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

Financial Report
Fiscal Year Ended September 30, 2010

PREPARED BY

THE FINANCE DEPARTMENT

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McGladrey

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, 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 previously 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, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, such as management's discussion and analysis and budgetary comparison information as listed in the 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2011 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.

McGladrey & Pullen, LLP

Miami, Florida
May 11, 2011

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, 2010. 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 $101.5 million (net assets).
- The Agency's net assets increased by $21.2 million. The governmental net assets increased by $20.1 million and the business-type net assets increased by $1.1 million.
- Comparing fiscal year 2010 with 2009, the governmental activities revenue decreased by $3.0 million and expenses decreased by $0.3 million. The net results from activities decreased by $2.7 million or 11.8%. In both fiscal years 2010 and 2009, the results of activities produced an increase in net assets of $20.1 and $22.8 million, respectively.
- At September 30, 2010 fund balance in the Agency's governmental funds was $59.4 million. This includes $6.5 million restricted in the debt service fund and $39.9 million committed in the capital projects fund.
- The Agency's total long-term liabilities decreased by $4.5 million or 5.6% 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 $10.5 million or 5.9%. The increase is attributed to an increase in capital assets, net of accumulated depreciation of $24.0 million or 28.3% offset by a decrease in current assets of $13.4 million or 14.4%.

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 18 – 20 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

Key elements of the reconciliation of these two statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (depreciated) and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental funds statements report the issuance of debt as an other financing source of funds, the repayment of debt as 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 25 – 27 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 28 – 45 of this report.

Government-Wide Financial Analysis

The table below summarizes the statement of net assets:

Summary of Net Assets (in thousands)

	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
Current and other assets	$ 65,821	$ 81,011	$ 14,801	$ 13,044	$ 80,622	$ 94,055
Capital assets	96,892	72,450	11,638	12,118	108,530	84,568
Total assets	162,713	153,461	26,439	25,162	189,152	178,623
Long-term liabilities	76,111	80,653	78	68	76,189	80,721
Other liabilities	11,141	17,461	283	87	11,424	17,548
Total liabilities	87,252	98,114	361	155	87,613	98,269
Net assets:						
Invested in capital assets, net of related debt	96,892	72,450	11,638	12,118	108,530	84,568
Restricted	6,546	6,460	-	-	6,546	6,460
Unrestricted	(27,977)	(23,563)	14,440	12,889	(13,537)	(10,674)
Total net assets	$ 75,461	$ 55,347	$ 26,078	$ 25,007	$ 101,539	$ 80,354

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 $101.5 million at September 30, 2010, an increase of $21.2 million from September 30, 2009.

A large portion of the Agency's net assets ($108.5 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 $21.2 million during the current fiscal year. Governmental activities accounted for an increase of $20.1 million while Business-type accounted for $1.1 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 Commission approved rates can have a substantial impact on parking revenue if there is a current year increase/decrease in an approved rate. Also, current market condition may cause investment income to fluctuate from year to year. Impacts on expense from year to year could result from new programs, an increase or decrease in personnel, salary increases and of course inflation.

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	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	$ 97	$ 75	$ 3,379	$ 3,360	$ 3,476	$ 3,435
Operating grants and contributions	26	25	-	-	26	25
Capital grants and contributions	100	760	-	-	100	760
General Revenues:						
Taxes:						
Property taxes	30,816	33,446	-	-	30,816	33,446
Resort taxes	3,845	3,278	-	-	3,845	3,278
Investment earnings	167	490	34	46	201	536
Gain on sale of capital assets	2	2	-	-	2	2
Total revenues	35,053	38,076	3,413	3,406	38,466	41,482
Expenses:						
General government	5,885	5,972	-	-	5,885	5,972
Public safety	2,464	2,794	-	-	2,464	2,794
Physical environment	41	41	-	-	41	41
Transportation	35	35	-	-	35	35
Economic environment	1,674	1,792	-	-	1,674	1,792
Culture and recreation	861	481	-	-	861	481
Parking-Anchor Garage	-	-	2,217	1,907	2,217	1,907
Leases-Anchor Shops	-	-	125	103	125	103
Interest on long-term debt	3,979	4,104	-	-	3,979	4,104
Total expenses	14,939	15,219	2,342	2,010	17,281	17,229
(Decrease) Increase in net assets	20,114	22,857	1,071	1,396	21,185	24,253
Net assets, beginning	55,347	32,490	25,007	23,611	80,354	56,101
Net assets, ending	$ 75,461	$ 55,347	$ 26,078	$ 25,007	$ 101,539	$ 80,354

Governmental activities increased the Agency's net assets by $20.1 million.

Key elements of the net increase are as follows:

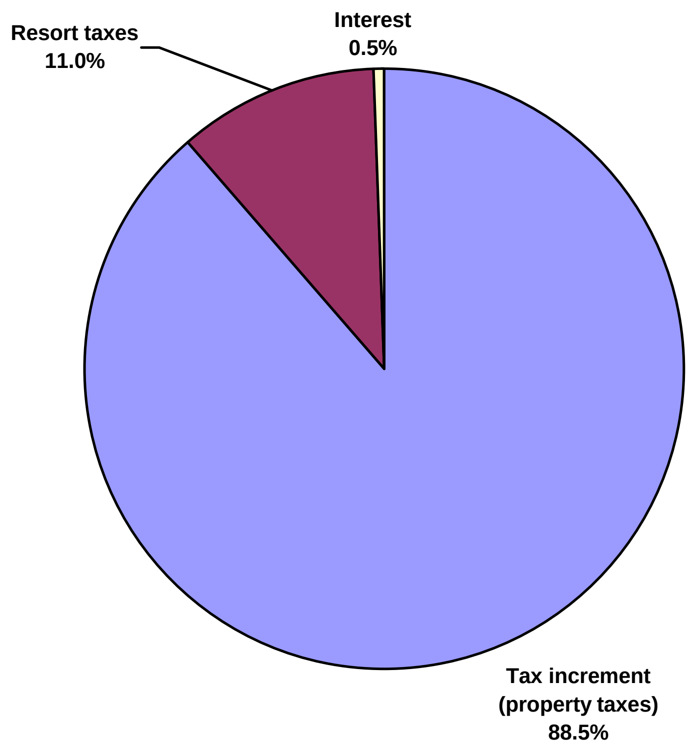
- Total expenses remained relatively stable for the governmental activities, decreasing $0.3 million, while revenues decreased by $3.0 million. This caused the net results to decrease by $2.7 million to a $20.1 increase in net assets in comparison to fiscal year 2009's increase in net assets of $22.8 million.

