

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Basic Financial Statements

September 30, 2023

(With Independent Auditor's Report Thereon)

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

September 30, 2023

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Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
City of Miami Southeast Overtown Park
West Community Redevelopment Agency:

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Miami Southeast Overtown Park West Community Redevelopment Agency (the Agency), a component unit of the City of Miami, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 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* in considering the Agency's internal control over financial reporting.

Sanson Kline Jacomino & Tandoc, LLP

Miami, Florida
January 17, 2024

Management's Discussion and Analysis

**CITY OF MIAMI SOUTHEAST OVERTOWN
PARK WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2023

This section of the City of Miami Southeast Overtown Park West Community Redevelopment Agency (the Agency) financial statements presents management's analysis of the financial performance for the fiscal year ended September 30, 2023. 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 Southeast Overtown 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 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.

Financial Highlights

The liabilities of the Agency exceeded its assets at the close of its most recent fiscal year by \$37,123,827. Of this amount, \$16,191,674 was invested in capital assets net of related debt, resulting in \$20,932,153 (unrestricted net position) available to meet the Agency's obligations to citizens in the Southeast Overtown area.

At the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$51,681,649, an increase of \$6,702,770 in comparison with the prior year. This significant increase was mainly a result of the sale of certain land and infrastructure 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 SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2023

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 8 and 9 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. 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 2023. 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 10 and 12 of this report. The reconciliations between the governmental funds and governmental activities can be found on pages 11 and 13 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 14 to 26 of this report.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2023

Budgetary Highlights

The Agency adopts an annual budget on an individual fund basis. A budgetary comparison schedule has been provided for the Special Revenue Fund to demonstrate compliance with the budget on page 27 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 shown below.

A summary of the Agency's net position is presented in Table A-1 and a summary of changes in net position is presented in Table A-2.

Table A-1
Summary of Net Position

	<u>FY 2023</u>	<u>FY 2022</u>
Cash	\$ 53,558,327	\$ 46,265,237
Interest receivable	301,283	85,303
Loan receivable	226,808	256,802
Lease receivables	255,236	322,599
Right to use leased asset, net	2,179,612	2,452,064
Capital assets, net	<u>16,191,674</u>	<u>9,762,959</u>
Total assets	<u>72,712,940</u>	<u>59,144,964</u>
Current liabilities	2,419,707	1,640,074
Non-current liabilities	<u>32,929,107</u>	<u>36,541,788</u>
Total liabilities	<u>35,348,814</u>	<u>38,181,862</u>
Deferred Inflows of Resources	<u>240,298</u>	<u>310,988</u>
Net position:		
Net investment in capital assets	16,191,674	9,762,959
Restricted for redevelopment projects	-	2,135
Unrestricted	<u>20,932,153</u>	<u>10,887,020</u>
Total net position	\$ 37,123,827	\$ <u>20,652,114</u>

- Increase in cash from the prior year is a result of the increase in the payout of tax increment revenue by the City and County during the current year.
- Increase in capital assets from the prior year is a result of the purchase of land and expenditures for construction-in-progress during the current year.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2023

- Decrease in non-current liabilities from the prior year is a result principal paid on the bonds in the current year.
- A portion of the Agency's net position in the current year (\$16,191,674) reflects its net investment in capital assets (e.g. furniture and equipment, infrastructure and land), less any related outstanding debt used to acquire those assets. These assets are not available for future spending.
- Another portion of the Agency's net position in the current year (\$2,135) represents resources that were subject to external restrictions on how they may be used, i.e. specific redevelopment projects funded by the issuance of the Tax Increment Revenue Bonds, Series 2014A.
- The remaining portion of the Agency's net position in the current year (\$20,932,843) represents resources that are unrestricted and available for any lawful use by the Agency.

Table A-2
Summary of Changes in Net Position

	<u>FYE 2023</u>	<u>FYE 2022</u>
Revenues:		
General revenues:		
Tax increment revenue	\$ 44,677,530	\$ 36,637,557
Charges for Services - leases	118,301	126,912
Investment income (loss)	2,192,426	(75,195)
Other	<u>1,366,623</u>	<u>3,723,330</u>
Total revenues	<u>48,354,880</u>	<u>40,412,604</u>
Expenses:		
General government	4,215,123	2,964,744
Community redevelopment	26,508,852	36,501,079
Interest on long-term debt	<u>1,159,192</u>	<u>1,310,523</u>
Total expenses	<u>31,883,167</u>	<u>40,776,346</u>
Change in net position	16,471,713	(363,742)
Net position, beginning of year	<u>20,652,114</u>	<u>21,015,856</u>
Net position, end of year	\$ <u>37,123,827</u>	\$ <u>20,652,114</u>

- Tax increment revenue increases as a result of the increase in the payout by the City and County from the prior year.
- Investment income increased as a result of the better performance of the investment market in the current year.
- Other revenues decreased as a result of the shopping center settlement apportionment in the prior year.
- Community redevelopment expenses decreased in the current year as a result of the decrease in project activity.

