

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

Basic Financial Statements

September 30, 2013

(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, 2013

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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:

Report on the Financial Statements

We have audited the accompanying basic 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 (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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, 2013

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, 2013. 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 assets of the Agency exceeded its liabilities at the close of its most recent fiscal year by \$34,854,866. Of this amount, \$7,007,616 was invested in capital assets net of related debt, resulting in an excess of \$27,847,250 (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 \$27,960,526, an increase of \$1,243,701 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

**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, 2013

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 13 to 20 of this report.

Budgetary Highlights

The Agency adopts an annual budget on an individual fund basis. Budgetary comparison schedules have been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget on pages 21 and 22, respectively, 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 (please see budget to actual comparison on page 21):

- The change in the original budget to the final budget for tax increment revenues was a result of the higher than originally anticipated payout from the City and County.
- The change in the original budget to the final budget for community redevelopment expenditures was a result of the anticipated decrease in such expenditures from that amount originally budgeted.
- The significant variance between the final budget and actual amounts reported for tax increment revenues was a result of the higher than anticipated payout from the City and County.
- 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

	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>
Current assets	\$ 28,907,418	\$ 28,028,362
Interest receivable	9,927	-
Capital assets, net	<u>8,716,480</u>	<u>8,434,989</u>
Total assets	<u>37,633,825</u>	<u>36,463,351</u>

**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, 2013

Table A-2 (continued)
Summary of Changes in Net Position

	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>
Expenses:		
General government	1,037,692	1,617,628
Community redevelopment	6,456,048	6,308,017
Interest on long-term debt	<u>49,725</u>	<u>109,438</u>
Total expenses and transfers	<u>7,543,465</u>	<u>8,035,083</u>
Change in net position	2,712,940	1,669,486
Net position, beginning of year	<u>32,141,926</u>	<u>30,472,440</u>
Net position, end of year	<u>\$ 34,854,866</u>	<u>\$ 32,141,926</u>

- Intergovernmental revenue decreased in the current year as a result of the City of Miami Omni and Midtown Community Redevelopment Agencies no longer contributing to the Agency.
- Tax increment revenue increased in the current year as a result of the increase in the payout by the City and the County.
- General government expenditures decreased in the current year as a result of the separation of the City of Miami Omni and Midtown Community Redevelopment Agencies' management operations from the Agency.
- Community redevelopment expenditures decreased in the current year as a result of the decrease in project activity from the prior year.

Individual Fund Analysis

The fund balance for the Special Revenue Fund increased from \$25,490,841 at September 30, 2012 to \$27,960,526 at September 30, 2013. Fund balance for the Debt Service Fund decrease from \$1,225,984 at September 30, 2012 to \$0 at September 30, 2013.

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 2013:

- The increase in fund balance in the Special Revenue Fund was mainly due to the positive change in net position of \$2,469,685 during the year.
- The decrease in fund balance in the Debt Service Fund was mainly due to the payoff of the Series 1990 revenue bonds in the current fiscal year.

Capital Assets

As of September 30, 2013, the Agency's investment in capital assets, net of accumulated depreciation, amounted to \$8,716,480, increasing from \$8,434,989 as of September 30, 2012.

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, 2013

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash	\$ 28,907,418
Interest receivable	9,927
Capital assets (net of accumulated depreciation):	
Land	4,690,818
Furniture and equipment	37,277
Infrastructure	<u>3,988,385</u>
Total assets	<u>37,633,825</u>
Liabilities	
Accounts payable and accrued liabilities	510,703
Due from other government	446,116
Non-current liabilities:	
Due in more than one year:	
Notes payable	1,708,864
Compensated absences	<u>113,276</u>
Total liabilities	<u>2,778,959</u>
Net Position	
Net investment in capital assets	7,007,616
Unrestricted	<u>27,847,250</u>
Total net position	<u>\$ 34,854,866</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, 2013

	<u>Special revenue</u>	<u>Debt service</u>	<u>Total governmental funds</u>
Assets			
Equity in pooled cash	\$ 28,907,418	-	28,907,418
Interest receivable	9,927	-	9,927
Total assets	<u>\$ 28,917,345</u>	<u>-</u>	<u>28,917,345</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 510,703	-	510,703
Due to other government	446,116	-	446,116
Total liabilities	<u>956,819</u>	<u>-</u>	<u>956,819</u>
Fund balances:			
Committed	26,944,268	-	26,944,268
Assigned	1,016,258	-	1,016,258
Total fund balances	<u>27,960,526</u>	<u>-</u>	<u>27,960,526</u>
Total liabilities and fund balances	<u>\$ 28,917,345</u>	<u>-</u>	

Amounts reported for governmental activities in the statement of net position consist of:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,716,480
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(1,708,864)	
Compensated absences	<u>(113,276)</u>	<u>(1,822,140)</u>
Net position of governmental activities		<u>\$ 34,854,866</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)

Notes to Basic Financial Statements

September 30, 2013

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, 2013

E. Capital Assets (continued)

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

F. Fund Equity / Net Position

Fund equity

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:

- Nonspendable 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 represent 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.

G. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

**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, 2013

5. Long-Term Obligations

The changes in the long-term obligations for the year ended September 30, 2013 are summarized as follows:

	Balance September <u>30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance September <u>30, 2013</u>	Amount due within one year
Community Redevelopment					
Revenue Bonds, Series 1990	\$ 1,170,000	-	(1,170,000)	-	-
Gran Central Loan	1,708,864	-	-	1,708,864	-
Compensated absences	<u>131,024</u>	-	<u>(17,748)</u>	<u>113,276</u>	-
Total long-term obligations	<u>\$ 3,009,888</u>	<u>-</u>	<u>(1,187,748)</u>	<u>1,822,140</u>	<u>-</u>

A description of each obligation is as follows:

- (a) On November 8, 1990, the City issued \$11,500,000 aggregate principal amount of Community Redevelopment Revenue Bonds, Series 1990, maturing through 2015, with interest rates ranging from 7.15% to 8.5%. These bonds are secured by a pledge of guaranteed entitlement revenue received from the State of Florida and the tax increment revenue amounts received from the City and County on the Southeast Overtown/Park West Community Redevelopment area. The proceeds of the bonds were used mainly to refinance a \$5,958,000 Section 108 HUD promissory note, to reimburse the City for moneys advanced to the Agency by the City in an amount not to exceed \$750,000, and to finance the acquisition and clearing of certain real property and the construction of certain infrastructure improvements within the Southeast Overtown/Park West Community Redevelopment Area defined in the Phase I Development Programs of the Agency's Interlocal Agreement and related resolutions of the City and County.

During fiscal year 2013, the Agency made payment on the remaining outstanding principal balance and accrued interest.

- (b) 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.

The loan became due during fiscal year 2008. However, 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.

**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, 2013

8. Parking Lease Revenue

On February 23, 1988, the City and the Department of Off-Street Parking (DOSP), a discretely presented component unit of the City, entered into an agreement whereby DOSP leased certain lots surrounding the Miami Arena. The term of the lease agreement was for a period of five years, which commenced on June 1, 1988 and expired on June 1, 1993. DOSP paid the City \$500,000 upon signing the lease agreement and agreed to pay annually as rent eighty-five percent (85%) of gross revenue earned net of operating expenses incurred on the operations of the leased lots for each respective lease year.

On October 20, 1993, the City and DOSP entered into an agreement to extend the lease term of the original agreement, which expired on June 1, 2000. Currently, the City and DOSP have extended the lease agreement to an undetermined amount of time. All of the lots leased to DOSP are within the limits of the Southeast Overtown district, and therefore, the City allocates all moneys received from DOSP to the Southeast Overtown district. During 2013, the Agency recorded \$57,878 in parking lease revenue.

9. 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 8% 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:

Current year's payroll for executive employees	\$ 91,000
Current year's payroll for general employees	349,361
Current year's employer contributions for:	
Executive employees (8% rate)	11,772
General employees (5% rate)	16,949

(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 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:

Current year's payroll for executive employees	\$ 91,000
Current year's employer contributions for:	
Executive employees (5% rate)	4,725

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, 2013

	<u>Budgeted amounts</u>		<u>Actual</u>	Variance with final budget - positive (negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tax increment revenues	\$ 9,500,886	9,787,251	10,233,367	446,116
Parking fees	-	-	57,878	57,878
Other	-	165,691	65,386	(100,305)
Interest	-	-	44,032	44,032
Net unrealized loss on fair value of investments	-	-	(144,258)	(144,258)
Total revenues	<u>9,500,886</u>	<u>9,952,942</u>	<u>10,256,405</u>	<u>303,463</u>
Expenditures:				
Current:				
General government	1,472,936	1,602,328	1,055,440	546,888
Community redevelopment	<u>34,404,366</u>	<u>33,841,455</u>	<u>6,737,539</u>	<u>27,103,916</u>
Total expenditures	<u>35,877,302</u>	<u>35,443,783</u>	<u>7,792,979</u>	<u>27,650,804</u>
Excess (deficiency) of revenues over (under) expenditures	(26,376,416)	(25,490,841)	2,463,426	27,954,267
Other financing sources (uses):				
Transfers in	-	-	6,259	6,259
Net carryover fund balance	<u>26,376,416</u>	<u>25,490,841</u>	-	<u>(25,490,841)</u>
Total other financing sources (uses)	<u>26,376,416</u>	<u>25,490,841</u>	<u>6,259</u>	<u>(25,484,582)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>2,469,685</u>	<u>2,469,685</u>
Fund balances - beginning			<u>25,490,841</u>	
Fund balances - ending			<u>\$ 27,960,526</u>	

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

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, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 11, 2013.

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) to determine the 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 may exist that have not been identified.

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*.



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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:

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, 2013, and have issued our report thereon dated December 11, 2013.

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 and Chapter 10.550, Rules of the Florida Auditor General. 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 those reports, which are dated December 11, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which are not included in the aforementioned auditor's reports:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report not otherwise addressed in the auditor's report pursuant to Section 10.557(3)(b)2., Rules of the Auditor General. Corrective actions have been taken to address findings and recommendation made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our current year audit, we determined that the Agency complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our current year audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, fraud, illegal acts, 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 current year audit, we did not have any such findings.