- Revenues from governmental activities in fiscal year 2010 totaled $35.1 million. Revenues decreased by $3.0 million primarily due to a decrease in tax increment revenue of $2.6 million, a decrease in capital grants and contributions of $0.6 million and a $0.3 decrease in investment earnings offset by an increase of $0.5 million in resort tax revenue. The decrease in capital grants and contributions is due to a one time refund on prior year expenditures for the Washington Avenue Bridge project received in fiscal year 2009. The decrease in tax increment revenue was due to the decline in property values.

- Expenses from governmental activities in fiscal year 2010 totaled $14.9 million. Expenses decreased by $0.3 million primarily due to minor decreases in general governmental activities and public safety activities. The decrease in general governmental activities is due primarily to a decrease in sanitation charges for the City Center area while the decrease in public safety activities is due to a decrease in salaries and wages for community policing in the City Center area.

The following chart shows the amounts of program and general revenues for fiscal year 2010:

Revenues by Source – Governmental Activities
Year Ended September 30, 2010



Business-Type Activities

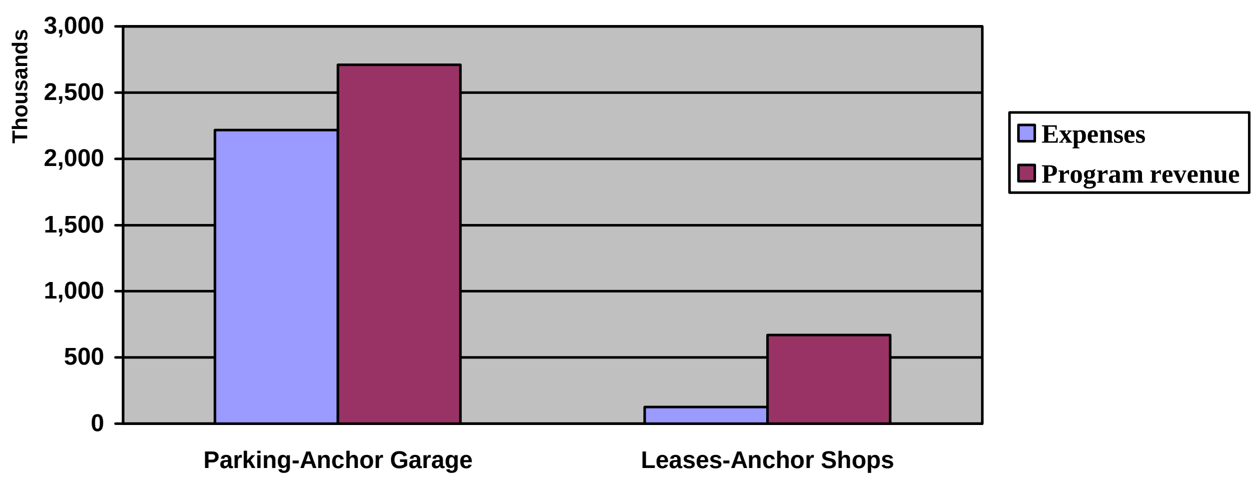
Business-type activities increased the Agency's net assets by approximately $1.1 million.

Key elements of this increase are as follows:

- The Anchor Garage's net assets increased by $513,382 or 3% as a result of maintaining operating expenses lower in relation to the revenue generated.
- The Anchor Shops' net assets increased by $557,633 or 9% as a result of maintaining operating expenses lower in relation to the revenue generated. Rental tenants remain stable.
- Operating income decreased by 29.0% and 16.1% for the Garage and the Shops, respectively. Both the Garage and the Shops had a decrease in interest income of approximately 25.5%.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2010:

Expenses and Program Revenues - Business-type Activities
September 30, 2010



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, 2009	$ 9,541	$ 6,460	$ 52,091	$ 68,092
Revenues	34,842	-	208	35,050
Expenditures	(8,197)	(9,987)	(25,519)	(43,703)
Other financing sources (uses)	(23,241)	10,073	13,170	2
Fund balance, September 30, 2010	$ 12,945	$ 6,546	$ 39,950	$ 59,441

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 $59.4 million at September 30, 2010. This is a total decrease of $8.6 million or approximately 12.7%.

The general fund is the chief operating fund of the Agency. The fund balance of the Agency's general fund increased by $3.4 million during the current fiscal year. This increase is due primarily to the decrease of $7 million in the amount transferred to the Capital Projects Fund based on the Capital Improvement Plan and Capital Budget while tax increment revenue only decreased by approximately $3 million. All other factors such as expenditures, funds appropriated and transferred to the Debt Service Fund and the other revenue streams remained relatively stable. Therefore, actual revenues exceeded the actual expenditures and other financing uses by $3.4 million.

