McGladrey & Pullen
Certified Public Accountants

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

Financial Report
Fiscal Year Ended September 30, 2007

PREPARED BY

THE FINANCE DEPARTMENT

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McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Board Members
Miami Beach Redevelopment Agency:

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2007, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Agency as of September 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (the "MD&A") and the budgetary comparison information on pages 3 through 16 and 41 through 42 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
March 28, 2008

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, 2007. 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 $30.7 million (net assets).
- The Agency's net assets increased by $18.67 million due to an increase in Tax Increment Revenue received in the current year based on the increase in the assessed property value of the City Center/Historic Convention Village.
- At September 30, 2007 unreserved fund balance in the Agency's governmental funds was $53 million. This includes unreserved fund balance in the general fund of $30 million and $23 million from the capital projects fund of which $20.9 has been appropriated in the current fiscal year but not yet expended for capital improvement projects.
- The Agency's total long-term liabilities decreased by $3.9 million or 4.2% 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 $17.9 million or 15.83%. The increase is mainly attributed to an increase in cash and investments of $15.5 million or 25.27% and an increase in capital assets, net of accumulated depreciation of $2.4 million or 4.9%.

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, economic environment and culture and recreation. The business-type activity of the Agency includes the parking and leasing operations of the Anchor Garage and Anchor Shops, respectively.

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

The government-wide financial statements can be found on pages 17 – 19 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

The Agency maintains two different types of proprietary funds or enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Agency uses enterprise funds to account for the parking and leasing operations of the Anchor Garage and Anchor Shops, respectively.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for parking and leasing of the Anchor Garage/Shops which are considered to be major funds of the Agency. For the current fiscal year, the Agency does not have any nonmajor proprietary funds.

The basic proprietary fund financial statements can be found on pages 24 – 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 27 – 40 of this report.

Government-Wide Financial Analysis

The table below summarizes the statement of net assets:

Summary of Net Assets (in thousands)

	Governmental Activities 2007	Governmental Activities 2006	Business-Type Activities 2007	Business-Type Activities 2006	Total 2007	Total 2006
Current and other assets	$ 69,565	$ 56,040	$ 10,047	$ 8,073	$ 79,612	$ 64,113
Capital assets	38,973	36,161	12,271	12,699	51,244	48,860
Total assets	108,538	92,201	22,318	20,772	130,856	112,973
Long-term liabilities	89,227	93,194	65	64	89,292	93,258
Other liabilities	10,710	7,549	155	139	10,865	7,688
Total liabilities	99,937	100,743	220	203	100,157	100,946
Net assets:						
Invested in capital assets, net of related debt	38,973	36,161	12,271	12,699	51,244	48,860
Restricted	4,722	4,627	-	-	4,722	4,627
Unrestricted	(35,094)	(49,330)	9,827	7,870	(25,267)	(41,460)
Total net assets	$ 8,601	$ (8,542)	$ 22,098	$ 20,569	$ 30,699	$ 12,027

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 $30.7 million at September 30, 2007, an increase of $18.67 million from September 30, 2006. This is a result of the increase in tax increment revenue based on the increased assessed valuation of the property within the City Center area.

A large portion of the Agency's net assets ($51.2 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 $4.7 million) represents resources that are subject to external restrictions on how they may be used.

The Agency's net assets increased by $18.67 million during the current fiscal year. Governmental activities accounted for an increase of $17.14 million while Business-type accounted for $1.53 million.

The table below summarizes the change in net assets:

Summary of Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	$ -	$ -	$ 3,073	$ 2,890	$ 3,073	$ 2,890
General Revenues:						
Taxes:						
Property taxes	34,522	24,935	-	-	34,522	24,935
Resort taxes	3,199	3,007	-	-	3,199	3,007
Investment earnings	3,576	2,452	446	306	4,022	2,758
Total revenues	41,297	30,394	3,519	3,196	44,816	33,590
Expenses:						
General government	4,035	2,572	-	-	4,035	2,572
Public safety	2,220	2,217	-	-	2,220	2,217
Economic environment	15,842	1,569	-	-	15,842	1,569
Culture and recreation	(2,434)	16	-	-	(2,434)	16
Parking-Anchor Garage	-	-	1,843	1,733	1,843	1,733
Leases-Anchor Shops	-	-	147	197	147	197
Interest on long-term debt	4,491	4,033	-	-	4,491	4,033
Total expenses	24,154	10,407	1,990	1,930	26,144	12,337
Special item	-	61,787	-	-	-	61,787
(Decrease) Increase in net assets	17,143	(41,800)	1,529	1,266	18,672	(40,534)
Net assets, beginning	(8,542)	33,258	20,569	19,303	12,027	52,561
Net assets, ending	$ 8,601	$ (8,542)	$ 22,098	$ 20,569	$ 30,699	$ 12,027

Governmental activities increased the Agency's net assets by $17.14 million. Additionally, total governmental fund balance increased by $10.57 million.

