

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

Basic Financial Statements

September 30, 2015

(With Independent Auditor's Report Thereon)

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

September 30, 2015

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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, 2015, 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, 2015, 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.

## ***Other Matters***

### ***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 on pages 3 through 8 and 25 through 26 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 December 4, 2015 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 Jasmina Landes & Gamarra, LLP*

December 4, 2015

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## **Management's Discussion and Analysis**

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**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, 2015

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, 2014. 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 it's 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 \$6,6216,907. Of this amount, \$4,957,015 was invested in capital assets net of related debt, \$25,246,793 was restricted for redevelopment projects, resulting in \$(23,986,901) (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 \$56,544,811, a decrease of \$43,647,393 in comparison with the prior year. This significant decrease was mainly a result of the ongoing projects funded by the Tax Increment Revenue Bonds, Series 2014A.

### **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

**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, 2015

▪ Notes to the basic financial statements

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

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus). The statement of net position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements may be found on pages 9 and 10 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Agency are categorized as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. 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 2015. 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 the Special Revenue Fund and Redevelopment Projects Fund.

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

**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, 2015

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 to 24 of this report.

**Budgetary Highlights**

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

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

- The change in the original budget to the final budget for both the general government and community redevelopment expenditures was a result of the increase in the budgeted tax increment revenues, thus allocating such revenue for use on redevelopment projects, administrative expenditures, and increasing the overall budget reserve.
- The significant variance between the final budget and actual amounts reported for general government expenditures is a result of actual salaries expenditures being less than budgeted, and also because the budget reserve amount is included in the budget for administrative expenditures.
- 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>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Current assets	\$ 58,792,701	\$ 100,923,319
Interest receivable	15,091	8,277
Capital assets, net	<u>6,665,879</u>	<u>7,754,491</u>
Total assets	<u>65,473,671</u>	<u>108,686,087</u>

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK  
WEST COMMUNITY REDEVELOPMENT AGENCY**  
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Management's Discussion and Analysis - Unaudited

September 30, 2015

**Table A-1 (continued)**  
***Summary of Net Position***

	<u>Fiscal Year</u>	<u>Fiscal Year</u>
	<u>2015</u>	<u>2014</u>
Current liabilities	2,262,981	739,392
Non-current liabilities	<u>56,993,783</u>	<u>62,027,371</u>
Total liabilities	<u>59,256,764</u>	<u>62,766,763</u>
Net position:		
Net investment in capital assets	4,957,015	6,045,627
Restricted for redevelopment projects	25,246,793	58,732,310
Unrestricted	(23,986,901)	(18,858,613)
Total net position	<u>\$ 6,216,907</u>	<u>\$ 45,919,324</u>

- Current assets decreased in the current year mainly as a result of the decrease in cash and equity in pooled cash, which was due to the use of proceeds received from the Tax Increment Revenue Bonds, Series 2014A on certain redevelopment projects.
- Capital assets decreased in the current year as a result of the sale of infrastructure and the current year's depreciation recorded on the capital assets.
- Current liabilities increased in the current year as a result of the ongoing redevelopment projects that started during the fiscal year.
- Non-current liabilities decreased in the current year as a result of the current year's principal paid on the Tax Increment Revenue Bonds, Series 2014A.
- A portion of the Agency's net position in the current year (\$4,957,015) 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 (\$25,246,793) 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 (\$-23,582,978) represents resources that are unrestricted and available for any lawful use by the Agency.

**Table A-2**  
***Summary of Changes in Net Position***

	<u>Fiscal Year</u>	<u>Fiscal Year</u>
	<u>2015</u>	<u>2014</u>
Revenues:		
Charges of services:		
Parking fees	\$ 169,379	\$ 279,707
General revenues:		
Tax increment revenue	14,126,003	11,990,510
Interest revenue	87,354	40,070
Other	450,000	286,500

**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, 2015

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

	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>
Net unrealized gain on fair value of investments	33,445	97,022
Gain on sale of capital assets	<u>459,855</u>	<u>9,378,612</u>
Total revenues	<u>15,326,036</u>	<u>22,117,303</u>
Expenses:		
General government	1,472,245	1,303,529
Community redevelopment	51,203,752	9,704,433
Interest on long-term debt	<u>2,352,456</u>	-
Total expenses	<u>55,028,453</u>	<u>11,007,962</u>
Change in net position	(39,702,417)	11,064,459
Net position, beginning of year	<u>45,919,324</u>	<u>34,854,865</u>
Net position, end of year	<u>\$ 6,216,907</u>	<u>\$ 45,919,324</u>

- Tax increment revenue increased in the current year as a result of the increase in the payout by the City and the County.
- Gain on sale of capital assets decreased in the current year as a result of the sale of the Grand Promenade land in prior year.
- Community redevelopment expenditures increased in the current year as a result of the increase in project activity related to the Tax Increment Revenue Bonds, Series 2014A.
- Interest on long-term debt increased in the current year as a result of the first year's interest paid on the Tax Increment Revenue Bonds, Series 2014A.