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 $1.1 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

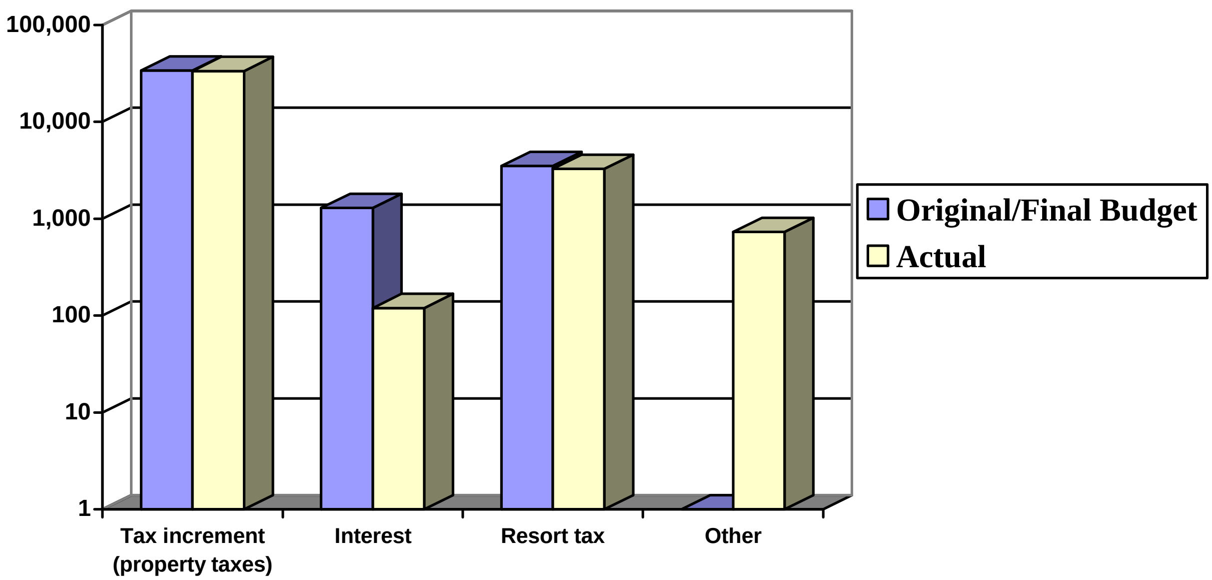
The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

The major variances between the adopted/final budget and actual are the public safety expenditures and the culture and recreation expenditures. 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 culture and recreation was due primarily to an originally budgeted $3.1 million contingency for the New World Symphony/Lincoln Park complex of which only $0.4 million was transferred and used during the current year.

General Fund Revenues

The following charts and tables summarize actual revenues by category for fiscal year 2010 and compares actual revenues with the Adopted/Final Budget:

General Fund Revenues
Fiscal Year 2010
(in thousands)



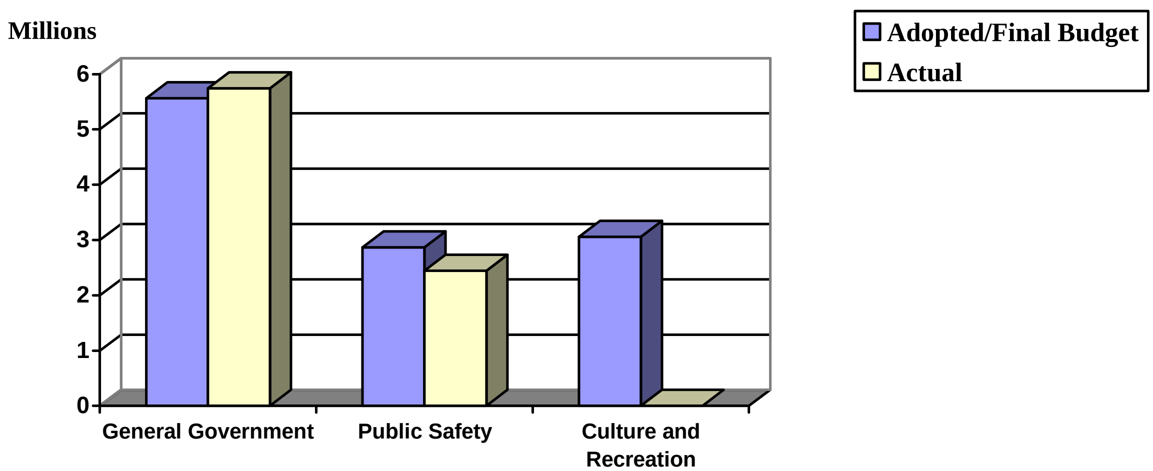
General Fund Revenues
Fiscal Year 2010
(in thousands)

		Original/ Final Budget		Actual Amounts
Revenues:				
Tax increment (property taxes)	$	30,808	$	30,816
Resort tax		3,460		3,845
Interest income		385		58
Other		-		123
Total revenues	$	34,653	$	34,842

General Fund Expenditures

The following chart and table summarize actual expenditures by function/program for fiscal year 2010 and compare the actual expenditures with the Adopted Budget and Amended Budget:

General Fund Expenditures
Fiscal Year 2010



General Fund Expenditures
Fiscal Year 2010
(in thousands)

	Original/Final Adopted Budget	Actual Amounts
Expenditures:		
General government	$ 5,742	$ 5,742
Public safety	2,865	2,447
Culture and recreation	2,795	-
Capital outlay	8	8
Total expenditures	$ 11,410	$ 8,197

