
Management's Discussion and Analysis

CITY OF MIAMI OMNI 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 Omni 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 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 in the Omni 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 24, 1996, the City and County entered into an Interlocal Cooperation Agreement with the Agency, whereby the Agency will receive over a three-year period, commencing on the date of the Agreement, a total of \$1.2 million of tax increment revenue contributed by the City and County. If within the three-year period the Agency receives more than \$1.2 million in tax increment revenue, the excess shall be remitted to the County for the Performing Arts Center Project. Thereafter, the Agency shall remit to the County tax increment funds received up to, but no more than \$1.43 million per year. The obligation to pay the \$1.43 million each year shall cease at such time that the County has no Performing Arts Center construction bonds outstanding.

On December 31, 2007, the City and County entered into an Interlocal Agreement with the Agency, whereby in addition to the \$1.43 million per year described above for the Performing Arts Center project, the Agency shall remit on March 31, 2010 and every March 31st thereafter ending on March 31, 2012 an amount equal to 35% of the amount by which the increment revenue exceeds \$1.43 million, and on March 31, 2013 and every March 31st thereafter until March 31, 2027, including any additional time extensions beyond March 31, 2027, an amount equal to the greater of \$1.43 million or 35% of the increment revenue, provided that the amounts remitted by the Agency do not exceed \$25 million in any fiscal year.

On August 6, 2007, the City, County and The Children's Trust (the Trust) entered into an Interlocal Agreement with the Agency, whereby the Agency would receive from the Trust, on an annual basis, tax increment revenues derived from the imposition of a half-mil tax levied by the Trust against real property located within the redevelopment district (referred to as Trust revenues). The agency agreed to use the Trust revenues for debt service on, and other obligations relating to, existing debts of the Agency only after all other available tax increment revenues have been exhausted for such purpose, and to remit to the Trust on the last day of the Agency's fiscal year, all of the Trust revenues that are not needed for debt service on, or other obligations relating to, existing debts of 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.

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Financial Highlights

The assets of the Agency exceeded its liabilities at the close of its most recent fiscal year by \$43,394,459. Of this amount, \$26,597,584 was invested in capital assets net of related debt, \$10,831,185 was restricted for redevelopment projects, \$2,523,595 was restricted for debt service, resulting in \$3,442,095 (unrestricted net position) available to meet the Agency's obligations to citizens in the Omni district.

At the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$36,094,934, an increase of \$4,509,561 in comparison with the prior 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.

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.

The government-wide financial statements may be found on pages 9 and 10 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Agency are categorized as governmental funds.

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.

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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 this comparison between governmental funds and governmental activities.

The Agency maintains three individual governmental funds during fiscal year 2022. 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 each governmental fund.

The basic governmental fund financial statements can be found on pages 11 and 13 of this report. The reconciliations between the governmental funds and governmental activities can be found on pages 12 and 14 of this report.

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 15 to 24 of this report.

Budgetary Highlights

The Agency adopts an annual budget on an individual fund basis. Budgetary comparison schedules have been provided for the Special Revenue Fund to demonstrate compliance with the budget on page 25 of this report.

The following is a brief review of the significant variances between the original budget and the final budget, as well as the significant variances between the final budget and actual amounts, for the Special Revenue Fund:

- The significant variance between the final budget and actual amounts reported for community redevelopment expenditures is a result of redevelopment projects that either did not commence yet or were not yet completed as planned.

Financial Analysis

Government-Wide 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.

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Table A-1
Summary of Net Position

	Fiscal Year 2022	Fiscal Year 2021
Current assets	\$ 48,493,396	36,236,623
Lease receivable	1,266,208	-
Capital assets, net	26,106,136	26,597,584
Total assets	<u>75,865,740</u>	<u>62,834,207</u>
Current liabilities	1,025,549	184,421
Non-current liabilities	17,093,457	19,298,059
Total liabilities	<u>18,114,006</u>	<u>19,482,480</u>
Net position:		
Net investment in capital assets	26,106,136	26,597,584
Restricted	12,363,801	13,312,048
Unrestricted	18,059,355	3,442,095
Total net position	<u>\$ 56,529,292</u>	<u>43,351,727</u>

- Total assets increased from the prior year mainly as a result of the available cash at year end, and the implementation of the new lease pronouncement, which required operating leases to be reported on the books.
- Total liabilities decreased from the prior year as a result of the current year's debt service payment on the tax increment notes.
- Total net position increased from the prior year as a result of the overall net increase in operations.