**Individual Fund Analysis**

The fund balance for the Special Revenue Fund decreased from \$41,459,894 at September 30, 2014 to \$31,298,018 at September 30, 2015. Fund balance for the Redevelopment Projects Fund decreased from \$58,732,310 at September 30, 2014 to \$25,246,793 at September 30, 2015.

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 2015:

- The decrease in fund balance in the Special Revenue Fund was mainly due to the increased activity in redevelopment projects overall during the year.
- The decrease in fund balance in the Redevelopment Projects Fund was mainly due to use of the proceeds from the Tax Increment Revenue Bonds, Series 2014A to fund construction and/or rehabilitation of certain redevelopment projects during the 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, 2015

**Capital Assets**

As of September 30, 2015, the Agency's investment in capital assets, net of accumulated depreciation, amounted to \$6,665,879, decreasing from \$7,754,491 as of September 30, 2014.

**Summary of Capital Assets**

(Net of Accumulated Depreciation)

	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>
Land	\$ 4,453,627	\$ 4,690,818
Furniture and equipment	16,992	26,309
Infrastructure	<u>2,195,260</u>	<u>3,037,364</u>
Total capital assets	<u>\$ 6,665,879</u>	<u>\$ 7,754,491</u>

Additional capital asset information can be found on page 18 of this report.

**Debt Management**

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, 2015, the Agency had bonds and loan outstanding in the amount of \$56,891,002 compared to \$57,593,864 of as of September 30, 2014. No additional debt was issued during fiscal year 2014.

Additional long-term debt information can be found on pages 19 and 20 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.

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## **Basic Financial Statements**

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**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, 2015

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 33,545,908
Restricted cash equivalents	25,246,793
Interest receivable	15,091
Capital assets (net of accumulated depreciation):	
Land	4,453,627
Furniture and equipment	16,992
Infrastructure	<u>2,195,260</u>
Total assets	<u>65,473,671</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	2,262,981
Non-current liabilities:	
Due within one year	5,315,000
Due in more than one year:	
Bond and loan payable	51,576,002
Compensated absences	<u>102,781</u>
Total liabilities	<u>59,256,764</u>
<b>Net Position</b>	
Net investment in capital assets	4,957,015
Restricted for redevelopment projects	25,246,793
Unrestricted (deficit)	<u>(23,986,901)</u>
Total net position	<u>\$ 6,216,907</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, 2015

	<u>Governmental Activities</u>
<b>Expenses:</b>	
General government	\$ 1,472,245
Community redevelopment	51,203,752
Interest on long-term debt	<u>2,352,456</u>
<b>Total expenses</b>	<b><u>55,028,453</u></b>
<b>Program revenues:</b>	
Charges for services:	
Parking fees	<u>169,379</u>
Net expense	<u>(54,859,074)</u>
<b>General revenues:</b>	
Tax increment revenue	14,126,003
Other	450,000
Interest	87,354
Net unrealized gain on fair value of investments	33,445
Gain on sale of capital assets	<u>459,855</u>
Total general revenues	<u>15,156,657</u>
Change in net position	<u>(39,702,417)</u>
Net position - beginning of the year	<u>45,919,324</u>
Net position - end of the year	<b><u>\$ 6,216,907</u></b>

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, 2015

	<b>Special revenue</b>	<b>Redevelopment projects</b>	<b>Debt service</b>	<b>Total governmental funds</b>
<b>Assets</b>				
Cash	\$ 33,545,908	-	-	33,545,908
Restricted cash equivalents	-	25,246,793	-	25,246,793
Interest receivable	15,091	-	-	15,091
<b>Total assets</b>	<b>\$ 33,560,999</b>	<b>25,246,793</b>	<b>-</b>	<b>58,807,792</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,262,981	-	-	2,262,981
Total liabilities	<u>2,262,981</u>	<u>-</u>	<u>-</u>	<u>2,262,981</u>
Fund balances:				
Restricted	-	25,246,793	-	25,246,793
Committed	29,819,059	-	-	29,819,059
Assigned	1,478,959	-	-	1,478,959
Total fund balances	<u>31,298,018</u>	<u>25,246,793</u>	<u>-</u>	<u>56,544,811</u>
Total liabilities and fund balances	<b><u>\$ 33,560,999</u></b>	<b><u>25,246,793</u></b>	<b><u>-</u></b>	<b><u>58,807,792</u></b>

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, 2015

Total fund balance - governmental funds \$ 56,544,811

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.

