Accrued expenses	54,428	-	144,645	199,073
Due to primary government	2,739,493	-	624,832	3,364,325
Total liabilities	2,909,466	-	8,884,764	11,794,230
Fund balances:				
Nonspendable	4,489	-	-	4,489
Restricted	-	6,459,969	-	6,459,969
Committed	-	-	52,090,914	52,090,914
Assigned	3,824,438	-	-	3,824,438
Unassigned	5,712,405	-	-	5,712,405
Total fund balances	9,541,332	6,459,969	52,090,914	68,092,215
Total liabilities and fund balances	$ 12,450,798	$ 6,459,969	$ 60,975,678	$ 79,886,445

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 Assets
September 30, 2009

Total fund balance – governmental funds		$ 68,092,215
Amounts reported for governmental activities in the statement of net assets 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	$ 5,928,000	
Construction in progress	50,800,322	
Buildings and structures, net of $630,190 accumulated depreciation	5,658,231	
Street improvements, net of $50,515 accumulated depreciation	1,019,208	
Restoration and renovations, net of $393,852 accumulated depreciation	8,973,190	
Vehicles, net of $386,637 accumulated depreciation	48,747	
Machinery and equipment, net of $333,365 accumulated depreciation	22,677	
Total capital assets		72,450,375
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at September 30, 2009 are:		
Accrued interest on bonds	(1,379,422)	
Bonds payable	(83,740,000)	
Premium on bonds payable	(1,040,476)	
Accrued compensated absences	(159,952)	
Deferred charges for bond issuance costs	1,124,670	
Total long-term liabilities		(85,195,180)
Total net assets of governmental activities		$ 55,347,410

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, 2009

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Tax increment	$ 33,446,103	$ -	$ -	$ 33,446,103
Resort tax	3,277,680	-	-	3,277,680
Intergovernmental	-	-	128,848	128,848
Rents and leases	74,801	-	-	74,801
Interest	120,401	28,605	341,217	490,223
Other	656,270	-	-	656,270
Total revenues	37,575,255	28,605	470,065	38,073,925
Expenditures:				
Current:				
General government	5,941,728	-	-	5,941,728
Public safety	2,692,527	-	-	2,692,527
Economic environment	-	1,711,396	-	1,711,396
Capital outlay	2,287	-	26,625,826	26,628,113
Debt service:				
Principal	-	4,045,000	-	4,045,000
Interest and fiscal charges	-	4,329,697	-	4,329,697
Total expenditures	8,636,542	10,086,093	26,625,826	45,348,461
Excess of revenues over (under) expenditures	28,938,713	(10,057,488)	(26,155,761)	(7,274,536)
Other financing sources (uses):				
Sale of capital assets	1,873	-	-	1,873
Transfers in	-	10,087,839	20,319,813	30,407,652
Transfers out	(30,407,652)	-	-	(30,407,652)
Total other financing sources (uses)	(30,405,779)	10,087,839	20,319,813	1,873
Net change in fund balances	(1,467,066)	30,351	(5,835,948)	(7,272,663)
Fund balances, beginning	11,008,398	6,429,618	57,926,862	75,364,878
Fund balances, ending	$ 9,541,332	$ 6,459,969	$ 52,090,914	$ 68,092,215

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, 2009

Net change in fund balances – governmental funds	$	(7,272,663)
The change in net assets 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. This is the amount by which capital outlay reported within the various expenditure functions ($26,628,113) exceeds depreciation ($658,173) in the current period.		25,969,940
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 assets. 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 assets has been adjusted for transactions as follows:		
Repayments:		
Principal – debt service		4,045,000
Premium on bonds		159,977
Cost of issuance		(80,483)
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 assets:		
Accrued compensated absences		(31,087)
Reduction in accrued interests on bonds		66,173
Change in net assets of governmental activities	$	22,856,857

See Notes to Financial Statements.

