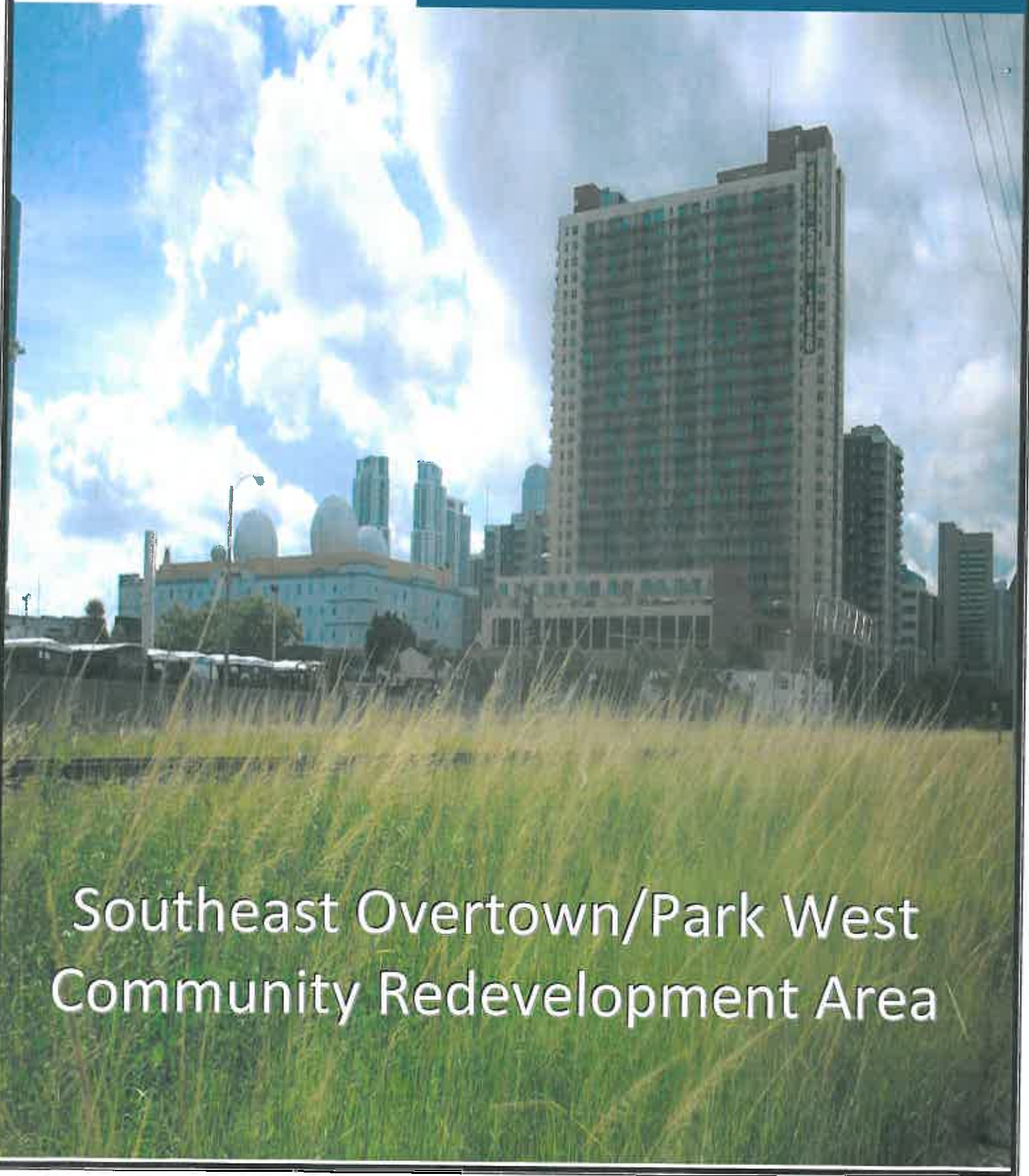




ANNUAL REPORT 2012



Southeast Overtown/Park West
Community Redevelopment Area

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I. INTRODUCTION

Section 163.356(3)(c), Florida Statutes, requires that a community redevelopment agency file its governing body an annual report of its activities for the preceding fiscal year.

II. PURPOSE AND MISSION

The purpose of the Southeast Overtown/Park West Community Redevelopment Agency ("CRA") is to undertake redevelopment activities that would facilitate the elimination of slum and blight. Such activities include, but are not limited to, infrastructure upgrades, façade improvements, economic development incentive programs to attract businesses to the area, and the promotion and support of job creating initiatives to preserve and enhance the tax base of the Overtown and Park West neighborhoods. The CRA mission is to foster an enhanced quality of life for residents and stakeholders of the redevelopment area by reducing negative confluences and increasing opportunities for economic growth within the community.