6,665,879

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(55,182,138)
Loan payable	(1,708,864)
Compensated absences	<u>(102,781)</u>
Net position of governmental activities	<u><u>\$ 6,216,907</u></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, 2015

	Special revenue	Redevelopment projects	Debt service	Total governmental funds
<b>Revenues:</b>				
Tax increment revenues	\$ 14,126,003	-	-	14,126,003
Parking fees	169,379	-	-	169,379
Rental income	450,000	-	-	450,000
Interest	72,871	14,483	-	87,354
Net unrealized gain on fair value of investments	33,445	-	-	33,445
<b>Total revenues</b>	<b>14,851,698</b>	<b>14,483</b>	<b>-</b>	<b>14,866,181</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,472,109	-	-	1,472,109
Community redevelopment	17,780,285	33,500,000	-	51,280,285
Debt service:				
Principal	-	-	4,745,000	4,745,000
Interest and other charges	-	-	2,641,180	2,641,180
<b>Total expenditures</b>	<b>19,252,394</b>	<b>33,500,000</b>	<b>7,386,180</b>	<b>60,138,574</b>
Deficiency of revenues under expenditures	(4,400,696)	(33,485,517)	(7,386,180)	(45,272,393)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	7,386,180	7,386,180
Transfers out	(7,386,180)	-	-	(7,386,180)
Proceeds from sale of capital assets	1,625,000	-	-	1,625,000
<b>Total other financing sources (uses)</b>	<b>(5,761,180)</b>	<b>-</b>	<b>7,386,180</b>	<b>1,625,000</b>
<b>Net change in fund balances</b>	<b>(10,161,876)</b>	<b>(33,485,517)</b>	<b>-</b>	<b>(43,647,393)</b>
<b>Fund balances - beginning</b>	<b>41,459,894</b>	<b>58,732,310</b>	<b>-</b>	<b>100,192,204</b>
<b>Fund balances - ending</b>	<b>\$ 31,298,018</b>	<b>25,246,793</b>	<b>-</b>	<b>56,544,811</b>

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, 2015

Net change in fund balances - total governmental funds	\$ (43,647,393)
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Amounts reported for governmental activities in the statement of activities  
are different because:

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 and reported as depreciation  
expense:

Current year capital asset disposals	(1,165,145)
Expenditures for capital assets	255,688
Depreciation expense	<u>(179,155)</u>
	(1,088,612)

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	(136)
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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	4,745,000
Amortization of bond premium	<u>288,724</u>
Change in net position of governmental activities	<u>\$ (39,702,417)</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, 2015

**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, 2015

**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.

Taxes 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.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

**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. Interest income (which includes 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.

**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, 2015

**1. Summary of Significant Accounting Policies (continued)**

**F. 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 estimated fair market 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

**G. 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.

**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, 2015

**1. Summary of Significant Accounting Policies (continued)**

**G. Fund Equity / Net Position (continued)**

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.

**H. 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.

**I. 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, 2015, the Agency's cash and restricted cash equivalents consist of the following:

Cash:	
Demand deposits	\$ 23,115
Pooled cash	<u>33,522,793</u>
	<u>\$ 33,545,908</u>
Restricted cash equivalents:	
Money market funds	<u>\$ 25,246,793</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.