Individual Fund Analysis

The fund balance for the Special Revenue Fund increased from \$44,976,055 at September 30, 2022 to \$51,681,649 at September 30, 2023. The fund balance for the Redevelopment Projects Fund decreased from \$2,135 at September 30, 2022 to \$0 at September 30, 2023. The fund balance for the Debt Service Fund decreased from \$689 at September 30, 2022 to \$0 at September 30, 2023.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Management’s Discussion and Analysis - Unaudited

September 30, 2023

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 2023:

- The increase in fund balance in the Special Revenue Fund was mainly due to the significant increase in tax increment revenues and the significant decrease in project activity during the current fiscal year as compared to the prior fiscal year.

Capital Assets

As of September 30, 2023, the Agency’s investment in capital assets, net of accumulated depreciation, amounted to \$16,191,674, increasing from \$9,762,959 as of September 30, 2022.

Summary of Capital Assets

(Net of Accumulated Depreciation)

	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>
Land	\$ 7,685,894	\$ 4,643,056
Construction-in-progress	2,268,052	-
Infrastructure	<u>6,237,728</u>	<u>5,119,903</u>
Total capital assets	<u>\$ 16,191,674</u>	<u>\$ 9,762,959</u>

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

Long-term Obligations

During the fiscal year 2014, the Agency issued \$55,885,000 in tax increment revenue bonds. These bonds are secured by a pledge of certain tax increment revenue amounts received from the City and County on the Southeast Overtown/Park West Community Redevelopment area. The proceeds of the bonds are to be used to pay all or part of the costs of the construction and/or rehabilitation of certain redevelopment projects undertaken pursuant to the Redevelopment Plan as designated by resolution. As of September 30, 2023, the Agency has bonds and loan outstanding in the amount of \$30,616,209 compared to \$33,979,933 as of September 30, 2022. No additional debt was issued during fiscal year 2023.

During the fiscal year 2022, the Agency recorded a lease liability in the amount of \$2,724,515 as a result of the implementation of the new lease pronouncement. As of September 30, 2023, the Agency has a lease liability of \$2,190,428 compared to \$2,458,138 as of September 30, 2022.

Additional long-term debt information can be found on pages 21 and 22 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, 819 NW 2nd Ave 3rd Floor Miami FL 33136.

Basic Financial Statements

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Statement of Net Position

September 30, 2023

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash	\$ 53,558,327
Interest receivable	301,283
Loan receivable	31,215
Lease receivables	140,262
Non-current assets:	
Loan receivable	195,593
Lease receivables	114,974
Right to use leased asset, net of accumulated amortization	2,179,612
Capital assets (net of accumulated depreciation):	
Land	7,685,894
Construction-in-progress	2,268,052
Furniture and equipment	26,764
Infrastructure	<u>6,210,964</u>
Total assets	<u>72,712,940</u>
Liabilities	
Accounts payable and accrued liabilities	2,419,707
Non-current liabilities:	
Due within one year	
Lease liability	269,048
Bond payable	3,230,000
Due in more than one year:	
Lease liability	1,921,381
Bond and loan payable	27,386,209
Compensated absences	<u>122,470</u>
Total liabilities	<u>35,348,815</u>
Deferred Inflows of Resources	
Leases	<u>240,298</u>
Net Position	
Net investment in capital assets	16,191,674
Unrestricted	<u>20,932,153</u>
Total net position	<u>\$ 37,123,827</u>

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Statement of Activities

Year ended September 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Charges for Services</u>	<u>Net Revenue (Expense) and Changes in Net Position</u>
Functions/Programs				
Governmental Activities:				
General government	\$ 4,215,123	\$ 118,301		\$ (4,096,822)
Community redevelopment	26,508,852	-		(26,508,852)
Interest on long-term obligations	<u>1,159,192</u>	<u>-</u>		<u>(1,159,192)</u>
Total governmental activities	<u>\$ 31,883,167</u>	<u>\$ 118,301</u>		<u>(31,764,866)</u>
General revenues:				
Tax increment revenue				44,677,530
Other				1,366,623
Investment income (loss)				<u>2,192,426</u>
Total general revenues				<u>48,236,579</u>
Change in net position				16,471,713
Net position - beginning of the year				<u>20,652,114</u>
Net position - end of the year				<u>\$ 37,123,827</u>