III. CRA'S BOARD OF COMMISSIONERS AND STAFF

The CRA's Board of Commissioners is comprised of the five Commissioners of the Miami City Commission. Meetings of the CRA Board are open to the public and are held on a monthly basis. The current Board of Commissioners are:

Chairperson	Commissioner Michelle Spence-Jones
Vice-Chairperson	Commissioner Wifredo "Willy" Gort
Board Member	Commissioner Marc A. Sarnoff
Board Member	Commissioner Joe Carollo
Board Member	Commissioner Francis Suarez

The CRA's daily operations and implementation of the Board's redevelopment objectives is undertaken by a professional staff consisting of the following individuals:

Executive Director	Clarence E. Woods, III
Director of Construction	Mark Spanioli
Finance Officer	Miguel A. Valentin
Assistant to Finance Officer	Stephanie Manrique
Program Administrator	Chelsa Arscott
Staff Counsel	Carmen Cabarga
Quality Assurance Site Manager	Reynaldo Diaz
Business Coordinator	Percilla Kelsey
Communications Coordinator	Andrea Smith



IV. COMMUNITY REDEVELOPMENT PLAN

The 2009 Southeast Overtown/Park West Community Redevelopment Plan ("Plan") sets forth the redevelopment goals, objectives and principles anticipated to eradicate the conditions of slum and blight throughout the Southeast Overtown/Park West Redevelopment Area. The Plan sets forth the following six goals:

- Preserving historic buildings and community heritage;
- Expanding the tax base through the use of planning principles;
- Creating infill housing, diversity in housing and retaining affordable housing;
- Creating jobs with the community;
- Promotion and marketing of the community; and
- Improving the quality of life for residents of the redevelopment area.

The Plan identifies fourteen (14) guiding principles aimed to facilitate the achievement of the aforementioned Redevelopment Goals.

- Principle 1:** The community as a whole has to be livable. Land uses and transportation systems must be coordinated with each other.
- Principle 2:** The neighborhood has to retain access to affordable housing even as the neighborhood becomes more desirable to households with greater means.
- Principle 3:** There must be variety in housing options.
- Principle 4:** There must be variety in employment opportunities.
- Principle 5:** Walking within the neighbor must be accessible, safe and pleasant.
- Principle 6:** Local cultural events, institutions, and businesses are to be promoted.
- Principle 7:** The City and County must provide access to small parks and green spaces of an urban character.
- Principle 8:** Older buildings that embody the area's cultural past should be restored.
- Principle 9:** New and rehabilitated buildings must respond to our climate and reflect the community's cultural heritage.
- Principle 10:** Streets and buildings must be attractive.
- Principle 11:** 24-hour environments should be encouraged.
- Principle 12:** Identifiable neighborhood centers are to be established in a distributed pattern within Overtown and Park West.
- Principle 13:** The zoning and other development regulations must be reworked to yield the results envisioned in this Community Redevelopment Plan.
- Principle 14:** Restore a sense of community and unify the area culturally.

The CRA's Board of Commissioners has authorized various redevelopment activities in furtherance of the aforementioned goals and principles.

1. DIRECT REINVESTMENT AND COLLABORATIVE REDEVELOPMENT EFFORTS

In order for the redevelopment communities of Overtown and Park West to achieve their full potential, it is necessary to address and improve the neighborhood economy and expand the economic opportunities of present and future residents and business owners. In 2012, the CRA issued grants to new and existing businesses throughout the Redevelopment Area for a variety of activities, including technical assistance, architectural and design services, and construction. Said grants focused on the revival and expansion of the local business community to provide goods, services and jobs to area residents, attraction of visitors to the area by highlighting its historic significance and vibrant culture.





Carver Apartments and Shoppes at 801 NW 3rd Avenue. Completion anticipated in 2013

Direct Support: At the close of 2012, many of the projects supported by the CRA were in various stages of construction. Many of said projects will put approximately 35,000 square footage of commercial space into adaptive reuse. Rehabilitation of vacant and dilapidated commercial space will allow new businesses to make relocate in the Redevelopment Area, as well as allowing longstanding existing businesses to expand. Examples of the aforementioned can be seen in the following:

- *Carver Apartments and Shoppes* at 801 NW 3rd Avenue (pictured above) are currently being rehabilitated as a mixed use building with affordable residential units on two floors, and four new commercial bays on the ground floor.
- *Italian Ice* is a new business that has taken residence at 271 NW 11 Street (*New Arena Square*). The CRA provided funding to rehabilitate the commercial units on the ground floor which enables local entrepreneurs with new opportunities to house and/or expand their business operations. A restrictive covenant recorded by the property owner provides that the rent remain affordable to the commercial tenants for a period of five years providing for financial relief to prospective business owners.
- *New Providence Lodge building* at 937-939 NW 3rd Avenue is currently in permitting for rehabilitation to provide commercial bays on the first floor, and public meeting and museum space on the second, which will display items and memorabilia reflecting the Lodge's long history.



- *Overtown Shopping Center* at 1490 NW 3rd Avenue is currently in the design phase. Once completed, the Center will accommodate a large scale grocer, as well as additional commercial space for other uses. This is particularly significant given the absence of a large full service grocer in the Redevelopment Area.



