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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, 2022

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, 2022. 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 (the Original Agreement) 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 Original Agreement. In accordance with the redevelopment plan, the Agency 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, and refinanced in 2014. In accordance with the Original Agreement, any shortfalls in the debt service are to be paid by the District, not the Agency. However, the terms of the Original Agreement were amended significantly on September 23, 2008 (the Amended Agreement), whereby the Agency is now responsible for any shortfall of the tax increment revenues pledged for the repayment of the annual debt service requirements. Any funds remaining after payment of the current year's debt service, such amounts should be applied to reduce any historical cumulative shortages occurred in prior years. If the tax increment revenues exceed the debt service coupled with the debt service shortfall, said surplus shall be paid to the property owners of record in the district.

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 has a fund balance/net position balance of \$0, which is the same as the prior year. 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

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

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

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 Position 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 6 and 7 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 position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 8 to 12 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 13 of this report.

There was no change between the original budget and final budget.

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The significant variance between the final budget and the actual amounts reported for community redevelopment expenditures is related to the payment of the shortfall of the annual debt service of bonds issued by the District that had not yet occurred as of year end.

**Financial Analysis**

**Government-Wide/Individual Fund Analysis**

Our analysis of the financial statements of the Agency begins below. The Statement of Net Position 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 Position**

	<u>9/30/22</u>	<u>9/30/21</u>
Total assets	\$ 15,787,228	\$ 9,173,165
Total liabilities	-	-
Total net position	15,787,228	9,173,165

**Summary of Changes in Net Position**

	<u>9/30/22</u>	<u>9/30/21</u>
Expenditures:		
General government	\$ 114,723	\$ 98,454
Community redevelopment	4,697,106	4,698,906
Revenues:		
Tax increment revenue	11,472,336	9,845,407
Investment income	(46,444)	7,070
Change in net position	6,614,063	5,055,117
Net position, beg. of year	<u>9,173,165</u>	<u>4,118,048</u>
Net position, end of year	<u>\$ 15,787,228</u>	<u>\$ 9,173,165</u>

- Total assets and Tax increment revenues increased from the prior year due to the 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, 1401 North Miami Avenue, Miami, Florida 33136.