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Balance Sheet

Governmental Funds

September 30, 2023

	Special revenue	Redevelopment projects	Debt service	Total governmental funds
Assets				
Cash	\$ 53,558,327	-	-	53,558,327
Interest receivable	301,283	-	-	301,283
Loan receivable	226,808	-	-	226,808
Lease receivables	255,236	-	-	255,236
Total assets	\$ 54,341,654	-	-	54,341,654
Liabilities				
Accounts payable and accrued liabilities	\$ 2,419,707	-	-	2,419,707
Deferred inflows of resources				
Leases	240,298	-	-	240,298
Fund balances				
Non Spendable:				
Loan receivable	195,593	-	-	195,593
Lease receivables	14,938	-	-	14,938
Spendable:				
Committed	51,471,118	-	-	51,471,118
Total fund balances	51,681,649	-	-	51,681,649
Total liabilities, deferred inflows of resources and fund balances	\$ 54,341,654	\$ -	\$ -	\$ 54,341,654

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

September 30, 2023

Total fund balance - governmental funds		\$ 51,681,649
Amounts reported for governmental activities in the statement of net position consist of:		
Right to use leased asset used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		2,179,612
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,191,674
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Lease liability	(2,190,429)	
Bonds payable	(28,907,345)	
Loan payable	(1,708,864)	
Compensated absences	<u>(122,470)</u>	<u>(32,929,108)</u>
Net position of governmental activities		<u>\$ 37,123,827</u>

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended September 30, 2023

	Special revenue	Redevelopment projects	Debt service	Total governmental funds
Revenues:				
Tax increment	\$ 44,677,530	-	-	44,677,530
Leases	118,301	-	-	118,301
Investment income (loss)	2,192,426	-	-	2,192,426
Other	1,366,584	-	39	1,366,623
Total revenues	48,354,841	-	39	48,354,880
Expenditures:				
Current:				
General government	3,923,229	-	689	3,923,918
Community redevelopment	32,935,432	2,135	-	32,937,567
Debt service:				
Principal	267,709	-	3,075,000	3,342,709
Interest and other charges	12,291	-	1,435,625	1,447,916
Total expenditures	37,138,661	2,135	4,511,314	41,652,110
Excess (deficiency) of revenues over (under) expenditures	11,216,180	(2,135)	(4,511,275)	6,702,770
Other financing sources (uses):				
Transfers in	-	-	4,510,586	4,510,586
Transfers out	(4,510,586)	-	-	(4,510,586)
Total other financing sources (uses)	(4,510,586)	-	4,510,586	-
Net change in fund balances	6,705,594	(2,135)	(689)	6,702,770
Fund balances - beginning	44,976,055	2,135	689	44,978,879
Fund balances - ending	\$ 51,681,649	-	-	51,681,649

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities

Year ended September 30, 2023

Net change in fund balances - total governmental funds \$ 6,702,770

Amounts reported for governmental activities in the statement of activities are different because:

The governmental funds reported right to use asset as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense:

Less current year amortization expense (272,452)

The governmental funds reported capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives:

Expenditures for capital assets	6,625,907	
Depreciation expense	(197,192)	6,428,715

Items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds:

Increase in compensated absences (18,753)

For governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets.

Principal payments on lease liability 267,709

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amount are deferred and amortized on the statement of activities.

Principal payments on long-term debt	3,075,000	
Amortization of bond premium	288,724	3,363,724

Change in net position of governmental activities \$ 16,471,713

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Notes to Basic Financial Statements

September 30, 2023

1. Summary of Significant Accounting Policies

This summary of the City of Miami Southeast Overtown Park West 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 1983, 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 in the Southeast Overtown area. The board of directors of the Agency is comprised of the five members of the City commission and are separate, distinct and independent from the governing body of the City.

The City entered into Interlocal Cooperation Agreements, dated March 31, 1982, with Miami-Dade County, Florida (the County) and related ordinances of the City and County whereby tax increment revenue collected by the parties would be paid to the Agency and used in accordance with the approved budgets of the redevelopment plans and terms and conditions of the Interlocal Agreements for the benefit of 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 and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *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.

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*.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Notes to Basic Financial Statements

September 30, 2023

1. Summary of Significant Accounting Policies (continued)

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 resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *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 to be 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Tax increment revenue, intergovernmental revenues, parking fees, lease revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

- The ***Special Revenue Fund*** accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specified purposes. Specifically, this fund reports tax increment revenue collected from the City, County and The Children's Trust; and
- The ***Redevelopment Projects Fund*** accounts for construction and/or rehabilitation of certain redevelopment projects funded by the Tax Increment Revenue Bonds, Series 2014A.
- The ***Debt Service Fund*** accounts for the accumulation of resources for, and the payment of, bond principal and interest on the Tax Increment Revenue Bonds, Series 2014A.