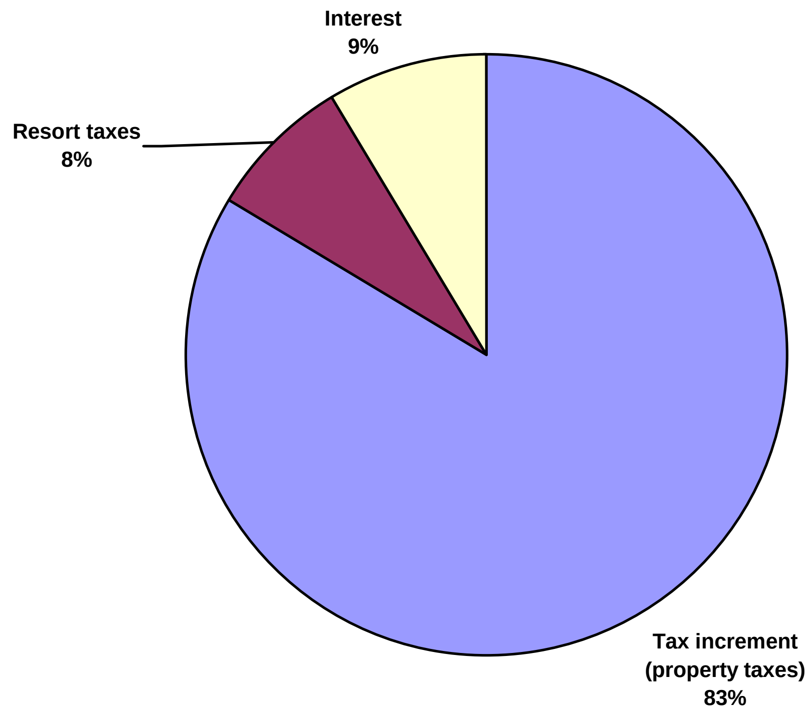
Key elements of the net increase are as follows:

- 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. On October 1, 2005, South Pointe's net assets of $61.8 million were transferred to the City. This was the primary cause for the decrease in net assets of $41.8 million in 2006. Separately from South Pointe, City Center had an increase in net assets in fiscal year 2006 of $20 million as it did in fiscal year 2007, with an increase of $18.67 million.

- Revenues from governmental activities in fiscal year 2007 totaled $41.3 million. This is an increase of $10.9 million or approximately 36% over the prior fiscal year. This is due primarily to an increase in the tax increment revenue ($9.6 million) based on a nearly 38% increase in the assessed valuation of the district as well as an increase in investment earnings of approximately $1.1 million.

The following chart shows the amounts of program and general revenues for fiscal year 2007:

Revenues by Source – Governmental Activities
Year Ended September 30, 2007



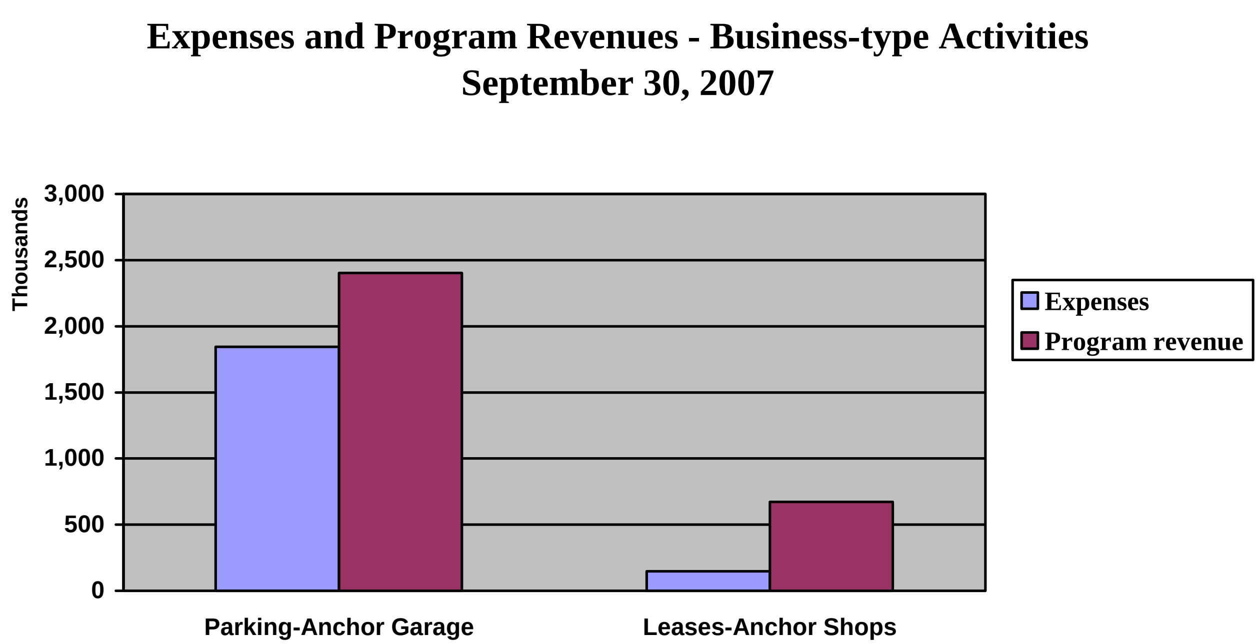
Business-Type Activities

Business-type activities increased the Agency's net assets by approximately $1.53 million.

Key elements of this increase are as follows:

- The Anchor Garage's net assets increased by $816,998 as a result of maintaining operating expenses lower in relation to the revenue generated.
- The Anchor Shops' net assets increased by $712,639 as a result of maintaining operating expenses lower in relation to the revenue generated. Rental tenants remain stable.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2007:



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, 2006	$ 40,811	$ 7,124	$ 4,446	$ 52,381
Revenues	41,139	350	2,643	44,132
Expenditures	(21,024)	(10,013)	(2,516)	(33,553)
Other financing sources (uses)	(30,681)	9,783	20,898	-
Fund balance, September 30, 2007	$ 30,245	$ 7,244	$ 25,471	$ 62,960

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.

The general fund is the chief operating fund of the Agency. At the end of the current fiscal year, unreserved fund balance of the general fund was $30 million, while total fund balance of the general fund was $30.24 million.