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

Statement of Net Assets
Enterprise Funds
September 30, 2009

	Business-Type Activities Enterprise Funds		
Assets	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	$ 7,687,802	$ 4,814,926	$ 12,502,728
Receivables:			
Rent, net of allowance	-	404,083	404,083
Accounts receivable	4,351	-	4,351
Due from other governments	724	405	1,129
Prepaid expenses	7,000	56,861	63,861
Total current assets	7,699,877	5,276,275	12,976,152
Noncurrent Assets:			
Restricted cash and investments	7,187	60,186	67,373
Capital assets:			
Land	2,793,051	210,230	3,003,281
Buildings and structures	11,955,752	899,896	12,855,648
Machinery and equipment	216,371	9,404	225,775
Construction in progress	110,781	441,765	552,546
Less accumulated depreciation	(4,196,250)	(323,078)	(4,519,328)
Total capital assets (net of accumulated depreciation)	10,879,705	1,238,217	12,117,922
Total noncurrent assets	10,886,892	1,298,403	12,185,295
Total assets	18,586,769	6,574,678	25,161,447
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	60,160	3,758	63,918
Accrued expenses	619	-	619
Due to other governments	-	-	-
Due to primary government	12,779	-	12,779
Unearned revenue	9,951	-	9,951
Total current liabilities	83,509	3,758	87,267
Noncurrent Liabilities:			
Liabilities payable from restricted assets:			
Deposits	7,187	60,186	67,373
Total noncurrent liabilities	7,187	60,186	67,373
Total liabilities	90,696	63,944	154,640
Net Assets			
Invested in capital assets	10,879,705	1,238,217	12,117,922
Unrestricted	7,616,368	5,272,517	12,888,885
Total net assets	$ 18,496,073	$ 6,510,734	$ 25,006,807

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 Assets –
Enterprise Funds
Fiscal Year Ended September 30, 2009

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Operating revenues:			
Charges for services	$ 2,031,818	$ -	$ 2,031,818
Permits, rentals and other	575,324	752,647	1,327,971
Total operating revenues	2,607,142	752,647	3,359,789
Operating expenses:			
Operating supplies	12,732	-	12,732
Contractual services	1,334,036	61,190	1,395,226
Utilities	79,367	-	79,367
Depreciation	426,960	33,103	460,063
Other	53,477	9,106	62,583
Total operating expenses	1,906,572	103,399	2,009,971
Operating income	700,570	649,248	1,349,818
Nonoperating revenues:			
Interest income	28,091	17,985	46,076
Total nonoperating revenues	28,091	17,985	46,076
Changes in net assets	728,661	667,233	1,395,894
Total net assets, beginning	17,767,412	5,843,501	23,610,913
Total net assets, ending	$ 18,496,073	$ 6,510,734	$ 25,006,807

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, 2009

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	$ 2,609,131	$ 671,669	$ 3,280,800
Cash paid to suppliers	(1,534,553)	(47,854)	(1,582,407)
Payments made to primary government	(41,079)	-	(41,079)
Net cash provided by operating activities	1,033,499	623,815	1,657,314
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(11,090)	-	(11,090)
Net cash used in capital and related financing activities	(11,090)	-	(11,090)
Cash Flows From Investing Activities			
Interest on investments	28,091	17,985	46,076
Net cash provided by investing activities	28,091	17,985	46,076
Net increase in cash and investments	1,050,500	641,800	1,692,300
Cash and investments – beginning of year	6,644,489	4,233,312	10,877,801
Cash and investments – end of year	$ 7,694,989	$ 4,875,112	$ 12,570,101
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	$ 700,570	$ 649,248	$ 1,349,818
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	426,960	33,103	460,063
Provisions for uncollectible accounts	-	9,107	9,107
Changes in assets and liabilities:			
(Increase) in receivables	-	(80,978)	(80,978)
(Increase) decrease in due from other government	(724)	1,477	753
Decrease in prepaid expenses	-	10,475	10,475
Increase (decrease) in accounts payable	(105,205)	1,508	(103,697)
(Decrease) in accrued expenses	(204)	-	(204)
(Decrease) in due to other governments	(1,622)	-	(1,622)
Increase (decrease) in due to primary government	12,398	(125)	12,273
Increase in unearned revenue	52	-	52
Increase in deposits	1,274	-	1,274
Total adjustments	332,929	(25,433)	307,496
Net cash provided by operating activities	$ 1,033,499	$ 623,815	$ 1,657,314

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 Agency meets the criteria for inclusion in the City's reporting entity as a component unit and therefore has been reported in the basic financial statements of the City.

