

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK WEST  
REDEVELOPMENT AGENCY, CITY OF MIAMI OMNI COMMUNITY  
REDEVELOPMENT AGENCY, AND CITY OF MIAMI MIDTOWN  
COMMUNITY REDEVELOPMENT AGENCY  
(COMPONENT UNITS OF THE CITY OF MIAMI, FLORIDA)**

Management Letter in Accordance With the  
*Rules of the Auditor General* of the State of Florida

Year ended September 30, 2009



**SANSON KLINE  
JACOMINO & COMPANY, LLP**  
Certified Public Accountants & Consultants

5805 Blue Lagoon Drive  
Suite 220  
Miami, Florida 33126  
Tel. (305) 269-8633  
Fax (305) 265-0652  
[www.skjnet.com](http://www.skjnet.com)

**Management Letter in Accordance with the  
Rules of the Auditor General of the State of Florida**

To the Board of Directors of the  
City of Miami Southeast Overtown Park West  
Redevelopment Agency, City of Miami Omni  
Community Redevelopment Agency, and City of  
Miami Midtown Community Redevelopment Agency

We have audited the financial statements of the City of Miami Southeast Overtown Park West Redevelopment Agency, City of Miami Omni Community Redevelopment Agency, and City of Miami Midtown Community Redevelopment Agency (collectively referred to as "the Agencies"), Component Units of the City of Miami, Florida, as of and for the fiscal year ended September 30, 2009 and have issued our reports thereon dated November 25, 2009.

We conducted our audits 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. We have issued our Independent Auditors' Reports on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated November 25, 2009, should be considered in conjunction with this management letter.

Additionally, our audits were conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report not otherwise addressed in the auditor's report pursuant to Section 10.557(3)(b)2., Rules of the Auditor General. There were no significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audits, we determined that the Agencies complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Current year recommendations are included at Appendix A to this letter.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of contracts or grant agreements, or abuse that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audits, we noted no such violations.



- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that have an inconsequential to the determination effect on the financial statement, considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) control deficiencies that are not significant deficiencies. In connection with our audits, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosures are made in note 1 to the Agencies' financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audits, we determined that the Agencies did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial reports for the Agencies for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. The Agencies do not file a separate report with the State of Florida Department of Financial Services. The financial operations of the Agencies are included in the basic financial statements of the City of Miami, Florida for the year ended September 30, 2009.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audits, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information and use of the board of directors, management of the Agencies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Sanson, Klein, Taconetti & Company LLP.*

November 25, 2009

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**Current Year's Recommendations**

**2009-1 GASB Statement No. 54**

***Criteria/Specific Requirements***

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The GASB developed Statement No. 54 to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used.

Statement No. 54 distinguishes fund balance between amounts that are considered nonspendable and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed – amounts constrained by a government using its highest level of decision-making authority.
- Assigned – amounts a government intends to use for a particular purpose.
- Unassigned – unconstrained amounts will be reported in the general fund.

The new standard also clarifies the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions.

GASB Statement No. 54 is effective for the Agencies' financial statement period ending September 30, 2011, with earlier implementation encouraged. However, as the Agencies are component units of the City of Miami, Florida, if the City makes the decision to early implement GASB Statement No. 54, the Agencies will be required to early implement as well.

***Condition Found***

Not applicable.

***Perspective***

Not applicable.

***Effect***

Not applicable.

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**Current Year's Recommendations**

***Recommendation***

We recommend that management become familiar with GASB Statement No. 54, and be prepared to implement this pronouncement for the fiscal year ending September 30, 2011. However, if the City decides to implement GASB Statement No. 54 earlier than fiscal year ending September 30, 2011, the Agencies will be required to early implement as well.

***Management's Response***

Management acknowledges the recommendation made. We will discuss this with the City and be prepared to implement GASB Statement No. 54 when the City does.