The fund balance of the Agency's general fund decreased by $10.6 million during the current fiscal year. This decrease is due primarily to the increase in the 2007 tax increment revenue appropriated and transferred to the Capital Projects Fund. In addition, $14.1 million was appropriated and expended on the Housing Acquisition Initiative which is explained further in the section entitled General Fund Expenditures.

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 $1.53 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

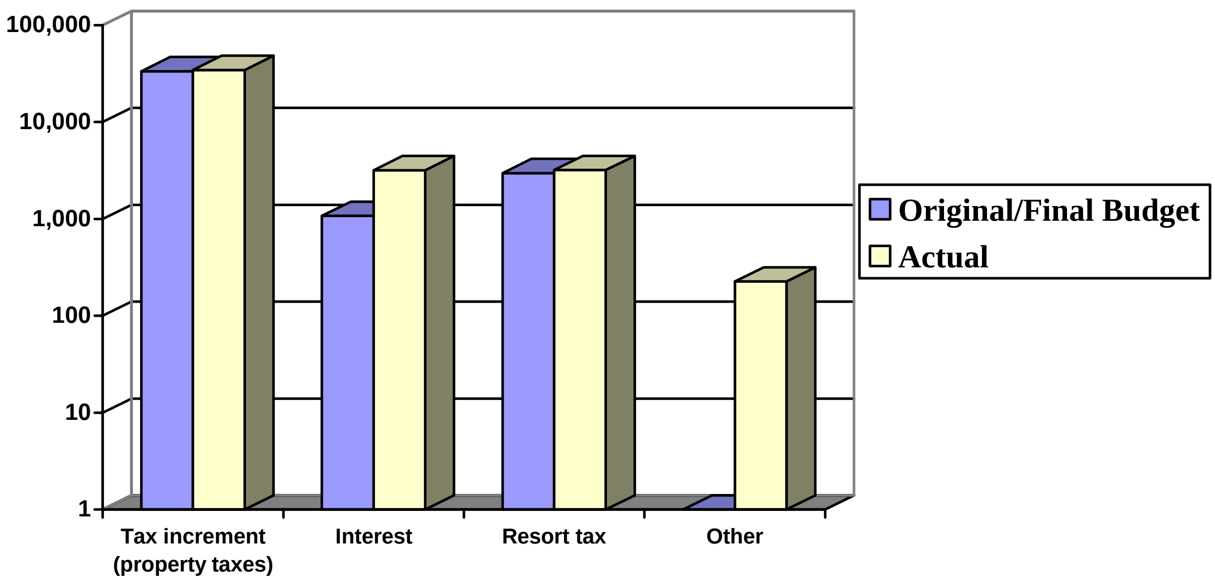
The following information is presented to assist the reader in comparing the original/final budget (Adopted Budget) and the actual results.

General Fund Revenues

The major variances between the adopted/final budget and actual are the interest income and the other revenue. The variance of approximately $2 million in interest income is due to an increase in interest rates, an increase in tax increment revenue received which in turn raised the cash and investment balance throughout the year and a conservative approach in budgeting interest income based on prior years' history. The variance for the other revenue is due to unanticipated water/sewer impact fees collected from the Loews Hotel of Miami Beach during the fiscal year.

The following charts and tables summarize actual revenues by category for fiscal year 2007 and compares actual revenues with the Adopted/Final Budget:

General Fund Revenues
Fiscal Year 2007
(in thousands)



General Fund Revenues
Fiscal Year 2007
(in thousands)

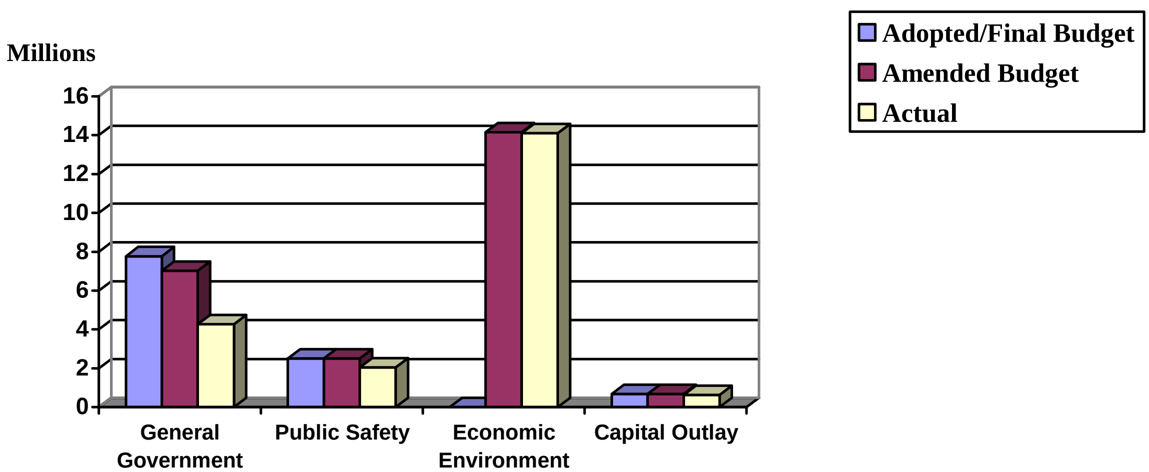
	Original/ Final Budget	Actual Amounts
Revenues:		
Tax increment (property taxes)	$ 33,444	$ 34,521
Resort tax	2,979	3,199
Interest income	1,078	3,192
Other	-	226
Total revenues	$ 37,501	$ 41,138

General Fund Expenditures

During the fiscal year, the adopted budget was amended by $14.1 million due to the authorization of an additional appropriation for the Housing Acquisition Initiative which provided funding to the Miami Beach Community Development Corporation (MBCDC) for the purchase of properties to be restored, renovated, operated and maintained by MBCDC. This was done for the express purpose of preserving these historic structures within the City Center RDA area and to maintain the properties as affordable housing for low to moderate income individuals as provided for in the provisions of the City Center/Historic Convention Village Redevelopment and Revitalization Area Plan.