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 five 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.

The financial statements were prepared in accordance with Governmental Auditing Standards Board ("GASB") Codification Section 2100, which established standards for defining and reporting on the financial reporting entity. For financial reporting purposes, the Agency includes those operations that are generally controlled by or dependent on the Authority. 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 applicant's 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, which is located within the City Center District.

- The Leasing Fund accounts for the leasing operations of the Anchor Shops, which included seven tenants during the current fiscal year. The Anchor Shops are also located within the City Center District.

GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The Agency has selected not to implement FASB standards issued after November 30, 1989 for reporting business-type activities and enterprise funds.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets 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 of $500 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost 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 are as follows:

Assets	Years
Buildings	30 – 60
Improvements, restorations and renovations	10 – 60
Vehicles, machinery and furniture	3 – 5

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*.

3. Prepaid Items

Expenditures made for services that will benefit periods beyond September 30, 2009 are recorded as prepaid expenses in the government-wide statements. Expenditures made for services that will benefit periods beyond September 30, 2009 are recorded as prepaid expenditures in the fund financial statements. Accordingly, a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

Note 1. Summary of Significant Accounting Policies (Continued)

4. Fund Equity/Net Assets

Fund Equity:

At September 30, 2009, the Agency adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

a. Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

b. Restricted Fund Balance – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

c. Committed Fund Balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

d. Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

e. Unassigned Fund Balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

Net Assets:

a. Net Assets – The government-wide and proprietary funds financial statements utilized a net asset presentation. Net assets are categorized as invested in capital assets net of related debt, 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 assets represent amounts that are restricted by requirement of debt indenture. Unrestricted net assets represents the net assets of the Agency which are not restricted for any project or purpose. The unrestricted deficit in the governmental activities net assets is a result of the outstanding debt not being included in the invested in capital assets net of related debt calculation. This is because the capital assets were not financed by the outstanding debt.

Note 1. Summary of Significant Accounting Policies (Continued)

5. Estimates

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

6. Risk Management

The City, which includes coverage for the Agency, is self-insured for health insurance, automobile liability, general liability, police professional liability, workers' compensation, theft and property damage. The Agency is charged a premium 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, 2009, the City charged the Agency $172,348 for health insurance, automobile liability, general liability, police professional liability and workers' compensation coverage.

7. Employee Benefit Plan

The following is a brief description of the Agency employees' participation in the Miami Beach Employees' Retirement Plan and the City's Pension Fund for Firefighter's and Police (the "Plans"). Readers should refer to Note H parts 3 (a) and (b) of the City's 2009 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 10% of their salary to the Plan. All Second Tier employees are required to contribute 8% 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 2009 were $587,242. At September 30, 2009 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, 2009. 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, 2009 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 $70,023 to the OPEB Trust. At September 30, 2009, the Agency did not have a net OPEB obligation or a net OPEB asset. Readers should refer to Note H part 3 (e) of the City's 2009 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

Note 2. Deposits and Investments

Deposits

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

Investments

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

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

Investments are made based on prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved by the sale of an investment, prior to maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting its exposure to fair value losses, the Agency's investment policy limits maturity of its investments to seven years or less. At September 30, 2009, all of the Agency's investments had a maturity of less than one year.

As of September 30, 2009, the Agency had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1
U.S. Treasury Securities	$ 25,496,025	$ 25,496,025
Money Market Funds	6,386,442	6,386,442
Repurchase Agreements	21,093,102	21,093,102
	$ 52,975,569	$ 52,975,569

Note 2. Deposits and Investments (Continued)

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, 2009, 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, 2009 the Agency's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

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%.

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
U.S. Government Treasuries	U.S. Government	AAA	Aaa	$ 46,573,634
Money Market Trust	U.S. Government	AAA	Aaa	6,386,442

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.