**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, 2015

**3. Capital Assets**

Capital asset activity for the fiscal year ended September 30, 2015 was as follows:

	At September 30, 2014	Transfers/ Additions	Transfers/ Deletions	At September 30, 2015
Capital assets, not being depreciated:				
Land	\$ 4,690,818	19,009	(256,200)	4,453,627
Total capital assets, not being depreciated	<u>4,690,818</u>	<u>19,009</u>	<u>(256,200)</u>	<u>4,453,627</u>
Capital assets, being depreciated:				
Furniture and equipment	161,286	1,679	-	162,965
Infrastructure	8,670,681	235,000	(1,965,425)	6,940,256
Total capital assets, being depreciated	<u>8,831,967</u>	<u>236,679</u>	<u>(1,965,425)</u>	<u>7,103,221</u>
Less accumulated depreciation for:				
Furniture and equipment	134,977	10,996	-	145,973
Infrastructure	5,633,317	168,159	(1,056,480)	4,744,996
Total accumulated depreciation	<u>5,768,294</u>	<u>179,155</u>	<u>(1,056,480)</u>	<u>4,890,969</u>
Total capital assets, being depreciated, net	<u>3,063,673</u>	<u>57,524</u>	<u>(908,945)</u>	<u>2,212,252</u>
Total capital assets (net of accumulated depreciation)	<u>\$ 7,754,491</u>	<u>76,533</u>	<u>(1,165,145)</u>	<u>6,665,879</u>

During fiscal year 2015, depreciation expense in the amount of \$179,155 was charged to Community Redevelopment.

**4. Long-Term Obligations**

The changes in the long-term obligations for the year ended September 30, 2015 are summarized as follows:

	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015	Amount due within one year
Tax Increment Revenue Bonds, Series 2014A	\$ 55,885,000	-	(4,745,000)	51,140,000	5,315,000
Plus deferred amounts for issuance premium	4,330,862	-	(288,724)	4,042,138	-
Total bonds payable	<u>60,215,862</u>	<u>-</u>	<u>(5,033,724)</u>	<u>55,182,138</u>	<u>5,315,000</u>
Gran Central Loan	1,708,864	-	-	1,708,864	-
Compensated absences	102,645	136	-	102,781	-
Total long-term obligations	<u>\$ 1,822,140</u>	<u>136</u>	<u>(5,033,724)</u>	<u>56,993,783</u>	<u>5,315,000</u>

A description of each obligation is as follows:

- (a) 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.

**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, 2015

**4. Long-Term Obligations (continued)**

- (a) Continued** - 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 4(b)), the Children's Trust Interlocal Agreement (see note 6), and the 2007 Interlocal Agreement (see note 9(c)).

The annual requirements to amortize the bonds payable outstanding as of September 30, 2015, are as follows:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,315,000	\$ 2,397,550	\$ 7,712,550
2017	2,285,000	2,234,125	4,519,125
2018	2,405,000	2,116,875	4,521,875
2019	2,525,000	1,993,625	4,518,625
2020	2,650,000	1,864,250	4,514,250
2021-2025	15,405,000	7,140,125	22,545,125
2026-2030	<u>20,555,000</u>	<u>2,754,625</u>	<u>23,309,625</u>
	<u><b>\$ 51,140,000</b></u>	<u><b>\$ 20,501,175</b></u>	<u><b>\$ 71,641,175</b></u>

- (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, 2015

**5. Fund Balances**

At September 30, 2015, the Agency reported the following governmental fund balances:

- 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.
- Assigned fund balance - these amounts are approved and constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed.

Below is a table of fund balance categories and classifications, by fund, at September 30, 2015:

	<u>Re-</u> <u>Special</u> <u>Revenue</u>	<u>development</u> <u>Projects</u>
Restricted for redevelopment projects	\$ -	25,246,793
Committed to community redevelopment	29,819,059	-
Assigned to community redevelopment	1,478,959	-
<b>Total</b>	<b>\$ 31,298,018</b>	<b>25,246,793</b>

**6. 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.

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. During 2015, the Agency remitted a total of \$571,571 to the Trust.

**7. 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.

**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, 2015

**7. Parking Lease Revenue (continued)**

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 2015, the Agency recorded \$169,379 in parking lease revenue.

**8. Interfund Transfers**

During 2015, there was a transfer of \$7,386,180 from the special revenue fund to the debt service fund to cover debt service expenditures.

**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	\$ 207,000
Current year's payroll for general employees	578,480
Current year's employer contributions for:	
Executive employees (8% rate)	16,603
General employees (5% rate)	23,324

**(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	\$ 97,000
Current year's employer contributions for:	
Executive employees (5% rate)	4,769

**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, 2015

**10. 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.

**11. Commitment and Contingencies**

- (a) The Agency is contractually obligated for approximately \$29.6 million at September 30, 2015 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.
- (c) 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.
- (d) 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.
- (e) In fiscal year 2014, the Agency entered into a development agreement with a developer for the development of residential units, commercial space, and recreation facilities and amenities on Block 46. The development agreement calls for the Agency to fund pre-development expenses in an amount not to exceed \$500,000 and to remit a certain percentage of the tax increment revenues generated from the project to the developer.
- (f) 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 through the calendar year 2022, with the master developer being required to utilize the funds for public infrastructure improvements and other permitted uses, and develop reliable resources for community outreach to provide new job opportunities during both construction and operations phases of the project.