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, 2010 amounts to $108.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, vehicles, machinery and equipment, streetscape improvements, restorations and renovations and construction work-in-progress, which are detailed as follows (net of accumulated depreciation):

Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and land improvements	$ 5,928	$ 5,928	3,003	3,003	$ 8,931	$ 8,931
Buildings and structures	20,138	5,658	7,934	8,375	28,072	14,033
Vehicles	25	49	-	-	25	49
Machinery and equipment	23	23	147	187	170	210
Furniture and fixtures	7	-	-	-	7	-
Streetscape improvements	984	1,019	-	-	984	1,019
Restorations and renovations	8,661	8,973	-	-	8,661	8,973
Construction in progress	61,126	50,800	554	553	61,680	51,353
Total	$ 96,892	$ 72,450	$ 11,638	$ 12,118	$ 108,530	$ 84,568

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 –The Frank Gehry-designed Pennsylvania Avenue public parking garage just west of the New World Symphony (NWS). This fully self-serve garage features 550 parking spaces and approximately 8,000 square feet of first class retail space. The garage provides access to the NWS via a third floor covered walkway and is illuminated with LED lights at night that coordinate in color with lights on the protruding sunshade from NWS's north façade.
- New World Symphony Park Project – The partnership between the City and the New World Symphony (the "Symphony") have resulted in the New World Center; a new, state of the art performance and recording facility which opened in February 2011 on City-owned land, with the adjacent City owned 2.85 acre park, SoundScape, which features a 7,000 square foot projection wall on the eastern front of the New World building. Complete with a world-class audio system, ExoStage after dark provides a canvas for video art, music, film and simulcasts of concerts playing inside the New World Center. This facility is a technological wonder designed by celebrity architect Frank Gehry and the first of its kind in the world.
- Maze Project – The Collins Park area was selected as one of the specific areas where public art would be incorporated and prioritized. The public, as well as the Collins Park Neighborhood Association and the Collins Park Oversight Committee all endorsed the concept of public art in Collins Park. Subsequently, a call to artists was completed and "The Maze" was chosen.
- 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.
- Collins Park Rotunda and Collins Park Children's Feature – This project is for the renovation and redesign of Collins Park on the west side of Collins Avenue (approx. 4.5 acres) per Cultural Campus Master Plan after the demolition of the existing library. The Children's Feature portion is for the construction of a child oriented art/interactive feature as part of the Collins Park project. The project will complement the previously approved Collins Park project and will provide a needed children's space within the Collins Park/Oceanfront Neighborhood.

Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of $80.4 million. This debt was decreased by $4.4 million during the year. This decrease was due to the current year principal payment of $4.25 million.

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

	Governmental Activities	
	2010	2009
Tax increment revenue bonds	$ 80,397	$ 84,780

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 expected to decline for a second year. This is largely due to the continuing deterioration of the economy, coupled with weakness in the real estate market. Based on the 2009 Certificate of Taxable Value from the Property Appraiser's Office, the value of property in City Center declined by 7% in FY 2009/10. Based on the Preliminary Tax Increment notice received from the County on June 30, 2010, property values are anticipated to drop an additional 1.2% in FY 2010/11. The decline in tax base over the last two years required the City and the County to propose increases in their respective millage rates in order to maintain minimum levels of service. Based on the proposed millage rates (City - 6.2155 mills/County – 5.4275 mills), the RDA anticipates receiving $34.4 Million in TIF revenues. However, as in previous years, the City also anticipates receiving correspondence from the County, advising of the finalization the tax roll for the prior year, which in the case of FY 2008/09, is anticipated to reflect a decrease from the preliminary valuation for the same year. Until this final tax roll figure is available, the proposed Budget includes an allowance factor of $1.2 Million to impact the City's share of TIF and a $1.0 Million adjustment to impact the County's share.

Project-related expenses account for approximately $21.5 Million, which includes $3 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 $3.3 Million for maintenance of RDA capital projects. On-going and planned capital projects in City Center are projected to account for $136,758 in the FY 2010/11 budget and generally include allocations for directory signs in the City Center right-of-ways as well as improvements to Lincoln Road between Collins and Washington Avenue. Additionally, pursuant to the Grant-in-Aid Agreement between the City and the New World Symphony (NWS), executed on July 23, 2008, the RDA is required to fund a $15 Million Grant-in-Aid obligation in connection with the construction of the NWS Campus Expansion project. 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 and the under-grounding of utilities surrounding the Park; implementation of improvements to Lincoln Road between Collins and Washington Avenues; construction of the park adjacent to the NWS Campus Expansion; 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, 2010

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	$ 64,193,484	$ 14,300,988	$ 78,494,472
Receivables (net):			
Rent	-	339,954	339,954
Accounts receivables	-	4,351	4,351
Interest	232	-	232
Due from primary government	578,776	24,004	602,780
Prepaid expenses	4,489	53,385	57,874
Total current assets	64,776,981	14,722,682	79,499,663
Noncurrent Assets:			
Restricted cash and investments		78,478	78,478
Deferred charges, net	1,044,187	-	1,044,187
Capital assets not being depreciated:			
Land	5,928,000	3,003,281	8,931,281
Construction in progress	61,126,516	554,466	61,680,982
Capital assets net of accumulated depreciation:			
Buildings and structures	20,137,949	7,933,826	28,071,775
Streetscape improvements	983,551	-	983,551
Restorations and renovations	8,660,955	-	8,660,955
Vehicles	25,486	-	25,486
Machinery and equipment	22,507	146,591	169,098
Furniture and fixtures	6,767	-	6,767
Total noncurrent assets	97,935,918	11,716,642	109,652,560
Total assets	162,712,899	26,439,324	189,152,223

(Continued)