The Agency's cash and investments at September 30, 2009 are shown below:

	Carrying Amount	% of Portfolio
Demand deposits – interest bearing	$ 38,450,647	42.06%
Money market trust	6,386,442	6.99%
Repurchase agreements	21,093,102	23.08%
Treasury securities	25,480,532	27.87%
	$ 91,410,723	100.00%

Note 3. Capital Assets

Capital asset activities for the year ended September 30, 2009 were as follows:

A. Governmental activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 5,928,000	$ -	$ -	$ 5,928,000
Construction in progress	24,174,496	26,625,826	-	50,800,322
Total capital assets, not being depreciated	30,102,496	26,625,826	-	56,728,322
Capital assets, being depreciated:				
Buildings and structures	6,288,421	-	-	6,288,421
Streetscape improvements	1,069,723	-	-	1,069,723
Restorations/renovations	9,367,042	-	-	9,367,042
Vehicles	361,567	1,415	(72,402)	435,384
Machinery and equipment	355,170	872	-	356,042
Furniture and fixtures	7,074	-	-	7,074
Total capital assets being depreciated	17,448,997	2,287	(72,402)	17,523,686
Less accumulated depreciation for:				
Buildings and structures	420,576	209,614	-	630,190
Streetscape improvements	14,857	35,658	-	50,515
Restorations/renovations	81,617	312,235	-	393,852
Vehicles	263,994	50,241	(72,402)	386,637
Machinery and equipment	283,647	49,718	-	333,365
Furniture and fixtures	6,367	707	-	7,074
Total accumulated depreciation	1,071,058	658,173	(72,402)	1,801,633
Total capital assets, being depreciated, net	16,377,939	(655,886)	-	15,722,053
Governmental activities capital assets, net	$ 46,480,435	$ 25,969,940	$ -	$ 72,450,375

Note 3. Capital Assets (Continued)

B. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 3,003,281	$ -	$ -	$ 3,003,281
Construction in progress	746,002	11,090	204,546	552,546
Total capital assets, not being depreciated	3,749,283	11,090	204,546	3,555,827
Capital assets, being depreciated:				
Buildings and structures	12,855,648	-	-	12,855,648
Machinery and equipment	21,229	204,546	-	225,775
Total capital assets being depreciated	12,876,877	204,546	-	13,081,423
Less accumulated depreciation for:				
Buildings and structures	4,040,284	440,768	-	4,481,052
Machinery and equipment	18,981	19,295	-	38,276
Total accumulated depreciation	4,059,265	460,063	-	4,519,328
Total capital assets, being depreciated, net	8,817,612	(255,517)	-	8,562,095
Business-type activities capital assets, net	$ 12,566,895	$ (244,427)	$ 204,546	$ 12,117,922

Note 3. Capital Assets (Continued)

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

Governmental activities:		
General government	$	707
Public safety		99,959
Physical environment		40,951
Transportation		35,658
Culture and recreation		480,898
Total deprecation expense – governmental activities	$	658,173
Business-type activities:		
Parking	$	426,960
Leasing		33,103
Total deprecation expense – business-type activities	$	460,063

Note 4. Construction Commitments

The Agency had the following construction commitments in the Capital Projects Funds as of September 30, 2009:

City Center Capital Projects	$	18,081,352

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 2016. 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, 2009 are as follows:

Year Ending September 30,		
2010	$	769,225
2011		769,225
2012		769,225
2013		717,982
2014		602,915
2015 - 2016		1,054,629
	$	4,683,201

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, 2009:

Retail Space	$	1,110,125
Less: Accumulated Depreciation		(313,673)
	$	796,452

Note 6. Tax Increment Revenue Bonds

On July 1, 1998, the Agency issued $29,105,000 (Series 1998A) and $9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the funds, which include: (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were issued with interest rates of 3.60% and 5.20% payable semiannually on each June 1 and December 1, and matured serially through December 1, 2008 at which time they were paid off in full. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The bonds were issued for the development and construction of certain areas within the Redevelopment Area. Specifically, these projects include certain public areas of the Loews Miami Beach Hotel, development of the Anchor Garage, acquisition of property for the development and construction of the Royal Palm Crowne Plaza Resort Hotel, acquisition of property for development and construction of a portion of the cultural center facilities and additional public improvements within the Redevelopment Area. The Series 1998A and 1998B tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax-increment revenue refunding bonds on September 22, 2005. The Series 1998A bonds had a remaining outstanding principal balance, after the refunding, of $10,000,000 at September 30, 2009.