The following chart and table summarize actual expenditures by function/program for fiscal year 2007 and compare the actual expenditures with the Adopted Budget and Amended Budget:

General Fund Expenditures
Fiscal Year 2007



General Fund Expenditures
Fiscal Year 2007
(in thousands)

	Original Adopted Budget	Final Adopted Budget	Actual Amounts
Expenditures:			
General government	$ 7,769	$ 7,769	$ 4,260
Public safety	2,507	2,507	2,038
Economic environment		14,150	14,107
Capital outlay	674	674	619
Total expenditures	$ 10,950	$ 25,100	$ 21,024

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, 2007 amounts to $51.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, vehicles, machinery and equipment, 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	
	2007	2006	2007	2006	2007	2006
Land and land improvements	$ 5,928	$ 5,928	3,003	$ 3,003	$ 8,931	$ 8,931
Buildings and structures	4,825	4,468	9,256	9,685	14,081	14,153
Vehicles	170	166	-	-	170	166
Machinery and equipment	115	162	5	11	120	173
Furniture and fixtures	2	4	-	-	2	4
Restorations and renovations	447	464	-	-	447	464
Construction in progress	27,486	24,969	7	-	27,493	24,969
Total	$ 38,973	$ 36,161	$ 12,271	$ 12,699	$ 51,244	$ 48,860

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, alleyway restoration and the Lincoln Road project between Lenox Avenue and Alton Road. Additional information on the Agency's capital assets can be found in the notes to the financial statements. Major capital asset events in progress during the current fiscal year include the following:

- City Center Right-of Way Improvement Project – The City Center Right of Way ("ROW") Infrastructure Improvement Project is a $19 million infrastructure project which includes the restoration and enhancement of rights-of-way/street-scapes throughout City Center. This project includes enhancements to roadway, sidewalk, curb and gutter, landscape, streetscape irrigation, lighting, potable water, and storm drainage infrastructure as needed.
- 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 is to be constructed in five separate construction phases: Demolition, Piling, Underground Utilities, Garage & Office Complex and Tenant Build-Out.
- Alleyway Restoration Program – Milling, paving, striping and placing traffic signs such as; one-way signs, stop signs and do-not-enter signs in the City Center/Historic Convention Village Redevelopment and Revitalization Area.

Capital Assets

- 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).

Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of $93 million. This debt was decreased by $3.7 million during the year. This decrease was due to the current year principal payment of $3.7 million.

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

	Governmental Activities	
	2007	2006
Tax increment revenue bonds	$ 92,986	$ 96,778

Economic Factors and Future Developments

The Agency has an original adopted budget of approximately $41.9 million for fiscal year 2008 for the City Center district. The Agency's budget decreased as a result of a decrease in the budgeted Tax Increment Funds received from Miami-Dade County and the City of Miami Beach due to the June 2007 property tax legislation and use of the roll-back rate. The original budgeted tax increment funds were approximately $33.4 million in fiscal year 2007 and approximately $31.1 million for fiscal year 2008.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current $25,000 homestead exemption by another $25,000, except for school district taxes. The new $25,000 homestead exemption does not apply to school district taxes, resulting in an estimated annual savings of $240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to $500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a $25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

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, 2007

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	$ 67,582,402	$ 9,531,281	$ 77,113,683
Receivables (net):			
Rent	-	347,903	347,903
Accounts receivables	-	4,351	4,351
Interest	75,792	-	75,792
Due from primary government	616,471	13,029	629,500
Prepaid expenses	4,490	84,812	89,302
Total current assets	68,279,155	9,981,376	78,260,531
Noncurrent Assets:			
Restricted cash and cash equivalents	-	65,464	65,464
Deferred charges, net	1,285,636	-	1,285,636
Capital assets not being depreciated:			
Land	5,928,000	3,003,281	8,931,281
Construction in progress	27,485,603	6,640	27,492,243
Capital assets net of accumulated depreciation:			
Buildings and structures	4,825,030	9,256,132	14,081,162
Restorations and renovations	447,494	-	447,494
Vehicles	169,567	-	169,567
Machinery and equipment	114,867	5,426	120,293
Furniture and fixtures	2,122	-	2,122
Total noncurrent assets	40,258,319	12,336,943	52,595,262
Total assets	108,537,474	22,318,319	130,855,793

(Continued)

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

Statement of Net Assets (Continued)
September 30, 2007

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 420,924	$ 101,120	$ 522,044
Accrued expenses	1,547,838	797	1,548,635
Due to other governments	-	41,732	41,732
Due to primary government	4,855,423	10,877	4,866,300
Portion due or payable within one year:			
Accrued compensated absences	25,998	-	25,998
Bonds payable	3,860,000	-	3,860,000
Total current liabilities	10,710,183	154,526	10,864,709
Long-term liabilities:			
Liabilities payable from restricted assets:			
Deposits	-	65,464	65,464
Portion due or payable after one year:			
Accrued compensated absences	100,205	-	100,205
Bonds payable	89,126,074	-	89,126,074
Total long-term liabilities	89,226,279	65,464	89,291,743
Total liabilities	99,936,462	219,990	100,156,452
Net assets:			
Invested in capital assets, net of related debt	38,972,683	12,271,479	51,244,162
Restricted for debt service	4,721,851	-	4,721,851
Unrestricted	(35,093,522)	9,826,850	(25,266,672)
Total net assets	$ 8,601,012	$ 22,098,329	$ 30,699,341