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

Statement of Net Assets (Continued)
September 30, 2010

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 3,614,364	$ 197,619	$ 3,811,983
Retainage payable	823,341	-	823,341
Accrued expenses	1,392,804	648	1,393,452
Due to other governments	-	3,468	3,468
Due to primary government	850,842	42,239	893,081
Unearned revenue	2,285	39,050	41,335
Portion due or payable within one year:			
Accrued compensated absences	7,261	-	7,261
Bonds payable	4,450,000	-	4,450,000
Total current liabilities	11,140,897	283,024	11,423,921
Long-term liabilities:			
Liabilities payable from restricted assets:			
Deposits	-	78,478	78,478
Portion due or payable after one year:			
Accrued compensated absences	164,453	-	164,453
Bonds payable	75,946,924	-	75,946,924
Total long-term liabilities	76,111,377	78,478	76,189,855
Total liabilities	87,252,274	361,502	87,613,776
Net assets:			
Invested in capital assets, net of related debt	96,891,731	11,638,164	108,529,895
Restricted for debt service	6,546,326	-	6,546,326
Unrestricted	(27,977,432)	14,439,658	(13,537,774)
Total net assets	$ 75,460,625	$ 26,077,822	$ 101,538,447

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, 2010

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Activities:							
Governmental:							
General government	$ 5,885,230	$ -	$ 25,825	$ -	$ (5,859,405)	$ -	$ (5,859,405)
Public safety	2,463,817	-	-	-	(2,463,817)	-	(2,463,817)
Physical environment	40,951	-	-	-	(40,951)	-	(40,951)
Transportation	35,658	-	-	100,000	64,342	-	64,342
Economic environment	1,673,975	-	-	-	(1,673,975)	-	(1,673,975)
Culture and recreation	861,281	97,298	-	-	(763,983)	-	(763,983)
Interest on long-term debt	3,978,684	-	-	-	(3,978,684)	-	(3,978,684)
Total governmental activities	14,939,596	97,298	25,825	100,000	(14,716,473)	-	(14,716,473)
Business-type:							
Parking – Anchor Garage	2,216,935	2,709,353	-	-	-	492,418	492,418
Leasing – Anchor Shops	125,008	669,308	-	-	-	544,300	544,300
Total business-type activities	2,341,943	3,378,661	-	-	-	1,036,718	1,036,718
Total primary government	$ 17,281,539	$ 3,475,959	$ 25,825	$ 100,000	(14,716,473)	1,036,718	(13,679,755)
General revenues:							
Taxes:							
Tax increments for redevelopment districts					30,815,584	-	30,815,584
Resort tax					3,845,345	-	3,845,345
Gain on sale of capital assets					2,065	-	2,065
Investment income					166,694	34,297	200,991
Total general revenues					34,829,688	34,297	34,863,985
Changes in net assets					20,113,215	1,071,015	21,184,230
Net assets, beginning					55,347,410	25,006,807	80,354,217
Net assets, ending					$ 75,460,625	$ 26,077,822	$ 101,538,447

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, 2010

Assets	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Cash and investments	$ 12,902,996	$ 6,546,326	$ 44,744,162	$ 64,193,484
Receivables:				
Interest	-	-	232	232
Due from primary government	578,776	-	-	578,776
Prepaid expenses	4,489	-	-	4,489
Total assets	$ 13,486,261	$ 6,546,326	$ 44,744,394	$ 64,776,981
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 48,527	$ -	$ 3,565,837	$ 3,614,364
Retainage payable	-	-	823,341	823,341
Accrued expenses	44,413	-	-	44,413
Unearned/deferred revenues	2,285	-	-	2,285
Due to primary government	445,512	-	405,330	850,842
Total liabilities	540,737	-	4,794,508	5,335,245
Fund balances:				
Nonspendable	4,489	-	-	4,489
Restricted	-	6,546,326	-	6,546,326
Committed	-	-	39,949,886	39,949,886
Assigned	3,096,515	-	-	3,096,515
Unassigned	9,844,520	-	-	9,844,520
Total fund balances	12,945,524	6,546,326	39,949,886	59,441,736
Total liabilities and fund balances	$ 13,486,261	$ 6,546,326	$ 44,744,394	$ 64,776,981

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, 2010

Total fund balance – governmental funds		$ 59,441,736
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	61,126,516	
Buildings and structures, net of $839,804 accumulated depreciation	20,137,949	
Street improvements, net of $86,172 accumulated depreciation	983,551	
Restoration and renovations, net of $706,087 accumulated depreciation	8,660,955	
Vehicles, net of $265,094 accumulated depreciation	25,486	
Machinery and equipment, net of $334,383 accumulated depreciation	22,507	
Furniture and fixtures, net of $7,191 accumulated depreciation	6,767	
Total capital assets		96,891,731
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, 2010 are:		
Accrued interest on bonds	(1,348,391)	
Bonds payable	(79,485,000)	
Premium on bonds payable	(911,924)	
Accrued compensated absences	(171,714)	
Total long-term liabilities		(81,917,029)
Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Assets and amortized over the life of the bonds.		1,044,187
Total net assets of governmental activities		$ 75,460,625