On September 22, 2005, the Agency issued $51,440,000 (Series 2005A) and $29,330,000 (Series 2005B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the funds, which include: (a) the net trust fund revenue received by the Agency from the Redevelopment Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 2005A bonds were issued with interest rates of 4.31% to 5.22% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The Series 2005B bonds were issued with interest rates of 3.25% to 5.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The bonds were issued to partially refund the outstanding Tax Increment Revenue Bonds, Taxable Series 1996A and 1996B, to refund all of the outstanding Tax Increment Revenue Bonds, Series 1993, and to partially refund the outstanding Tax Increment Revenue Bonds, Series 1998A and 1998B.

The Agency has pledged net revenues received from the City Center/ Historic Convention Village Redevelopment and Revitalization Area and the Agency's portion of the proceeds from the municipal resort tax levied and collected by the City for the 1998 Series Tax Increment Revenue Bonds and 2005 Series Tax Increment Revenue Refunding Bonds. The total principal and interest remaining to be paid on the bonds is $117,798,862. For the fiscal year ended September 30, 2009, debt service on the tax increment bonds was $8,374,697 and tax increment revenues totaled $33,446,103.

Note 6. Tax Increment Revenue Bonds (Continued)

The combined annual debt service costs are presented below:

Year Ending September 30,	Principal	Interest	Total
2010	$ 4,255,000	$ 4,138,267	$ 8,393,267
2011	4,450,000	3,943,254	8,393,254
2012	4,660,000	3,733,816	8,393,816
2013	4,885,000	3,512,766	8,397,766
2014	5,125,000	3,278,739	8,403,739
2015 – 2019	29,845,000	12,190,586	42,035,586
2020 – 2023	30,520,000	3,261,434	33,781,434
	83,740,000	34,058,862	117,798,862
Add unamortized bond premium	1,040,476	-	1,040,476
	$ 84,780,476	$ 34,058,862	$ 118,839,338

Note 7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax increment revenue bonds	$ 88,985,453	$ -	$ 4,204,977	$ 84,780,476	$ 4,255,000
Total bonds payable	88,985,453	-	4,204,977	84,780,476	4,255,000
Compensated absences	128,865	85,802	54,715	159,952	32,950
Governmental activity long-term liabilities	$ 89,114,318	$ 85,802	$ 4,259,692	$ 84,940,428	$ 4,287,950
Business-type activities:					
Tenant deposits	$ 66,099	$ 1,937	$ 663	$ 67,373	$ -
Business-type activity long-term liabilities	$ 66,099	$ 1,937	$ 663	$ 67,373	$ -

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 $672,500 of management-fee expense under this agreement for the year ended September 30, 2009. Presented below are the Agency’s balances outstanding at September 30, 2009, 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 2009.

Governmental funds:	
Due from the primary government to:	
General fund	$ 1,023,897
Due to the primary government from:	
General fund	$ 2,739,493
Capital projects fund	624,832
	$ 3,364,325
Due to the primary government from:	
Enterprise funds – parking fund	$ 12,779
Total due to the primary government	$ 3,377,104

Note 10. Interfund Transfers

Interfund transfers for the year ended September 30, 2009 consisted of the following:

Governmental funds:	
Transfers from the general fund to:	
Debt service	$ 10,087,839
Capital projects	20,319,813
Total transfers from the general fund	$ 30,407,652

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

Receivables at September 30, 2009 for the Agency's governmental and enterprise funds are as follows:

	Governmental Activities			
	General	Debt Service	Capital Projects City Center	Total
Receivables:				
Rent	$ 15,416	$ -	$ -	$ 15,416
Accounts	1,873	-	-	1,873
Subtotal – Accounts receivable	17,289	-	-	17,289
Interest	29	27	92	148
Total receivables	$ 17,318	$ 27	$ 92	$ 17,437

	Business-Type Activities		
	Parking Fund	Leasing Fund	Total
Receivables:			
Rent	$ -	$ 572,867	$ 572,867
Accounts	4,351	-	4,351
Gross receivables	4,351	572,867	577,218
Less allowance for uncollectible	-	168,784	168,784
Net receivables	$ 4,351	$ 404,083	$ 408,434

Note 12. Governmental Fund – Fund Balance

The Agency reported the following governmental fund balances:

- Nonspendable Fund Balance – These amounts cannot be spent because they are not in spendable form.