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, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Activities:							
Governmental:							
General government	$ 4,261,231	$ -	$ 225,841	$ -	$ (4,035,390)	$ -	$ (4,035,390)
Public safety	2,220,370	-	-	-	(2,220,370)	-	(2,220,370)
Economic environment	15,841,534	-	-	-	(15,841,534)	-	(15,841,534)
Culture and recreation	175,389	-	-	2,610,000	2,434,611	-	2,434,611
Interest on long-term debt	4,491,022	-	-	-	(4,491,022)	-	(4,491,022)
Total governmental activities	26,989,546	-	225,841	2,610,000	(24,153,705)	-	(24,153,705)
Business-type:							
Parking – Anchor Garage	1,843,326	2,401,949	-	-	-	558,623	558,623
Leasing – Anchor Shops	146,419	671,371	-	-	-	524,952	524,952
Total business-type activities	1,989,745	3,073,320	-	-	-	1,083,575	1,083,575
Total primary government	$ 28,979,291	$ 3,073,320	$ 225,841	$ 2,610,000	(24,153,705)	1,083,575	(23,070,130)
General revenues:							
Taxes:							
Tax increments for redevelopment districts					34,521,406	-	34,521,406
Resort tax					3,199,320	-	3,199,320
Interest					3,575,778	446,062	4,021,840
Total general revenues and special items					41,296,504	446,062	41,742,566
Changes in net assets					17,142,799	1,529,637	18,672,436
Net assets, beginning					(8,541,787)	20,568,692	12,026,905
Net assets, ending					$ 8,601,012	$ 22,098,329	$ 30,699,341

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, 2007

Assets	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Cash and investments	$ 34,072,751	$ 7,214,846	$ 26,294,805	$ 67,582,402
Receivables:				
Interest	46,800	28,992	-	75,792
Due from primary government	491,209	-	125,262	616,471
Prepaid expenses	4,490	-	-	4,490
Total assets	$ 34,615,250	$ 7,243,838	$ 26,420,067	$ 68,279,155
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 154,077	$ -	$ 266,847	$ 420,924
Accrued expenses	42,654	-	-	42,654
Due to primary government	4,173,171	-	682,252	4,855,423
Total liabilities	4,369,902	-	949,099	5,319,001
Fund balances:				
Reserved for:				
Prepaid expenses	4,490	-	-	4,490
Debt service	-	7,243,838	-	7,243,838
Encumbrances	225,000	-	2,305,709	2,530,709
Unreserved	30,015,858	-	23,165,259	53,181,117
Total fund balances	30,245,348	7,243,838	25,470,968	62,960,154
Total liabilities and fund balances	$ 34,615,250	$ 7,243,838	$ 26,420,067	$ 68,279,155

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, 2007

Total fund balance – governmental funds			$	62,960,154
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		27,485,603		
Buildings and structures, net of $234,850 accumulated depreciation		4,825,030		
Restoration and renovations, net of $40,682 accumulated depreciation		447,494		
Vehicles, net of $206,637 accumulated depreciation		169,567		
Machinery and equipment, net of $234,979 accumulated depreciation		114,867		
Furniture and fixtures, net of $4,952 accumulated depreciation		2,122		
Total capital assets				38,972,683
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, 2007 are:				
Accrued interest on bonds		(1,505,184)		
Bonds payable		(91,645,000)		
Premium on bonds payable		(1,341,074)		
Accrued compensated absences		(126,203)		
Deferred charges for bond issuance costs		1,285,636		
Total long-term liabilities				(93,331,825)
Total net assets of governmental activities			$	8,601,012

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, 2007

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Tax increment	$ 34,521,406	$ -	$ -	$ 34,521,406
Resort tax	3,199,320	-	-	3,199,320
Intergovernmental	-	-	2,610,000	2,610,000
Interest	3,192,248	350,362	33,168	3,575,778
Other	225,841	-	-	225,841
Total revenues	41,138,815	350,362	2,643,168	44,132,345
Expenditures:				
Current:				
General government	4,260,589	-	-	4,260,589
Public safety	2,037,581	-	-	2,037,581
Economic environment	14,106,676	1,654,374	-	15,761,050
Capital outlay	619,030	-	2,516,223	3,135,253
Debt service:				
Principal	-	3,655,000	-	3,655,000
Interest and fiscal charges	-	4,704,013	-	4,704,013
Total expenditures	21,023,876	10,013,387	2,516,223	33,553,486
Excess of revenues over (under) expenditures	20,114,939	(9,663,025)	126,945	10,578,859
Other financing sources (uses):				
Transfers in	-	9,782,779	20,898,057	30,680,836
Transfers out	(30,680,836)	-	-	(30,680,836)
Total other financing sources (uses)	(30,680,836)	9,782,779	20,898,057	-
Net change in fund balances	(10,565,897)	119,754	21,025,002	10,578,859
Fund balances, beginning	40,811,245	7,124,084	4,445,966	52,381,295
Fund balances, ending	$ 30,245,348	$ 7,243,838	$ 25,470,968	$ 62,960,154

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, 2007

Net change in fund balances – governmental funds	$ 10,578,859
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 ($3,135,253) exceeds depreciation ($323,321) in the current period.	2,811,932
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	3,655,000
Premium on bonds	137,106
Cost of issuance	(80,484)
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	(35,499)
Reduction in accrued interests on bonds	75,885
Change in net assets of governmental activities	$ 17,142,799

