

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

Basic Financial Statements

September 30, 2010

(With Independent Auditor's Report Thereon)

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

September 30, 2010

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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, 2010, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 2010, 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 January 19, 2011 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*

January 19, 2011

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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, 2010

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, 2010. 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, 2010

**Overview to the Financial Statements (continued)**

The Agency is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in fund Balance/Statement of Activities. Accordingly, there are no reconciling items between these two statements, which may be found on pages 5 and 6 of this report.

**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 (i.e. economic resources and measurement focus).

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 the most recent 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency only has one governmental fund; the special revenue fund.

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 7 to 9 of this report.

**Budgetary Highlights**

A budgetary comparison schedule has been provided for the special revenue fund to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 10 of this report.

The significant change between the original budget and final budget was to increase the amount budgeted for the tax increment revenues and the corresponding remittance of the tax increment revenues to the Midtown Community Development District.

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

Management's Discussion and Analysis - Unaudited

September 30, 2010

**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>9/30/10</u> | <u>9/30/09</u> |
|-----------------------------|----------------|----------------|
| Total assets                | \$ 1,500       | \$ -           |
| Total liabilities           | 1,500          | -              |
| Total restricted net assets | -              | -              |

**Summary of Changes in Net Assets**

|                               | <u>9/30/10</u>   | <u>9/30/09</u>   |
|-------------------------------|------------------|------------------|
| Expenditures:                 |                  |                  |
| General government            | \$ 33,984        | \$ 29,538        |
| Community redevelopment       | 3,867,462        | 3,391,730        |
| Revenues:                     |                  |                  |
| Tax increment                 | <u>3,901,446</u> | <u>3,421,268</u> |
| Change in net assets          | -                | -                |
| Net assets, beginning of year | -                | -                |
| 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, 2010

|  | <u>Special<br/>revenue fund</u> | <u>Adjustments</u> | <u>Statement of<br/>net assets</u> |
|--|---------------------------------|--------------------|------------------------------------|
| <b>Assets</b>  |                                 |                    |                                    |
| Equity in pooled cash                                  | \$ 1,500                        | -                  | 1,500                              |
| <b>Liabilities</b>                                     |                                 |                    |                                    |
| Accounts payable                                       | \$ 1,500                        | -                  | 1,500                              |
| <b>Unreserved fund balance/unrestricted net assets</b> | <u>\$ -</u>                     | <u>-</u>           | <u>-</u>                           |

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)

Statement of Governmental Fund Revenues, Expenditures,  
and Changes in Fund Balance/Statement of Activities

Year ended September 30, 2010

|   | <u>Special<br/>revenue fund</u> | <u>Adjustments</u> | <u>Statement of<br/>activities</u> |
|---|---------------------------------|--------------------|------------------------------------|
| Expenditures/expenses:                                      |                                 |                    |                                    |
| General government  | \$ 33,984                       | -                  | 33,984                             |
| Community redevelopment                                     | <u>3,867,462</u>                | <u>-</u>           | <u>3,867,462</u>                   |
| Total expenditures/expenses                                 | <u>3,901,446</u>                | <u>-</u>           | <u>3,901,446</u>                   |
| General revenues:   |                                 |                    |                                    |
| Tax increment revenue                                       | <u>3,901,446</u>                | <u>-</u>           | <u>3,901,446</u>                   |
| Total general revenues                                      | <u>3,901,446</u>                | <u>-</u>           | <u>3,901,446</u>                   |
| Excess of revenues over expenditures/increase in net assets | -                               | -                  | -                                  |
| Fund Balance/net assets - beginning of the year             | <u>-</u>                        | <u>-</u>           | <u>-</u>                           |
| Fund Balance/net assets - end of the year                   | <u>\$ -</u>                     | <u>-</u>           | <u>-</u>                           |

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, 2010

**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, 2010

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The *Special Revenue Fund* is the Agency's only fund. It accounts for all financial resources of the Agency.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all tax increment revenues, net of distribution remittances to the District.

**D. Equity in Pooled Cash**

The Agency's cash is pooled together with the City's cash. All such cash is reflected as equity in pooled cash on the Agency's governmental fund balance sheet / statement of net assets.