D. Cash

The Agency's cash includes demand deposits and pooled cash. The Agency participates in the City's pool on a dollar equivalent and daily transaction basis. Investment income (which includes interest and unrealized gains and losses) is distributed monthly based on a monthly average balance. All such cash is reflected as pooled cash on the Agency's statement of net position and governmental funds balance sheet.

E. Restricted Cash Equivalents

Unspent proceeds from the Tax Increment Revenue Bonds, Series 2014A are considered restricted because their use is limited by the applicable bond indenture, and currently consists of money market funds that have an original maturity of three months or less from the date of purchase.

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September 30, 2023

1. Summary of Significant Accounting Policies (continued)

F. Lease Receivables

The Agency's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

G. Right to Use Leased Asset

The Agency has recorded a right to use leased asset for its office facility. The right to use leased asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service, if any. The right to use leased asset is amortized on a straight-line basis over the life of the related lease.

H. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental type activities column in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5
Infrastructure	5-35

I. Deferred Inflows of Resources

The statement of financial position reports a separate section of deferred inflows of resources which represents an acquisition of net position that applies to a future period and is not recognized an inflow of resources or revenue until that time. The Agency has one type of resource, which occurs under a modified accrual basis of accounting in this category, leases, reported in the governmental fund balance sheet. The Special Revenue fund reports unavailable revenue from leases. These amounts are deferred and recognized as an inflow of revenue in the period that the amounts become available.

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Notes to Basic Financial Statements

September 30, 2023

1. Summary of Significant Accounting Policies (continued)

J. Fund Balance / Net Position

Fund balance

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent, as follows:

- Non spendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned fund balance - amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned fund balance - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

When both restricted and unrestricted amounts are available for use, it is the Agency's practice to use restricted resources first. Additionally, the Agency would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

Net position

The government-wide financial statements utilize a net position presentation. Net position can be categorized as net investment in capital assets, restricted, or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition of capital assets. Restricted net position represents amounts that are restricted by requirement of debt indenture or enabling legislation. Unrestricted net position represents the net position of the Agency which are not restricted for any project or purpose.

K. Bond premiums, discounts and issuance costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as community redevelopment expenditures in the fund financial statements and community redevelopment expense in the government-wide financial statements.

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Notes to Basic Financial Statements

September 30, 2023

1. Summary of Significant Accounting Policies (continued)

L. 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.

2. Cash and Restricted Cash Equivalents

At September 30, 2023, the Agency’s cash and restricted cash equivalents consist of the following:

Cash:	
Demand deposits	\$ 1,076,471
Pooled cash	<u>52,481,856</u>
	<u>\$ 53,558,327</u>
Restricted cash equivalents:	
Money market funds	<u>\$ 2,135</u>

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. Loan Receivable

On February 1, 2017, the Agency entered into a loan agreement with one of its Overtown Shopping Center tenants to fund the cost of construction of the leased property in the original amount of \$400,000. Interest, at a fixed rate of 4%, and principal and interest payments are due monthly in the amount of \$3,310, commencing on May 1, 2017 and maturing on March 1, 2030.

As of September 30, 2023, future minimum principal payments to be received on the loan are as follows:

Fiscal year	Amount
2024	\$ 31,216
2025	32,487
2026	33,811
2027	35,188
2028	36,622
2029-2030	<u>57,484</u>
	<u>\$ 226,808</u>

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4. Lease Receivables

Lease receivables at September 30, 2023 consist of the following tenant leases at the Agency-owned Overtown Shopping Center:

	Amount
Tenant lease entered into on August 10, 2014, with the most recent amendment to the agreement on October 30, 2015. Remaining lease term as of October 1, 2021 was 43 months. Monthly rent payments due for the remaining lease term due in accordance with the amended agreement is \$6,496 per month. The lease receivable is measured as the present value of the remaining minimum rent payments expected to be received during the lease term at a discount rate of 6%, which is the Agency's incremental borrowing rate.	\$ 117,454
Tenant lease entered into on November 25, 2014, with the most recent amendment to the agreement on April 4, 2022. Remaining lease term as of October 1, 2021 was 65 months. Monthly rent payments due in accordance with the amended agreement is \$577 per month, with 3% escalations every March 1 st . The lease receivable is measured as the present value of the remaining minimum rent payments expected to be received during the lease term at a discount rate of 6%, which is the Agency's incremental borrowing rate.	23,111
Tenant lease entered into on August 29, 2014, with the most recent amendment to the agreement on December 31, 2019. Remaining lease term as of October 1, 2021 was 39 months. Monthly rent payments due in accordance with the amended agreement is \$767 per month, with 3% escalations every January 1 st . The lease receivable is measured as the present value of the remaining minimum rent payments expected to be received during the lease term at a discount rate of 6%, which is the Agency's incremental borrowing rate.	12,012
Tenant lease entered into on August 1, 2015, and renewed in 2019. Remaining lease term as of October 1, 2021 was 42 months. Monthly rent payments due is \$2,974 per month as of October 1, 2021, with 2.5% escalations every March 1 st . The lease receivable is measured as the present value of the remaining minimum rent payments expected to be received during the lease term at a discount rate of 6%, which is the Agency's incremental borrowing rate.	54,532
Tenant lease commencing on July 1, 2023 for a term of 36 months. Monthly rent payments due is \$1,524 per month, with 4% escalations every July 1 st . The lease receivable is measured as the present value of the remaining minimum rent payments expected to be received during the lease term at a discount rate of 6%, which is the Agency's incremental borrowing rate.	48,127
Total lease receivables	<u>\$ 255,236</u>

In fiscal year 2023, the Agency recognized a total of \$122,629 of lease revenue and \$16,984 of interest revenue under the leases.

As of September 30, 2023, future minimum lease payments to be received on the leases are as follows:

Fiscal Year(s)	Principal	Interest	Total
2024	\$ 140,262	11,512	151,774
2025	90,225	3,538	93,763
2026	21,552	793	22,345
2027	3,197	48	3,245
	<u>\$ 255,236</u>	<u>15,891</u>	<u>271,127</u>

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
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Notes to Basic Financial Statements

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5. Right to Use Leased Asset

Right to use leased asset activity for the fiscal year ended September 30, 2023 is as follows:

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Right to use asset				
Leased office facility	\$ 2,724,515	-	-	2,724,515
Less accumulated amortization for:				
Leased office facility	272,451	272,452	-	544,903
Total right to use asset (net of accumulated amortization)	<u>\$ 2,452,064</u>	<u>(272,452)</u>	<u>-</u>	<u>2,179,612</u>

During fiscal year 2023, amortization expense in the amount of \$272,452 was charged to general government.

6. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

	Balance 9/30/2022	Transfers / Additions	Transfers / Deletions	Balance 9/30/2023
Capital assets, not being depreciated:				
Land	\$ 4,643,056	3,042,838	-	7,685,894
Construction-in-progress	-	2,268,052	-	2,268,052
Total capital assets, not being depreciated	<u>4,643,056</u>	<u>5,310,890</u>	<u>-</u>	<u>9,953,946</u>
Capital assets, being depreciated:				
Furniture and equipment	161,286	27,086	-	188,372
Infrastructure	8,525,547	1,287,931	-	9,813,478
Total capital assets, being depreciated	<u>8,686,833</u>	<u>1,315,017</u>	<u>-</u>	<u>10,001,850</u>
Less accumulated depreciation for:				
Furniture and equipment	161,286	322	-	161,608
Infrastructure	3,405,644	196,870	-	3,602,514
Total accumulated depreciation	<u>3,566,930</u>	<u>197,192</u>	<u>-</u>	<u>3,764,122</u>
Total capital assets, being depreciated, net	<u>5,119,903</u>	<u>1,117,825</u>	<u>-</u>	<u>6,237,728</u>
Total capital assets (net of accumulated depreciation)	<u>\$ 9,762,959</u>	<u>6,428,715</u>	<u>-</u>	<u>16,191,674</u>

During fiscal year 2023, depreciation expense in the amount of \$197,192 was charged to Community Redevelopment.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
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Notes to Basic Financial Statements

September 30, 2023

7. Long-Term Obligations

The changes in the long-term obligations for the year ended September 30, 2023 are summarized as follows:

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023	Amount due within one year
Lease liability	\$ 2,458,138	-	(267,709)	2,190,429	269,048
Tax Increment Revenue Bonds, Series 2014A	30,250,000	-	(3,075,000)	27,175,000	3,230,000
Plus deferred amounts for issuance premium	2,021,069	-	(288,724)	1,732,345	-
Total bonds payable	32,271,069	-	(3,363,724)	28,907,345	3,230,000
Gran Central Loan	1,708,864	-	-	1,708,864	-
Compensated absences	103,717	18,753	-	122,470	-
Total long-term obligations	\$ 36,541,788	18,753	(3,631,433)	32,929,108	3,499,048

Lease liability

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2023, are as follows:

Fiscal Year(s)	Principal	Interest	Total
2024	\$ 269,048	10,952	280,000
2025	270,393	9,607	280,000
2026	271,745	8,255	280,000
2027	273,104	6,896	280,000
2028	274,469	5,531	280,000
2029-2031	831,669	8,331	840,000
	\$ 2,190,428	49,572	2,240,000

Tax Increment Revenue Bonds

On August 15, 2014, the Agency issued Tax Increment Revenue Bonds, Series 2014A, in the aggregate principal amount of \$55,885,000, maturing through 2030, with interest rates ranging from 3% to 5% payable semi-annually on March 1 and September 1. These bonds are secured by a pledge of certain tax increment revenue amounts received from the City and County on the Southeast Overtown/Park West Community Redevelopment area. The proceeds of the bonds are to be used to pay all or part of the costs of the construction and/or rehabilitation of certain redevelopment projects undertaken pursuant to the Redevelopment Plan as designated by resolution.

Pledged tax increment revenue on the Tax Increment Revenue Bonds, Series 2014A, includes all tax increment funds accruing within the redevelopment area, after amounts deducted for any payments made on the Gran Central Corporation loan (see note 5(b) below), the Children's Trust Interlocal Agreement (see note 7), and the 2007 Interlocal Agreement.

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Notes to Basic Financial Statements

September 30, 2023

7. Long-Term Obligations (continued)

The annual requirements to amortize the bonds payable outstanding as of September 30, 2023, are as follows:

Fiscal Year(s)	Principal	Interest	Total
2024	\$ 3,230,000	1,278,000	4,508,000
2025	3,390,000	1,112,500	4,502,500
2026	3,560,000	938,750	4,498,750
2027	3,735,000	756,375	4,491,375
2028	3,920,000	565,000	4,485,000
2029-2030	9,340,000	494,500	9,834,500
	<u>\$ 27,175,000</u>	<u>5,145,125</u>	<u>32,320,125</u>

Gran Central Loan

On January 20, 1988, the City entered into a loan agreement with the Gran Central Corporation (GCC) to finance 50% of the cost to acquire a parcel of property within the SEOPW CRA Area and relocate and widen Northwest First Avenue between Northwest First Street and Northwest Eighth Street. The loan, in the amount of \$1,708,864, does not bear interest and is payable from tax increment funds received from the City and County within a designated area defined in the loan documents on a junior and subordinate basis to the lien granted to holders of the \$11,500,000 Community Redevelopment Revenue Bonds, Series 1990.

GCC is to be fully repaid by the year 2008 with annual payments to be made to the extent funds are generated by tax increment revenue within the designated area, as defined in the loan document, is available after required payments for the Series 1990 Bonds debt service and any requirement of the reserve fund or reserve product, as defined in the Series 1990 Bond indenture. GCC has subsequently been acquired by another company (referred to as the “predecessor company”), which has taken over the loan.

Although the loan was to be fully repaid by 2008, in accordance with the loan agreement, management believes that since no tax increment funds have been generated within the designated area, as defined in the loan documents, no payment on the loan is required, and will only become due when any such tax increment funds have been generated within the designated area. Management does not believe that any such tax increment funds will ever be generated within the designated area.

8. Fund Balances

At September 30, 2023, the Agency reported the following governmental fund balances:

- Non spendable fund balance – these amounts represent the long-term portion of the loan receivable that cannot be spent because it is not in spendable form.
- Restricted fund balance - these amounts are restricted to specific purposes stipulated by the Tax Increment Revenue Bonds, Series 2014A bond indenture.
- Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by the Board of the Agency. The items cannot be removed unless the Board removes it in the same manner it was implemented.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
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Notes to Basic Financial Statements

September 30, 2023

8. Fund Balances (continued)

Below is a table of fund balance categories and classifications, by fund, at September 30, 2023:

	Special Revenue	Redevelopment Projects	Debt Service
Non Spendable:			
Loan receivable	\$ 195,593	-	-
Leases receivable	14,938	-	-
Spendable:			
Committed to community redevelopment	51,471,118	-	-
Total	\$ 51,681,649	-	-

9. Tax Increment Revenue

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.

In fiscal year 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. During 2023, the Agency remitted a total of \$1,831,198 to the Trust.

In fiscal year 2008, the Agency entered into an interlocal agreement with the City, the County and the City of Miami Omni Community Redevelopment Agency, whereby the Agency may not, for fiscal years 2017 through 2030, budget in excess of 50% of the tax increment revenues collected from certain projects described in that interlocal agreement. The Agency must return 45% of tax increment revenues collected from such projects to the taxing authorities which paid such revenues to the Agency. During fiscal year 2023, the amount returned to taxing authorities totaled \$9,712,775.

