

**CITY OF MIAMI MIDTOWN COMMUNITY  
REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Miami, Florida)

Basic Financial Statements

September 30, 2009

(With Independent Auditor's Report Thereon)

**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Miami, Florida)

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**Independent Auditor's Report**

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**Independent Auditor's Report**

The Board of Directors  
City of Miami Midtown Community  
Redevelopment Agency:

We have audited the accompanying basic financial statements of the governmental activities and the major fund of the City of Miami Midtown Community Redevelopment Agency (the Agency), a component unit of the City of Miami, Florida (the City), as of and for the year ended September 30, 2009, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 and the major fund of the Agency as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated November 25, 2009 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 4 and the budgetary comparison information on pages 10 and 11 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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.

*Sanson, Kline, Jacomino & Company LLP*

November 25, 2009

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## **Management's Discussion and Analysis**

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**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Miami, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2009

This section of the City of Miami Midtown Community Redevelopment Agency (the Agency) financial statement presents management's analysis of the financial performance during the fiscal year that ended September 30, 2009. This discussion addresses whether or not the Agency as a whole is better off or worse off as a result of this year's activities.

**Overview**

The Agency was established in 2005 by the City of Miami, Florida (the City) under the provisions of Section 163.330, Florida Statutes. The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity of the Midtown area.

The Agency's primary source of revenue is tax increment funds. This revenue is computed by applying the operating tax rate for the City and the County, multiplied by the increased value of property located within the boundaries of the redevelopment areas of the Agency, 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.

On June 30, 2005, the Agency entered into an Interlocal Cooperation Agreement, as amended, with the City, Miami-Dade County (the County), and the Midtown Community Development District (the "District"), whereby tax increment revenues collected by the City and County would be paid to Midtown and used in accordance with the approved budget and redevelopment plan and terms and conditions of the Interlocal Agreement. In accordance with the redevelopment plan, the Agency has pledged the tax increments revenues received from the City and County to the repayment of the debt service of bonds issued by the District, which bonds were issued on July 28, 2004. Any shortfalls in the debt service are to be paid by the District, not the Agency.

Further, the Agency's policy is set by a board of directors comprised of the five members of the City commission and are separate, distinct and independent from the governing body of the City; and its management plan is executed by a small professional staff led by its executive director.

**Financial Highlights**

At the close of the current fiscal year, the Agency had a fund balance/net asset balance of \$0, which is the same as in the prior year. This was a result of the remittance of the tax increment funds to the District for the repayment of the debt service of bonds issued by the District, as described above.

The Agency did not incur any debt during the current fiscal year.

**Overview to the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Agency reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Miami, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2009

**Financial Analysis**

**Government-Wide/Individual Fund Analysis**

Our analysis of the financial statements of the Agency begins below. The Statement of Net Assets and the Statement of Activities report information about the Agency's activities that will help answer questions about the position of the Agency. A comparative analysis is provided below.

**Summary of Net Assets**

	<u>9/30/09</u>	<u>9/30/08</u>
Total assets	\$ -	\$ 1,114,409
Total restricted net assets	-	-

- Total assets decreased from the prior year as a result of the remittance of the tax increment revenues to the Midtown Community Development District occurring prior to year end, whereas in the prior year, the remittance was accrued for and not paid out until after year-end.

**Summary of Changes in Net Assets**

	<u>9/30/09</u>	<u>9/30/08</u>
Expenditures:		
General government	\$ 29,538	\$ 27,354
Community redevelopment	3,391,730	1,119,084
Revenues:		
Tax increment	<u>3,421,268</u>	<u>778,467</u>
Change in net assets	-	(367,971)
Net assets, beginning of year	-	<u>367,971</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>

- Community redevelopment expenditures increased in the current year as a result of the amount of the remittance of tax increment revenues paid to the Midtown Community Development District in accordance with the applicable interlocal agreement.
- Tax increment revenues increased from the prior year as a result of an increase in the annual pay out from the City and the County.