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, 2010

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Tax increment	$ 30,815,584	$ -	$ -	$ 30,815,584
Resort tax	3,845,345	-	-	3,845,345
Rents and leases	97,298	-	-	97,298
Interest	58,157	266	108,271	166,694
Other	25,825	-	100,000	125,825
Total revenues	34,842,209	266	208,271	35,050,746
Expenditures:				
Current:				
General government	5,742,633	-	-	5,742,633
Public safety	2,446,677	-	-	2,446,677
Economic environment	-	1,593,492	-	1,593,492
Culture and recreation	-	-	380,383	380,383
Capital outlay	7,872	-	25,138,966	25,146,838
Debt service:				
Principal	-	4,255,000	-	4,255,000
Interest and fiscal charges	-	4,138,267	-	4,138,267
Total expenditures	8,197,182	9,986,759	25,519,349	43,703,290
Excess of revenues over (under) expenditures	26,645,027	(9,986,493)	(25,311,078)	(8,652,544)
Other financing sources (uses):				
Sale of capital assets	2,065			2,065
Transfers in		10,072,850	13,170,050	23,242,900
Transfers out	(23,242,900)			(23,242,900)
Total other financing sources (uses)	(23,240,835)	10,072,850	13,170,050	2,065
Net change in fund balances	3,404,192	86,357	(12,141,028)	(8,650,479)
Fund balances, beginning	9,541,332	6,459,969	52,090,914	68,092,215
Fund balances, ending	$ 12,945,524	$ 6,546,326	$ 39,949,886	$ 59,441,736

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, 2010

Net change in fund balances – governmental funds	$	(8,650,479)
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 ($25,146,838) exceeds depreciation ($705,482) in the current period.		24,441,356
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		4,255,000
Premium on bonds		128,552
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		(11,762)
Reduction in accrued interests on bonds		31,031
Change in net assets of governmental activities	$	20,113,215

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, 2010

	Business-Type Activities Enterprise Funds		
Assets	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	$ 8,822,622	$ 5,478,366	$ 14,300,988
Receivables:			
Rent, net of allowance	-	339,954	339,954
Accounts receivable	4,351	-	4,351
Due from primary government	24,004	-	24,004
Prepaid expenses	7,000	46,385	53,385
Total current assets	8,857,977	5,864,705	14,722,682
Noncurrent Assets:			
Restricted cash and investments	8,262	70,216	78,478
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	112,701	441,765	554,466
Less accumulated depreciation	(4,647,074)	(353,932)	(5,001,006)
Total capital assets (net of accumulated depreciation)	10,430,801	1,207,363	11,638,164
Total noncurrent assets	10,439,063	1,277,579	11,716,642
Total assets	19,297,040	7,142,284	26,439,324
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	197,619	-	197,619
Accrued expenses	648	-	648
Due to other governments	2,561	907	3,468
Due to primary government	39,445	2,794	42,239
Unearned revenue	39,050	-	39,050
Total current liabilities	279,323	3,701	283,024
Noncurrent Liabilities:			
Liabilities payable from restricted assets:			
Deposits	8,262	70,216	78,478
Total noncurrent liabilities	8,262	70,216	78,478
Total liabilities	287,585	73,917	361,502
Net Assets			
Invested in capital assets	10,430,801	1,207,363	11,638,164
Unrestricted	8,578,654	5,861,004	14,439,658
Total net assets	$ 19,009,455	$ 7,068,367	$ 26,077,822

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, 2010

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Operating revenues:			
Charges for services	$ 2,160,430	$ -	$ 2,160,430
Permits, rentals and other	548,923	669,308	1,218,231
Total operating revenues	2,709,353	669,308	3,378,661
Operating expenses:			
Operating supplies	9,293	-	9,293
Contractual services	1,499,234	60,631	1,559,865
Utilities	60,376	-	60,376
Administrative fees	124,606	33,523	158,129
Depreciation	450,824	30,854	481,678
Other	72,602	-	72,602
Total operating expenses	2,216,935	125,008	2,341,943
Operating income	492,418	544,300	1,036,718
Nonoperating revenues:			
Interest income	20,964	13,333	34,297
Total nonoperating revenues	20,964	13,333	34,297
Changes in net assets	513,382	557,633	1,071,015
Total net assets, beginning	18,496,073	6,510,734	25,006,807
Total net assets, ending	$ 19,009,455	$ 7,068,367	$ 26,077,822

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, 2010

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 2,716,413	$ 743,467	$ 3,459,880
Cash paid to suppliers	(1,429,020)	(52,601)	(1,481,621)
Payments made to primary government	(170,542)	(30,729)	(201,271)
Net cash provided by operating activities	1,116,851	660,137	1,776,988
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(1,920)	-	(1,920)
Net cash used in capital and related financing activities	(1,920)	-	(1,920)
Cash Flows From Investing Activities:			
Interest on investments	20,964	13,333	34,297
Net cash provided by investing activities	20,964	13,333	34,297
Net increase in cash and investments	1,135,895	673,470	1,809,365
Cash and investments – beginning of year	7,694,989	4,875,112	12,570,101
Cash and investments – end of year	$ 8,830,884	$ 5,548,582	$ 14,379,466
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	$ 492,418	$ 544,300	$ 1,036,718
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	450,824	30,854	481,678
Provisions for uncollectible accounts	-	(18,708)	(18,708)
Changes in assets and liabilities:			
Decrease in receivables	-	82,837	82,837
Decrease in due from other government	724	405	1,129
(Increase) in due from primary government	(24,004)	-	(24,004)
Decrease in prepaid expenses	-	10,476	10,476
Increase (decrease) in accounts payable	137,459	(3,758)	133,701
Increase in accrued expenses	29	-	29
Increase in due to other governments	2,561	907	3,468
Increase in due to primary government	26,666	2,794	29,460
Increase in unearned revenue	29,099	-	29,099
Increase in deposits	1,075	10,030	11,105
Total adjustments	624,433	115,837	740,270
Net cash provided by operating activities	$ 1,116,851	$ 660,137	$ 1,776,988

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

The City provides the Agency facilities for its operations.