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, 2007

	Business-Type Activities Enterprise Funds		
Assets	Parking Fund	Leasing Fund	Total
Current Assets:			
Cash and investments	$ 5,631,289	$ 3,899,992	$ 9,531,281
Receivables:			
Rent, net of allowance	-	347,903	347,903
Accounts receivable	4,351	-	4,351
Due from primary governments	13,029	-	13,029
Prepaid expenses	7,000	77,812	84,812
Total current assets	5,655,669	4,325,707	9,981,376
Noncurrent Assets:			
Restricted cash and investments	5,278	60,186	65,464
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	11,825	9,404	21,229
Construction in progress	-	6,640	6,640
Less accumulated depreciation	(3,358,651)	(256,668)	(3,615,319)
Total capital assets (net of accumulated depreciation)	11,401,977	869,502	12,271,479
Total noncurrent assets	11,407,255	929,688	12,336,943
Total assets	17,062,924	5,255,395	22,318,319
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	91,315	9,805	101,120
Accrued expenses	797	-	797
Due to other governments	26,659	15,073	41,732
Due to primary government	10,877	-	10,877
Total current liabilities	129,648	24,878	154,526
Noncurrent Liabilities:			
Liabilities payable from restricted assets:			
Deposits	5,278	60,186	65,464
Total noncurrent liabilities	5,278	60,186	65,464
Total liabilities	134,926	85,064	219,990
Net Assets			
Invested in capital assets, net of related debt	11,401,977	869,502	12,271,479
Unrestricted	5,526,021	4,300,829	9,826,850
Total net assets	$ 16,927,998	$ 5,170,331	$ 22,098,329

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, 2007

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Operating revenues:			
Charges for services	$ 1,909,657	$ -	$ 1,909,657
Permits, rentals and other	492,292	671,371	1,163,663
Total operating revenues	2,401,949	671,371	3,073,320
Operating expenses:			
Operating supplies	10,732	-	10,732
Contractual services	1,282,402	67,432	1,349,834
Utilities	68,389	-	68,389
Depreciation	400,979	33,131	434,110
Other	80,824	45,856	126,680
Total operating expenses	1,843,326	146,419	1,989,745
Operating income	558,623	524,952	1,083,575
Nonoperating revenues:			
Interest income	258,375	187,687	446,062
Total nonoperating revenues	258,375	187,687	446,062
Changes in net assets	816,998	712,639	1,529,637
Total net assets, beginning	16,111,000	4,457,692	20,568,692
Total net assets, ending	$ 16,927,998	$ 5,170,331	$ 22,098,329

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, 2007

	Business-Type Activities Enterprise Funds		
	Parking Fund	Leasing Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 2,397,985	$ 677,294	$ 3,075,279
Cash paid to suppliers	(1,371,624)	(42,335)	(1,413,959)
Payments made to primary government	(69,385)	-	(69,385)
Net cash provided by operating activities	956,976	634,959	1,591,935
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	-	(6,640)	(6,640)
Net cash used in capital and related financing activities	-	(6,640)	(6,640)
Cash Flows From Investing Activities:			
Interest on investments	258,375	187,687	446,062
Net cash provided by investing activities	258,375	187,687	446,062
Net increase in cash and investments	1,215,351	816,006	2,031,357
Cash and investments – beginning of year	4,421,216	3,144,172	7,565,388
Cash and investments – end of year	$ 5,636,567	$ 3,960,178	$ 9,596,745
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	$ 558,623	$ 524,952	$ 1,083,575
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	400,979	33,131	434,110
Provisions for uncollectible accounts		45,856	45,856
Changes in assets and liabilities:			
Decrease in receivables	7,917	5,923	13,840
(Increase) in due from primary government	(13,029)	-	(13,029)
Decrease in prepaid expenses	-	10,733	10,733
Increase (decrease) in accounts payable	(26,611)	5,390	(21,221)
Increase in accrued expenses	767	-	767
Increase in due to other governments	16,483	8,974	25,457
Increase in due to primary government	10,699	-	10,699
Increase in deposits	1,148	-	1,148
Total adjustments	398,353	110,007	508,360
Net cash provided by operating activities	$ 956,976	$ 634,959	$ 1,591,935

See Notes to Financial Statements.

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 is to spur development and redevelopment in the South Shore 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. 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 Shore 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 directors. The Agency meets the criteria for inclusion in the City's reporting entity as a component unit and therefore has been reported in the basic financial statements of the City.

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

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

The City provides the Agency facilities for its operations.

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

The financial statements were prepared in accordance with Governmental Auditing Standards Board ("GASB") Codification Section 2100, which established standards for defining and reporting on the financial reporting entity. For financial reporting purposes, the Agency includes those operations that are generally controlled by or dependent on the Authority. Control by or dependence on the Agency is determined on the basis of such factors as budget adoption, outstanding debt secured by revenue of the Agency and obligation of the Agency to finance any deficit that may occur.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The Agency reports the following major governmental funds:

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

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

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

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

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

The Agency reports the following major proprietary funds:

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Capital Assets

Capital assets, which include property, vehicles, machinery, furniture and fixtures, are reported in the applicable governmental or business-type columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of $500 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at valuations, which approximate cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the construction phase of capital assets, interest expense of business-type activities is included as part of the capitalized cost of the assets constructed.

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

Assets	Years
Buildings	30 – 60
Improvements	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, state or municipal obligations, commercial paper, 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 and Deferred Items

Expenditures made for services that will benefit periods beyond September 30, 2007 are recorded as deferred charges in the government-wide statements. Expenditures made for services that will benefit periods beyond September 30, 2007 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. In governmental funds, debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures during the year of issuance. Bond discounts and premiums are reported as other financing sources or uses. In the government-wide and the proprietary funds financial statements, bond premiums, discounts and issuance costs are amortized over the life of the bonds using the interest method.