**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, 2015

**12. New Pronouncements Issued**

During 2015, the Agency implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, the objective of which is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles.

The following pronouncements have recently been issued by the GASB, but do not or will not have a material impact on the financial statements of the Agency upon implementation:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, which is effective for the fiscal year ending September 30, 2015.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is effective for the fiscal year ending September 30, 2015.
- GASB Statement No. 72, *Fair Value Measurement and Application*, which is effective for the fiscal year ending September 30, 2016.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is effective for the fiscal year ending September 30, 2017.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for the fiscal year ending September 30, 2017.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for the fiscal year ending September 30, 2018.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which is effective for the fiscal year ending September 30, 2017.

**13. Subsequent events**

The Agency evaluated subsequent events through December 4, 2015, the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**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, 2015

	<b>Budgeted amounts</b>			<b>Variance with final budget - positive (negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Tax increment revenues	\$ 12,288,579	14,126,003	14,126,003	-
Parking fees	-	-	169,379	169,379
Other	-	75,000	450,000	375,000
Interest	-	-	72,871	72,871
Net unrealized gain on fair value of investments	-	-	33,445	33,445
<b>Total revenues</b>	<b>12,288,579</b>	<b>14,201,003</b>	<b>14,851,698</b>	<b>650,695</b>
<b>Expenditures:</b>				
Current:				
General government	1,729,721	2,785,233	1,472,109	1,313,124
Community redevelopment	44,648,985	45,049,425	17,780,285	27,269,140
<b>Total expenditures</b>	<b>46,378,706</b>	<b>47,834,658</b>	<b>19,252,394</b>	<b>28,582,264</b>
Excess (deficiency) of revenues over (under) expenditures	(34,090,127)	(33,633,655)	(4,400,696)	29,232,959
<b>Other financing sources (uses):</b>				
Transfers out	(8,909,873)	(7,826,239)	(7,386,180)	440,059
Proceeds from sale of capital assets	-	-	1,625,000	1,625,000
Net carryover fund balance	43,000,000	41,459,894	-	(41,459,894)
<b>Total other financing sources (uses)</b>	<b>34,090,127</b>	<b>33,633,655</b>	<b>(5,761,180)</b>	<b>(39,394,835)</b>
Net change in fund balance	\$ -	-	(10,161,876)	(10,161,876)
<b>Fund balances - beginning</b>			<b>41,459,894</b>	
<b>Fund balances - ending</b>			<b>\$ 31,298,018</b>	

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, 2015

**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.

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## **Other Reports**

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**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

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, 2015, 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 4, 2015.

**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*.

## 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.

*Sansen Kline Jasmin Landes & Gamarras, LLP*

December 4, 2015



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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, 2015, and have issued our report dated December 4, 2015.

**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**

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 December 4, 2015, 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. There were no findings or recommendations made 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**

Section 10.554(1)(i)5.a., 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, 2015. 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Agency for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. The Agency does not file a separate report with the Florida Department of Financial Services. The financial operations of the Agency are included in the basic financial statements of the City of Miami, Florida for the fiscal year ended September 30, 2015.

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See current year findings and recommendations at Appendix A to this report.

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.

*Sansen Kline, Jasminne Landa & Yamara, HFP*

December 4, 2015

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

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

Year ended September 30, 2015

**Current Year's Findings and Recommendations**

**2015-1 – Monthly Financial Reporting to the Board**

**Criteria** – As a best practice, detailed monthly financial information should be reported to the Board Members of the Agency.

**Condition** – We noted that management of the Agency is not formally presenting monthly financial information to the Board Members at the monthly Board meetings, nor is management of the Agency informally presenting, either by email or mail, any monthly financial information to the Board Members.

**Effect** – Presenting detailed monthly financial information to the Board Members will keep them apprised of the financial condition of the Agency, and will provide them with the ability to make better informed decisions as it relates to the Agency's finances.

**Recommendation** – We recommend that the Agency, at a minimum, report monthly financial information to the Board Members by email or mail, if not at the monthly Board meetings.

**View of Responsible Officials and Planned Corrective Actions** – Going forward, the Agency will follow the recommendation above.

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