10. Interfund Transfers

During 2023, there was a transfer of \$4,510,586 from the special revenue fund to the debt service fund to cover debt service expenditures.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
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Notes to Basic Financial Statements

September 30, 2023

11. Special Benefit Plans

(a) 401(a) Deferred Compensation Plan

All employees, including executives and general employees, of the Agency are eligible, after one year of service, to join the ICMA Retirement Trust 401(a) Deferred Compensation Plan (the Plan). The Plan agreement requires the Agency to contribute 15% of each executive employee's earnable compensation, and 5% of each general employee's earnable compensation. Contributions by executive and general employees are not required. Participants may withdraw funds at retirement or upon separation based on a variety of payout options. The following information relates to the Agency's participation in the 401(a) Deferred Compensation Plan:

	Executives Employees	General Employees
Current year's payroll	\$ 808,316	853,600
Current year's employer contributions	75,905	20,900

(b) 457(b) Deferred Compensation Plan

All employees, including executives and general employees, of the Agency are eligible to join the United States Conference of Mayors 457(b) Deferred Compensation Plan (the Plan). The Plan agreement requires the Agency to contribute 2-5% of each executive employee's earnable compensation, and is not required to contribute to general employee participants. Contributions by executive and general employees are not required. Participants may withdraw funds at retirement or upon separation based on a variety of payout options.

The following information relates to the Agency's participation in the 457(b) Deferred Compensation Plan:

	Executives Employees
Current year's payroll	\$ 375,316
Current year's employer contributions	10,840

12. Risk Management

The Agency is exposed to various risks of losses related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for the risks of loss to which it is exposed. Policy limits and deductibles are reviewed by management and established at amounts to provide reasonable protection from significant financial loss. There were no losses or claims incurred during the current fiscal year, and there were no settlements that exceeded insurance coverage during the past three fiscal years.

13. Commitment and Contingencies

- (a) The Agency is contractually obligated for approximately \$11.1 million at September 30, 2023 for construction projects.
- (b) The Agency is a defendant in several legal actions. The outcome of these actions cannot be determined at this time. Management believes that any liability from these actions will not have a material effect on the Agency's financial condition.

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
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Notes to Basic Financial Statements

September 30, 2023

13. Commitment and Contingencies (continued)

- (c) In fiscal year 2010, the Agency entered into a grant agreement with the City, with two subsequent amendments during fiscal year 2012, in an amount not to exceed \$8 million, plus interest of approximately \$6.1 million, for the renovation of Gibson Park. Payments on the grant will be made through fiscal year 2030, and are pledged by tax increment funds.
- (d) In fiscal year 2015, the Agency entered into an economic incentive agreement with certain developers in connection with the development of the Miami World Center mixed-use project. The economic incentive agreement calls for payment to the master developer of a certain percentage of tax increment revenues generated from the project during the time period from completion of the first building. The Agency paid the amount of \$4.9M in fiscal year 2023.
- (e) In fiscal year 2015, the Agency entered into an interlocal agreement, effective November 8, 2016, with the City and the South Florida Regional Transportation Agency, whereby starting in fiscal year 2018/2019 the Agency will contribute an amount not to exceed \$17,528,049 towards the costs associated with the extension of the Tri-Rail passenger railway service to downtown Miami located within the Agency's district. The interlocal agreement will be enforced when notice is given that the Tri-Rail Downtown Link is substantially complete and operational, and certain parts of the Miami Central Station are substantially complete and the assessed taxable value is at least \$150,000,000. Within 12 months of receiving said notice, the City will use commercially reasonable efforts to issue bonds or procure an alternative credit facility to meet its obligation. Tri-Rail Downtown Link service has been completed and operational in January 2024.
- (f) In fiscal year 2019, the Agency entered into an economic incentive agreement with Downtown Retail Associates, LLC for the development of Block 55. This project will be a developed as a mixed-used development of not less than 250,000 square feet of retail, office, restaurant, and entertainment uses, and not less than 500 residential units. As a development incentive, the Agency shall pay to Developer an incentive payment equal to up to 70% of the incremental TIF generated from this specific project.
- (g) In fiscal year 2021, the Agency entered into an economic incentive agreement with Grand Central Miami Holdings, LLC for the development of Block 46. This project contains eighty (80) affordable rental units. As a development incentive, the Agency shall pay to Developer an incentive payment equal to up to 65% of the incremental TIF generated from this specific project. Currently, the Developer and the Agency are in discussions to clarify the methodology to be used for payment calculation. The latter has not still been resolved by the parties.