Note 1. Summary of Significant Accounting Policies (Continued)

4. Fund Equity/Net Assets

   a. Reserved Fund Balance – A fund balance reservation indicates that this portion of fund equity has been segregated for specific or legal purposes or is not otherwise available for appropriation, such as encumbrances, which are purchase order commitments for the expenditures of monies recorded in order to reserve that portion of the applicable appropriation in the governmental funds. They do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year; and

   b. Designated Fund Balance – A fund balance designation indicates that this portion of fund equity has been segregated based on tentative plans of the Agency; and

   c. Undesignated Fund Balance – This portion of fund equity is available for any lawful use by the Agency.

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

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 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.

7. 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.

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, 2007, all of the Agency's investments had a maturity of less than one year.

As of September 30, 2007, the Agency had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1
U.S. Treasury Securities	$ 24,127,578	$ 24,127,578
Money Market Funds	7,154,427	7,154,427
Repurchase Agreements	19,134,116	19,134,116
	$ 50,416,121	$ 50,416,121

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, 2007, the Agency had no investments in commercial paper or corporate bonds.

As of September 30, 2007 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	$ 43,210,377
Money Market Trust	U.S. Government	AAA	Aaa	7,154,427

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%.

Custodial credit risk: The Agency's investment policy requires that securities be registered in the name of the Agency. All safekeeping receipts for investment instruments are held in accounts in the Agency's name and all securities are registered in the Agency's name. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Agency's investments in Treasury securities and repurchase agreements are held by a counterparty in the Agency's name. The Agency's cash and investments at September 30, 2007 are shown below:

	Carrying Amount	% of Portfolio
Demand deposits – interest bearing	$ 26,814,343	34.74%
Money market trust	7,154,427	9.27%
Repurchase agreements	19,134,116	24.79%
Treasury securities	24,076,261	31.20%
	$ 77,179,147	100.00%

Note 3. Capital Assets

Capital asset activities for the year ended September 30, 2007 were as follows:

A. Governmental activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 5,928,000	$ -	$ -	$ 5,928,000
Construction in progress	24,969,380	2,516,223	-	27,485,603
Total capital assets, not being depreciated	30,897,380	2,516,223	-	33,413,603
Capital assets, being depreciated:				
Buildings and structures	4,544,031	515,849	-	5,059,880
Restorations/renovations	488,176	-	-	488,176
Vehicles	304,993	71,211	-	376,204
Machinery and equipment	317,876	31,970	-	349,846
Furniture and fixtures	7,074	-	-	7,074
Total capital assets being depreciated	5,662,150	619,030	-	6,281,180
Less accumulated depreciation for:				
Buildings and structures	75,734	159,116	-	234,850
Restorations/renovations	24,409	16,273	-	40,682
Vehicles	138,932	67,705	-	206,637
Machinery and equipment	156,167	78,812	-	234,979
Furniture and fixtures	3,537	1,415	-	4,952
Total accumulated depreciation	398,779	323,321	-	722,100
Total capital assets, being depreciated, net	5,263,371	295,709	-	5,559,080
Governmental activities capital assets, net	$ 36,160,751	$ 2,811,932	$ -	$ 38,972,683

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	-	6,640	-	6,640
Total capital assets, not being depreciated	3,003,281	6,640	-	3,009,921
Capital assets, being depreciated:				
Buildings and structures	12,855,648	-	-	12,855,648
Machinery and equipment	21,229	-	-	21,229
Total capital assets being depreciated	12,876,877	-	-	12,876,877
Less accumulated depreciation for:				
Buildings and structures	3,170,995	428,521	-	3,599,516
Machinery and equipment	10,214	5,589	-	15,803
Total accumulated depreciation	3,181,209	434,110	-	3,615,319
Total capital assets, being depreciated, net	9,695,668	(434,110)	-	9,261,558
Business-type activities capital assets, net	$ 12,698,949	$ (427,470)	$ -	$ 12,271,479

Note 4. Construction Commitments

The Agency had the following construction commitments in the Capital Projects Funds as of September 30, 2007:

City Center Capital Projects	$	2,305,709

Note 5. Tenant Leases

The Agency serves as the lessor for the tenants leasing various retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2016. For leases that contain predetermined fixed escalations of the minimum rentals, the Agency recognizes the related rental revenue on the straight-line basis over the initial lease term. Future minimum lease payments to be received under the operating leases at September 30, 2007 are as follows:

Year Ending September 30,		
2008	$	592,969
2009		577,360
2010		505,173
2011		490,735
2012		490,735
2013 - 2016		1,222,284
	$	3,879,256

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, 2007:

Retail Space	$	1,110,125
Less: Accumulated Depreciation		(251,966)
	$	858,159

Note 6. Tax Increment Revenue Bonds

On August 1, 1996, the Agency issued $37,500,000 (Series 1996A) and $7,705,000 (Series 1996B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged 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 of 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 1996A bonds were issued with interest rates of 7.86% to 8.95% payable semiannually on each June 1 and December 1. The Series 1996B bonds were issued with interest rates of 4% to 6.35% payable semiannually on each June 1 and December 1. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust funds revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The Series 1996A and 1996B 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 1996A and Series 1996B remaining outstanding principal balance, after the refunding, was paid off in full as of September 30, 2007.

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 pledged 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 will mature serially through December 1, 2008. 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 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 and Series 1998B bonds had a remaining outstanding principal balance, after the refunding, of $12,385,000 at September 30, 2007.

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 pledged 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.