The Board of Directors of the Agency (the "Board") is comprised of the 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. The Agency's program revenue consists of charges to customers or 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 elected 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, 2010 are recorded as prepaid expenses in the government-wide statements. Expenditures made for services that will benefit periods beyond September 30, 2010 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:

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

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

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

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

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 utilize 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, 2010, the City charged the Agency $161,966 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 2010 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 2010 were $683,746. At September 30, 2010 the Agency did not have a net pension obligation or a net pension asset.

Note 1. Summary of Significant Accounting Policies (Continued)

8. Post Employment Benefits Other Than Pensions (OPEB)

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

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

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

The Agency's Annual Required Contribution (ARC) to the OPEB Trust for the fiscal year ended September 30, 2010 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 $102,092 to the OPEB Trust. At September 30, 2010, 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 2010 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, 2010, all of the Agency's investments had a maturity of less than one year.

As of September 30, 2010, the Agency had the following investments and maturities:

		Investment Maturities (in years)
Investment Type	Fair Value	Less Than 1
U.S. Treasury Securities	$ 17,108,113	$ 17,108,113
Money Market Funds	6,472,827	6,472,827
Repurchase Agreements – U.S. Treasuries	22,809,113	22,809,113
	$ 46,390,053	$ 46,390,053

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, 2010, 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, 2010 the Agency's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
U.S. Government Treasuries	U.S. Government	AAA	Aaa	$ 39,917,226
Money Market Fund	U.S. Government	AAA	Aaa	6,472,827

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%.

The Agency's cash and investments at September 30, 2010 are shown below:

	Carrying Amount	% of Portfolio
Demand deposits – interest bearing	$ 32,191,660	40.97%
Money market fund	6,472,827	8.24%
Repurchase agreements	22,809,113	29.03%
Treasury securities	17,099,350	21.76%
	$ 78,572,950	100.00%

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

Note 3. Capital Assets

Capital asset activities for the year ended September 30, 2010 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	50,800,322	25,138,966	14,812,772	61,126,516
Total capital assets, not being depreciated	56,728,322	25,138,966	14,812,772	67,054,516
Capital assets, being depreciated:				
Buildings and structures	6,288,421	14,812,772	-	21,101,193
Streetscape improvements	1,069,723	-	-	1,069,723
Restorations/renovations	9,367,042	-	-	9,367,042
Vehicles	290,580	-	-	290,580
Machinery and equipment	356,042	872	-	356,914
Furniture and fixtures	7,074	7,000	-	14,074
Total capital assets being depreciated	17,378,882	14,820,644	-	32,199,526
Less accumulated depreciation for:				
Buildings and structures	630,190	333,054	-	963,244
Streetscape improvements	50,515	35,657	-	86,172
Restorations/renovations	393,852	312,235	-	706,087
Vehicles	241,833	23,261		265,094
Machinery and equipment	333,365	1,042	-	334,407
Furniture and fixtures	7,074	233	-	7,307
Total accumulated depreciation	1,656,829	705,482	-	2,362,311
Total capital assets, being depreciated, net	15,722,053	14,115,162	-	29,837,215
Governmental activities capital assets, net	$ 72,450,375	$ 39,254,128	$ 14,812,772	$ 96,891,731

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	552,546	1,920	-	554,466
Total capital assets, not being depreciated	3,555,827	1,920	-	3,557,747
Capital assets, being depreciated:				
Buildings and structures	12,855,648	-	-	12,855,648
Machinery and equipment	225,775	-	-	225,775
Total capital assets being depreciated	13,081,423	-	-	13,081,423
Less accumulated depreciation for:				
Buildings and structures	4,481,052	440,769	-	4,921,821
Machinery and equipment	38,276	40,909	-	79,185
Total accumulated depreciation	4,519,328	481,678	-	5,001,006
Total capital assets, being depreciated, net	8,562,095	(481,678)	-	8,080,417
Business-type activities capital assets, net	$ 12,117,922	$ (479,758)	$ -	$ 11,638,164

Note 3. Capital Assets (Continued)

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

Governmental activities:		
General government	$	124,021
Public safety		23,954
Physical environment		40,951
Transportation		35,658
Culture and recreation		480,898
Total deprecation expense – governmental activities	$	705,482
Business-type activities:		
Parking	$	450,824
Leasing		30,854
Total deprecation expense – business-type activities	$	481,678

Note 4. Construction Commitments

The Agency had the following construction commitments in the Capital Projects Funds as of September 30, 2010:

City Center Capital Projects	$	9,927,072

Note 5. Tenant Leases

The Agency serves as the lessor for the tenants leasing various retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2021. For leases that contain predetermined fixed escalations of the minimum rentals, the Agency recognizes the related rental revenue on the straight-line basis over the initial lease term. Future minimum lease payments to be received under the operating leases at September 30, 2010 are as follows:

Year Ending September 30,		
2011	$	704,335
2012		704,335
2013		653,092
2014		538,025
2015		345,110
2016-2020		619,703
2021		27,630
	$	3,592,230

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, 2010:

Retail Space	$	899,895
Recreational Facilities		4,404,031
Less: Accumulated Depreciation		(1,005,132)
	$	4,298,794

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, 2010.

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 $109,405,595. For the fiscal year ended September 30, 2010, debt service on the tax increment bonds was $8,393,267 and tax increment revenues totaled $30,815,584.