Table A-2
Summary of Changes in Net Position

	Fiscal Year 2022	Fiscal Year 2021
Revenues:		
Charges for services	\$ 341,937	-
Intergovernmental:		
Operating	114,723	98,454
General revenues:		
Tax increment revenue	32,024,597	32,305,880
Investment income	(83,903)	22,869
Other	58,762	393,461
Total revenues	<u>32,456,216</u>	<u>32,820,664</u>
Expenses:		
General government	1,477,744	1,424,910
Community redevelopment	17,083,443	24,755,272
Interest on long-term obligations	760,196	839,140
Total expenses	<u>19,321,383</u>	<u>27,019,322</u>
Change in net position	13,134,833	5,801,342
Net position, beginning of year	<u>43,351,727</u>	<u>37,550,385</u>
Net position, end of year	<u>\$ 56,529,292</u>	<u>43,351,727</u>

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- Charges for services increased in the current year as a result of the implementation of the new lease pronouncement.
- Tax increment revenue increased in the current year as a result of the increase in the payout by the City and the County.
- Community redevelopment expenditures Increased in the current year as a result of the increase in project activity from the prior year.

Individual Fund Analysis

The fund balance for the Special Revenue Fund increased from \$22,740,154 at September 30, 2021 to \$35,152,812 at September 30, 2022. Fund balance for the Redevelopment Projects Fund decreased from \$10,831,185 at September 30, 2021 to \$9,842,706 at September 30, 2022. Fund balance for the Debt Service Fund decreased from \$2,523,595 at September 30, 2021 to \$2,521,095 at September 30, 2022.

Since the Agency only has governmental funds/activities, the changes in fund balance also explain the increases in net position. The following are key factors in the changes in fund balances for 2022:

- The increase in fund balance in the Special Revenue Fund was mainly due to the increase in the tax increment revenue and the slight decrease in activity in redevelopment projects overall during the year.

Capital Assets

As of September 30, 2022, the Agency’s investment in capital assets, net of accumulated depreciation, amounted to \$26,106,136, decreasing from \$26,597,584 as of September 30, 2021.

Summary of Capital Assets
(Net of Accumulated Depreciation)

	Fiscal Year <u>2022</u>	Fiscal Year <u>2021</u>
Land	\$ 11,447,103	\$ 11,447,103
Infrastructure	14,659,033	15,149,805
Furniture and equipment	<u>-</u>	<u>677</u>
Total capital assets	\$ <u>26,106,136</u>	\$ <u>26,597,584</u>

Additional capital asset information can be found on page 20 of this report.

Debt Management

On March 6, 2018, the Agency issued Tax Increment Revenue Note, Tax-exempt Series 2018A, in the aggregate principal amount of \$10,000,000, maturing through September 1, 2029, at an interest rate of 3.25% payable semi-annually on March 1 and September 1. The note is secured by a pledge of tax increment revenue amounts received for the Omni Community Redevelopment area.

Pledged revenues on the note includes all tax increment funds accruing within the redevelopment area, after amounts deducted for any payments of the Interlocal Agreement obligations and to payment on a parity therewith of other outstanding authorized notes. The proceeds of the note are to be used to finance a portion of the 2009 amended Omni Area Community Redevelopment Plan, including support of affordable housing, acquisition of real estate and other capital projects (the “2017 Project”).

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On July 13, 2018, the Agency issued Tax Increment Revenue Note, Taxable Series 2018B, in the aggregate principal amount of \$15,000,000, maturing through September 1, 2029, at an interest rate of 4.49% payable semi-annually on March 1 and September 1. The note is secured by a pledge of tax increment revenue amounts received for the Omni Community Redevelopment area. Pledged revenues on the note includes all tax increment funds accruing within the redevelopment area, after amounts deducted for any payments of the Interlocal Agreement obligations and to payment on a parity of the 2018A Note.

The proceeds of the note are to be used to finance a portion of the 2009 amended Omni Area Community Redevelopment Plan, including support of affordable housing, acquisition of real estate and other capital projects (the "2017 Project").

As of September 30, 2022, the Agency had notes payable outstanding in the amount of \$16,885,000 compared to \$18,940,000 of as of September 30, 2021. No new debt was issued during fiscal year 2022.

Additional debt information can be found on page 21 of this report.

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.