14. New Pronouncements Issued

The following pronouncements were recently issued, but were not yet effective for the Agency's fiscal year ended September 30, 2023. Management will evaluate the effect that the pronouncements will have on its financial statements:

- GASB Statement No. 99, *Omnibus 2023*
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Notes to Basic Financial Statements

September 30, 2023

15. Subsequent events

The Agency evaluated subsequent events through January 17, 2024, 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

Required Supplementary Information

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Budgetary Comparison Schedule - Special Revenue Fund

(Required Supplementary Information - Unaudited)

Year ended September 30, 2023

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tax increment revenues	\$ 44,486,601	\$ 44,486,601	44,677,530	190,929
Rental income	-	-	118,301	118,301
Investment income	-	-	2,192,426	2,192,426
Other	-	-	1,366,584	1,366,584
Total revenues	<u>44,486,601</u>	<u>44,486,601</u>	<u>48,354,841</u>	<u>3,868,240</u>
Expenditures:				
Current:				
General government	3,013,715	3,013,715	3,923,229	(909,514)
Community redevelopment	81,011,680	81,011,680	32,935,432	48,076,248
Debt service:				
Principal	-	-	267,709	(267,709)
Interest and other charges	-	-	12,291	(12,291)
Total expenditures	<u>84,025,395</u>	<u>84,025,395</u>	<u>37,138,661</u>	<u>46,886,734</u>
Excess (deficiency) of revenues over (under) expenditures	(39,538,794)	(39,538,794)	11,216,180	50,754,974
Other financing sources (uses):				
Transfers out	(4,510,625)	(4,510,625)	(4,510,586)	39
Net carryover fund balance	<u>44,049,419</u>	<u>44,049,419</u>	<u>-</u>	<u>(44,049,419)</u>
Total other financing sources (uses)	<u>39,538,794</u>	<u>39,538,794</u>	<u>(4,510,586)</u>	<u>(44,049,380)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>6,705,594</u>	<u>6,705,594</u>
Fund balances - beginning			<u>44,976,055</u>	
Fund balances - ending			<u>\$ 51,681,649</u>	

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Miami, Florida)

Note to Required Supplementary Information

September 30, 2023

1. Budgetary Policy

The Agency adopts an annual budget for the operations of the Special Revenue Fund in accordance with generally accepted accounting principles.

The budget is adopted on a modified accrual basis of accounting, consistent with U.S. generally accepted accounting principles. Budgetary control is maintained at the fund level.

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***

The Board of Directors
City of Miami Southeast Overtown Park
West Community Redevelopment Agency:

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of the City of Miami Southeast Overtown Park West Community Redevelopment Agency (the Agency) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 17, 2024.

Report on Internal Control Over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sanson Kline Jacomino & Tando, LLP

Miami, Florida
January 17, 2024



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

The Board of Directors
City of Miami Southeast Overtown Park
West Community Redevelopment Agency:

Report on the Financial Statements

We have audited the financial statements of the City of Miami Southeast Overtown Park West Community Redevelopment Agency (the Agency), a Component Unit of the City of Miami, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report dated January 17, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Report Requirements

We have issued our Independent Auditors' Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 17, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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. Corrective action has been taken to address the finding and recommendation that was reported in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Agency 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 audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2023. It is management’s responsibility to monitor the Agency’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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

As required by Section 218.39(3)(a), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency reported:

- a. A total of 18 employees compensated in the last pay period of the Agency’s fiscal year.
- b. No independent contractors to whom nonemployee compensation was paid in the last month of the Agency’s fiscal year.
- c. Compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency totaled \$1,651,300 for the fiscal year.
- d. No compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for the fiscal year.
- e. The following is a list of construction projects with a total cost of at least \$65,000 approved by the Agency that is scheduled to begin on or after October 1 of the fiscal year being reported:

Project Name	Project Expenditures for FYE 9/30/2023
Quadplex Affordable Housing Project at 244 NW 16 th St.	\$ 719,058

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Agency amends a final adopted budget under Section 189.016(6), Florida Statutes – is not applicable, as the Agency did not amend a final adopted budget under Section 189.016(6), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Florida Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Board of Directors and management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Sanson Kline Jacomino & Tandoc, LLP

Miami, Florida
January 17, 2024



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**Independent Accountant's Report on Compliance
with Sections 163.387(6) and (7), Florida Statutes**

The Board of Directors
City of Miami Southeast Overtown Park
West Community Redevelopment Agency:

We have examined the City of Miami Southeast Overtown Park West Community Redevelopment Agency (the Agency), a Component Unit of the City of Miami, Florida compliance with Sections 163.387(6) and (7), Florida Statutes regarding the redevelopment trust fund during the year ended September 30, 2023. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the Florida Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Board of Directors and management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Sanson Kline Jacomino & Tandoc, LLP

Miami, Florida
January 17, 2024