Note 6. Tax Increment Revenue Bonds (Continued)

The combined annual debt service costs are presented below:

Year Ending September 30,	Principal	Interest	Total
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	5,375,000	3,039,103	8,414,103
2016 – 2020	31,485,000	10,554,547	42,039,547
2021 – 2023	23,505,000	1,858,370	25,363,370
	79,485,000	29,920,595	109,405,595
Add unamortized bond premium	911,924	-	911,924
	$ 80,396,924	$ 29,920,595	$ 110,317,519

Note 7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax increment revenue bonds	$ 84,780,476	$ -	$ 4,383,552	$ 80,396,924	$ 4,450,000
Total bonds payable	84,780,476	-	4,383,552	80,396,924	4,450,000
Compensated absences	159,952	39,811	28,049	171,714	7,261
Governmental activity long-term liabilities	$ 84,940,428	$ 39,811	$ 4,411,601	$ 80,568,638	$ 4,457,261
Business-type activities:					
Tenant deposits	$ 67,373	$ 11,995	$ 890	$ 78,478	$ -
Business-type activity long-term liabilities	$ 67,373	$ 11,995	$ 890	$ 78,478	$ -

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 $884,206 of management-fee expense under this agreement for the year ended September 30, 2010. Presented below are the Agency's balances outstanding at September 30, 2010, 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 2010.

Governmental funds:		
Due from the primary government to:		
General fund	$	578,776
Due to the primary government from:		
General fund	$	445,512
Capital projects fund		405,330
	$	850,842
Business-type activities:		
Due from the primary government from:		
Enterprise funds – parking fund	$	24,004
Due to the primary government from:		
Enterprise funds – parking fund	$	39,445
Enterprise funds – leasing fund		2,794
	$	42,239

Note 10. Interfund Transfers

Interfund transfers for the year ended September 30, 2010 consisted of the following:

Governmental funds:		
Transfers from the general fund to:		
Debt service	$	10,072,850
Capital projects		13,170,050
Total transfers from the general fund	$	23,242,900

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, 2010 for the Agency's governmental and enterprise funds are as follows:

	Business-Type Activities		
	Parking Fund	Leasing Fund	Total
Receivables:			
Rent	$ -	$ 490,030	$ 490,030
Accounts	4,351	-	4,351
Gross receivables	4,351	490,030	494,381
Less allowance for uncollectible	-	150,076	150,076
Net receivables	$ 4,351	$ 339,954	$ 344,305

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. 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, 2010.

- 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, 2010 for the Agency's governmental funds:

	General Fund	Debt Service	Capital Projects
Fund balances:			
Non-spendable:			
Prepaids	$ 4,489	$ -	$ -
Restricted:			
Debt Service	-	6,546,326	-
Committed:			
General Government	-	-	31,334
Physical Environment	-	-	1,551,947
Transportation	-	-	24,041,008
Economic Environment	-	-	
Culture and Recreation	-	-	14,270,597
Other Capital Projects	-	-	55,000
Assigned:			
Transportation	3,096,515	-	-
Unassigned:	9,844,520	-	-
Total Fund Balance	$ 12,945,524	$ 6,546,326	$ 39,949,886

Note 13. Contingencies

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

Note 14. Subsequent Events

As a part of the First Addendum to the 2004 Development Agreement, the New World Symphony was granted a grant-in-aid of $15,000,000 in accordance with the specific terms and conditions later defined in the Grant-In-Aid Agreement dated July 23, 2008. The New World Symphony complied with the requirements of the Agreement and therefore, on March 25, 2011, the Agency released the grant funds to the New World Symphony.

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, 2010
(Unaudited)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:			
Tax increment	$ 30,807,637	$ 30,815,584	$ 7,947
Resort tax	3,460,000	3,845,345	385,345
Rents and leases	-	97,298	97,298
Interest	385,057	58,157	(326,900)
Other	-	25,825	25,825
Total revenues	34,652,694	34,842,209	189,515
Expenditures:			
General government	5,742,633	5,742,633	-
Public safety	2,864,494	2,446,677	417,817
Culture and recreation	2,794,795	-	2,794,795
Capital outlay	7,872	7,872	-
Total expenditures	11,409,794	8,197,182	3,212,612
Excess of revenues over expenditures	23,242,900	26,645,027	3,402,127
Other financing sources (uses):			
Sale of capital assets	-	2,065	2,065
Operating transfers out	(23,242,900)	(23,242,900)	-
Total other financing sources (uses)	(23,242,900)	(23,240,835)	2,065
Net change in fund balance	-	3,404,192	3,404,192
Fund balance, beginning	9,541,332	9,541,332	-
Fund balance, ending	$ 9,541,332	$ 12,945,524	$ 3,404,192

See Accompanying Notes to Required Supplementary Information.

Notes to Budgetary Comparison Schedule
September 30, 2010 (Unaudited)

Note 1. Budgetary Policy

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

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

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

SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule
Debt Service Fund
Year Ended September 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:			
Interest	$ -	$ 266	$ 266
Total revenues	-	266	266
Expenditures:			
Economic environment	1,593,492	1,593,492	-
Debt Service:			
Principal	4,255,000	4,255,000	-
Interest	4,138,267	4,138,267	-
Total expenditures	9,986,759	9,986,759	-
Excess of revenues over expenditures	(9,986,759)	(9,986,493)	266
Other financing sources (uses):			
Operating transfers in	9,986,759	10,072,850	86,091
Operating transfers out			-
Total other financing sources (uses)	9,986,759	10,072,850	86,091
Net change in fund balance	-	86,357	86,357
Fund balance, beginning	6,459,969	6,459,969	-
Fund balance, ending	$ 6,459,969	$ 6,546,326	$ 86,357

OTHER REPORT

McGladrey

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

The Board Members
Miami Beach Redevelopment Agency
Miami Beach, Florida

We have audited 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, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated May 11, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*.

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Independent accounting, tax and consulting firms

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, Florida
May 11, 2011