**Requests for Information**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, 49 N.W. 5<sup>th</sup> Street, Suite 100, Miami, Florida 33128.

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## **Basic Financial Statements**

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**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of Miami, Florida)

**Governmental Fund Balance Sheet/Statement of Net Assets**

September 30, 2009

	<u>Special revenue fund</u>	<u>Adjustments</u>	<u>Statement of net assets</u>
<b>Assets</b>	\$ -	-	-
<b>Liabilities</b>	\$ -	-	-
<b>Unreserved fund balance/unrestricted net assets</b>	\$ -	-	-

The accompanying notes are an integral part of the basic financial statements.

**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Miami, Florida)

Notes to Basic Financial Statements

September 30, 2009

**1. Summary of Significant Accounting Policies**

This summary of the City of Miami Midtown Community Redevelopment Agency (the Agency) significant accounting policies is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should be read in conjunction with the basic financial statements.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**A. Reporting Entity**

The Agency was established in 2005 by the City of Miami, Florida (the City) under the provisions of Section 163, Florida Statutes. The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity of the Midtown area. The board of directors of the Agency are comprised of the five members of the City commission and are separate, distinct and independent from the governing body of the City.

On June 30, 2005, the Agency entered into an Interlocal Cooperation Agreement, as amended, with the City, Miami-Dade County (the County), and the Midtown Community Development District (the "District"), whereby tax increment revenues collected by the City and County would be paid to Midtown and used in accordance with the approved budget and redevelopment plan and terms and conditions of the Interlocal Agreement. In accordance with the redevelopment plan, the Agency has pledged the tax increments revenues received from the City and County to the repayment of the debt service of bonds issued by the District, which bonds were issued on July 28, 2004. Any shortfalls in the debt service are to be paid by the District, not the Agency.

For financial reporting purposes, the Agency is a component unit of the City and is thus included in the City's comprehensive annual financial report as a blended component unit.

**B. Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Agency. *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 Agency does not have any *business-type activities* and has only one governmental activity. The accounts of the Agency are reported as a special revenue fund. The special revenue fund is the Agency's only fund and thus the Agency's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Miami, Florida)

Notes to Basic Financial Statements

September 30, 2009

**2. Cash and Cash Equivalents**

The Agency had no cash balance as of September 30, 2009. The Agency's funds participate in the City's pool on a dollar equivalent and daily transaction basis. Interest income (which includes unrealized gains and losses) is distributed monthly based on a monthly average balance.

Custodial Credit Risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. In addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC), deposits are held in banking institutions approved by the State of Florida, State Treasurer 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. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

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**Required Supplementary Information**

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**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of Miami, Florida)

**Budgetary Comparison Schedule**  
(Required Supplementary Information - Unaudited)

For the year ended September 30, 2009

	Budgeted amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
<b>Revenues:</b>				
Tax increment revenue	\$ 3,430,948	3,421,268	3,421,268	-
Other	-	-	-	-
Total revenues, net	<u>3,430,948</u>	<u>3,421,268</u>	<u>3,421,268</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	41,309	41,213	29,538	11,675
Community redevelopment	-	4,494,464	3,391,730	1,102,734
Total expenditures	<u>41,309</u>	<u>4,535,677</u>	<u>3,421,268</u>	<u>1,114,409</u>
Excess (deficiency) of revenues over (under) expenditures	3,389,639	(1,114,409)	-	1,114,409
<b>Other financing uses:</b>				
Net (budget reserve) carryover fund balance	(3,389,639)	1,114,409	-	1,114,409
Total other financing uses	<u>(3,389,639)</u>	<u>1,114,409</u>	<u>-</u>	<u>1,114,409</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of the year			-	
Fund balance - end of the year			<u>\$ -</u>	

The note to the required supplementary information is an integral part of this schedule.

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

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

To the Board of Directors of the  
City of Miami Midtown Community  
Redevelopment Agency:

We have audited the basic financial statements of the City of Miami Midtown Community Redevelopment Agency (the Agency) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 25, 2009. 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 basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.