Note 6. Tax Increment Revenue Bonds (Continued)

The combined annual debt service costs are presented below:

Year Ending September 30,	Principal	Interest	Total
2008	$ 3,860,000	$ 4,515,554	$ 8,375,554
2009	4,045,000	4,329,697	8,374,697
2010	4,255,000	4,138,267	8,393,267
2011	4,450,000	3,943,254	8,393,254
2012	4,660,000	3,733,816	8,393,816
2013 – 2017	26,955,000	15,068,988	42,023,988
2018 – 2022	35,165,000	6,961,859	42,126,859
2023	8,255,000	212,678	8,467,678
	91,645,000	42,904,113	134,549,113
Add unamortized bond premium	1,341,074	-	1,341,074
	$ 92,986,074	$ 42,904,113	$ 135,890,187

Note 7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax increment revenue bonds	$ 96,778,180	$ -	$ 3,792,106	$ 92,986,074	$ 3,860,000
Total bonds payable	96,778,180	-	3,792,106	92,986,074	3,860,000
Compensated absences	90,704	55,026	19,527	126,203	25,998
Governmental activity long-term liabilities	$ 96,868,884	$ 55,026	$ 3,811,633	$ 93,112,277	$ 3,885,998
Business-type activities:					
Tenant deposits	$ 64,316	$ 1,739	$ 591	$ 65,464	$ -
Business-type activity long-term liabilities	$ 64,316	$ 1,739	$ 591	$ 65,464	$ -

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 $698,714 of management-fee expense under this agreement for the year ended September 30, 2007. Presented below are the Agency's balances outstanding at September 30, 2007, resulting from other transactions with the Primary Government:

Governmental funds:	
Due from the primary government to:	
General fund	$ 491,209
Capital projects fund	125,262
	$ 616,471
Due to the primary government from:	
General fund	$ 4,173,171
Capital projects fund	682,252
Total due to the primary government	$ 4,855,423
Business-type activities:	
Due from the primary government from:	
Enterprise funds – parking fund	$ 13,029
Due to the primary government from:	
Enterprise funds – parking fund	$ 10,877

Note 10. Interfund Balances and Transfers

Interfund transfers for the year ended September 30, 2007 consisted of the following:

Governmental funds:		
Transfers from the general fund to:		
Debt service	$	9,782,779
Capital projects		20,898,057
Total transfers from the general fund	$	30,680,836

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, 2007 for the Agency's governmental and enterprise funds are as follows:

	Governmental Activities		
	General	Debt Service City Center	Total
Receivables:			
Interest	$ 46,800	$ 28,992	$ 75,792

	Business-Type Activities		
	Parking Fund	Leasing Fund	Total
Receivables:			
Rent	$ -	$ 498,723	$ 498,723
Accounts	4,351	-	4,351
Gross receivables	4,351	498,723	503,074
Less allowance for uncollectible	-	150,820	150,820
Net receivables	$ 4,351	$ 347,903	$ 352,254

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, 2007
(Unaudited)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:				
Tax increment	$ 33,444,159	$ 33,444,159	$ 34,521,406	$ 1,077,247
Resort tax	2,978,500	2,978,500	3,199,320	220,820
Interest	1,078,396	1,078,396	3,192,248	2,113,852
Other	-	-	225,841	225,841
Total revenues	37,501,055	37,501,055	41,138,815	3,637,760
Expenditures:				
General government	7,769,258	7,769,258	4,260,589	3,508,669
Public safety	2,506,419	2,506,419	2,037,581	468,838
Economic environment	-	14,150,000	14,106,676	43,324
Capital outlay	673,996	673,996	619,030	54,966
Total expenditures	10,949,673	25,099,673	21,023,876	4,075,797
Excess of revenues over expenditures	26,551,382	12,401,382	20,114,939	7,713,557
Other financing sources (uses):				
Operating transfers out	(30,911,444)	(30,911,444)	(30,680,836)	230,608
Total other financing sources (uses)	(30,911,444)	(30,911,444)	(30,680,836)	230,608
Net change in fund balance	(4,360,062)	(18,510,062)	(10,565,897)	7,944,165
Fund balance, beginning	40,811,245	40,811,245	40,811,245	-
Fund balance, ending	$ 36,451,183	$ 22,301,183	$ 30,245,348	$ 7,944,165

See Accompanying Notes to Required Supplementary Information.

Note 1. Budgetary Policy

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

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

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

Encumbrance accounting, under which purchase order commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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, 2007

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:			
Interest	$ -	$ 350,362	$ 350,362
Total revenues	-	350,362	350,362
Expenditures:			
Economic environment	1,654,374	1,654,374	-
Debt Service:			
Principal	3,655,000	3,655,000	-
Interest	4,704,013	4,704,013	-
Total expenditures	10,013,387	10,013,387	-
Excess of revenues over expenditures	(10,013,387)	(9,663,025)	350,362
Other financing sources (uses):			
Operating transfers in	10,013,387	9,782,779	(230,608)
Total other financing sources (uses)	10,013,387	9,782,779	(230,608)
Net change in fund balance	-	119,754	119,754
Fund balance, beginning	7,124,084	7,124,084	-
Fund balance, ending	$ 7,124,084	$ 7,243,838	$ 119,754

OTHER REPORTS

McGladrey & Pullen
Certified Public Accountants

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

The Board Members
Miami Beach Redevelopment Agency
Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Miami Beach Redevelopment Agency (the "Agency"), a component unit of the City of Miami Beach, Florida, (the "City") as of and for the year ended September 30, 2007, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

McGladrey & Pullen, LLP

Miami-Dade County, Florida
March 28, 2008