**E. Fund Equity**

Unreserved fund balance is the portion of fund equity available for any lawful use.

**F. Tax Increment Revenues**

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. As noted in note 1(A) above, in accordance with the redevelopment plan of the Agency, 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 the fiscal year ended September 30, 2010, the Agency remitted a total of \$3,862,462 to the District.

**G. Use of 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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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

Notes to Basic Financial Statements

September 30, 2010

**2. Cash and Cash Equivalents**

The Agency's cash as of September 30, 2010, consisted of equity in pooled cash in the amount of \$1,500. The Agency's fund participates 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.

**3. Subsequent events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading. The Agency evaluated subsequent events through January 19, 2011, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

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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, 2010

|  | <u>Budgeted amounts</u> |                  | <u>Actual</u>    | <b>Variance with<br/>final budget -<br/>positive<br/>(negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| Revenues:  |                         |                  |                  |   |
| Tax increment revenue  | \$ 3,421,268            | 3,901,446        | 3,901,446        | -   |
| Other  | -                       | -                | -                | -   |
| Total revenues, net  | <u>3,421,268</u>        | <u>3,901,446</u> | <u>3,901,446</u> | -   |
| Expenditures:  |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| General government   | 41,213                  | 33,984           | 33,984           | -   |
| Community redevelopment                                      | <u>3,380,055</u>        | <u>3,867,462</u> | <u>3,867,462</u> | -   |
| Total expenditures   | <u>3,421,268</u>        | <u>3,901,446</u> | <u>3,901,446</u> | -   |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                       | -                | -                | -   |
| Other financing uses:  |                         |                  |                  |   |
| Net (budget reserve) carryover fund balance                  | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| Total other financing uses                                   | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| Net change in fund balance                                   | <u>\$ -</u>             | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| Fund balance - beginning of the year                         |                         |                  | <u>-</u>         |   |
| Fund balance - end of the year                               |                         |                  | <u>\$ -</u>      |   |

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

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

Note to Required Supplementary Information

September 30, 2010

**1. Budgetary Policy**

As set forth in the Interlocal Cooperation Agreement between the Agency and the City, the Agency adopts an annual budget for the Special Revenue Fund. The budget is adopted on a basis consistent with U.S. generally accepted accounting principles. Budgetary control is maintained at the fund level.

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## **Other Reports**

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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, 2010, and have issued our report thereon dated January 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, 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*.

In addition, we issued a management letter to management of the Agency dated January 19, 2011, as required by the *Rules of the Auditor General* of the State of Florida.



This report is intended solely for the information and use of the board of directors, management of the Agency, 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, Tacomeni & Company LLP*

January 19, 2011



**SANSON KLINE  
JACOMINO & COMPANY, LLP**  
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**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 Midtown Community  
Redevelopment Agency:

We have audited the financial statements of the City of Miami Midtown Community Redevelopment Agency (the Agency), a Component Unit of the City of Miami, Florida, as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated January 19, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 January 19, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was 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. See Appendix A to this report for a status of the prior year's recommendation.
- 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 current year audit, we determined that the Agency 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. In connection with our current year audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our current year audit, 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) deficiencies in internal control that are not significant deficiencies. In connection with our current year audit, 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 Agency's 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 current year audit, we determined that the Agency 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 Agency for the fiscal year ended September 30, 2010, 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, 2010. The Agency does not file a separate report with the State of Florida Department of Financial Services. The financial operations of the Agency are included in the basic financial statements of the City of Miami, Florida for the year ended September 30, 2010.
- 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 current year audit, 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 Agency, 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, Tacomeni & Company LLP*

January 19, 2011

**CITY OF MIAMI MIDTOWN COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit 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, 2010

**Status of Prior Year's Recommendation**

**2010-1 GASB Statement No. 54**

***Prior Year's 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 Authority will be required to early implement as well.

***Prior Year's 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.

***Current Year's Status***

The City did not early implement GASB Statement No. 54 for the year ended September 30, 2010, but instead will implement it, as required, for the year ending September 30, 2011.