- Restricted Fund Balance – These amounts are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

- Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by the Agency Board of Directors. The items cannot be removed unless the Board removes it in the same manner it was implemented.

- Assigned Fund Balance – These amounts are approved and committed by the Agency Board subsequent to September 30, 2009.

- Unassigned Fund Balance – These amounts are available for assignment by the Agency's Board.

Note 12. Governmental Fund – Fund Balance (Continued)

Below is a table of fund balance categories and classifications at September 30, 2009 for the Agency's governmental funds:

	General Fund	Debt Service	Capital Projects
Fund balances:			
Non-spendable:			
Prepaids	$ 4,489	$	$
Restricted:			
Debt Service		6,459,969	
Committed:			
General Government			1,855,697
Physical Environment			1,542,712
Transportation			28,183,943
Economic Environment			707,698
Culture and Recreation			19,606,176
Other Capital Projects			194,688
Assigned:			
Transportation	3,824,438		
Unassigned:	5,712,405		
Total Fund Balance	$ 9,541,332	$ 6,459,969	$ 52,090,914

Note 13. Significant Commitments and Contingencies

a. 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.

b. Effective October 1, 2008, the Agency adopted the provisions of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include pre-cleanup activities, cleanup activities, external governmental oversight and enforcement – related activities and operation and maintenances of the remedy, including required monitoring of the remediation effort. Pollution remediation obligations do not include pollution prevention or control obligations with respects to current operations. For the fiscal year ended September 30, 2009, it was determined that the Agency did not have a Pollution Remediation Obligation.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

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

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2009
(Unaudited)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:			
Tax increment	$ 33,816,546	$ 33,446,103	$ (370,443)
Resort tax	3,505,500	3,277,680	(227,820)
Rents and leases	-	74,801	74,801
Interest	1,294,773	120,401	(1,174,372)
Other	-	656,270	656,270
Total revenues	38,616,819	37,575,255	(1,041,564)
Expenditures:			
General government	5,334,805	5,941,728	(606,923)
Public safety	3,262,158	2,692,527	569,631
Capital outlay	872	2,287	(1,415)
Total expenditures	8,597,835	8,636,542	(38,707)
Excess of revenues over expenditures	30,018,984	28,938,713	(1,080,271)
Other financing sources (uses):			
Sale of capital assets	-	1,873	1,873
Operating transfers out	(30,405,906)	(30,407,652)	(1,746)
Total other financing sources (uses)	(30,405,906)	(30,405,779)	127
Net change in fund balance	(386,922)	(1,467,066)	(1,080,144)
Fund balance, beginning	11,008,398	11,008,398	-
Fund balance, ending	$ 10,621,476	$ 9,541,332	$ (1,080,144)

See Accompanying Notes to Required Supplementary Information.

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.

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.

Actual expenditures exceeded the budget by $38,707. This is due primarily to increased property management and repairs for the City Center area that was not originally anticipated offset by a decrease in community policing salaries and wages and overtime due to a decrease in staffing.

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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:			
Interest	$ -	$ 28,605	$ 28,605
Total revenues	-	28,605	28,605
Expenditures:			
Economic environment	1,711,396	1,711,396	-
Debt Service:			
Principal	4,045,000	4,045,000	-
Interest	4,329,697	4,329,697	-
Total expenditures	10,086,093	10,086,093	-
Excess of revenues over expenditures	(10,086,093)	(10,057,488)	28,605
Other financing sources (uses):			
Operating transfers in	10,086,093	10,087,839	1,746
Operating transfers out			-
Total other financing sources (uses)	10,086,093	10,087,839	1,746
Net change in fund balance	-	30,351	30,351
Fund balance, beginning	6,429,618	6,429,618	-
Fund balance, ending	$ 6,429,618	$ 6,459,969	$ 30,351

OTHER REPORT

McGladrey & Pullen
Certified Public Accountants

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

The Board Members
Miami Beach Redevelopment Agency
Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida, (the "City") as of and for the year ended September 30, 2009, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 22, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the board members, the City Commission and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
June 22, 2010