The Center currently houses the City of Miami's Overtown Neighborhood Enhancement Team office, the temporary office of the CRA, and Regions Bank -- the only banking institution within the Redevelopment Area.

- *Island Living* at 1201-1221 NW 3rd Avenue is expected to provide approximately 5,000 square feet of new commercial space, along with affordable residential units.



Tenant Wrap-Around Building Rehabilitation Program: In collaboration with Downtown Miami Partnership, the CRA established the Wrap-Around Building Rehabilitation Program which provides owners of commercial and retail facilities with funding assistance of up to 75% (not to exceed \$65,000) for repairs, upgrades and signage for active commercial structures throughout the Redevelopment Area. The following sites were upgraded with assistance from the program:



- The historic Dorsey House at 250 NW 9th Street for exterior painting.
- The historic Ebenezer Church (site of proposed new Overtown Community Center) at 300 NW 11 Street for exterior paint.
- The historic Dunn Hotel at 1028 NW 3rd Avenue for exterior paint.
- Jackie's House Restaurant at 1495 NW 3rd Avenue for exterior painting, purchase and installation of impact windows and doors.
- Jackson's Soul Food Restaurant at 950 NW 3rd Avenue for roof repairs.
- Overtown Shopping Center plaza at 1201 NW 3rd Avenue for exterior paint touch-up.
- Miss Yip Restaurant at 900 Biscayne Blvd for new exterior canopy, landscaping and signage.
- New Arena Square North retail complex at 268 NW 11 Street for exterior paint.
- People's BBQ Restaurant at 360 NW 8th Street for new impact windows and doors, exterior painting, and signage.
- Save-U Market local grocery at 1117-25 for exterior paint.

2. AFFORDABLE HOUSING

The CRA has taken the position that it will only endorse, support, encourage, assist or initiate housing initiatives that can demonstrably improve living conditions, incorporate a variety of housing options for varied income ranges, including the development of “workforce” housing through partnerships with employers located in and surrounding the community.

In 2006, the CRA budgeted \$30 million to underwrite the cost of the rehabilitation and construction of affordable, housing developments that would provide housing for low-income resident and increase the number of housing for the local workforce. To date, the CRA has funded the rehabilitation of over 100 units of affordable housing and is slated to underwrite the cost to construct up to 450 new units of workforce housing. To ensure that affordability is retained within CRA-supported residential development projects, the CRA has incorporated specific affordability requirements within the agreements with the property owner and/or developer of the project. The mandates execution of a rent regulatory agreement with the property owners ensuring compliance with the CRA's rental unit affordability requirements. As of the close of 2012, the CRA has granted over \$2.2 million towards residential rental rehabilitation projects and \$14.2 million in total towards affordable housing initiatives comprising of new construction and renovation projects.



Rehabilitation Projects. The *Town Park* housing complexes consisting of Town Park Village (“Village”), Town Park Plaza South (“South”) and Town Park Plaza North (“North”), constructed in the early 1970s, have deteriorated significantly due to deferred maintenance and vandalism. The conditions of the complexes pose life safety concerns, and if allowed to remain in their current state, will contribute to the existence of slum and blight within the Redevelopment Area. All three housing complexes, with a combined 435 housing units, are primarily occupied by persons with household incomes less than the



average median income for the City of Miami, and significantly below the poverty levels as defined by federal guidelines. Visible deterioration is evidenced by signs of structural cracks, broken windows, dislodged staircase railings, water leaks, presence of mold, and rotting wood. In 2012, the CRA authorized funding to assist with the 40 year-recertification of the Village. The CRA has allocated funding for a complete rehabilitation of the housing complexes, which shall include electrical, plumbing, roofing and security elements and shall address energy efficiency and resource maintenance. Construction is



expected to begin in 2013.

The property at *155 Northwest 10th Street* will be rehabilitated in order to provide affordable rentals within the community. The owner of the property has recorded a restrictive covenant ensuring the rents assessed to tenants remain affordable for a minimum of seven years.



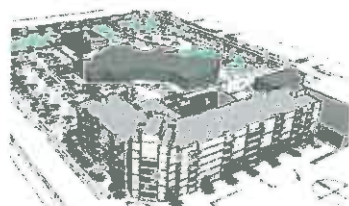
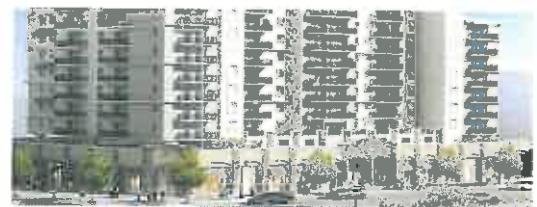
New Construction Projects. The CRA executed several development agreements providing financial support for the construction of several development projects. *Lyric Place*, a mixed-use development proposed to be constructed on Blocks 25 and 36, shall provide up to 158 affordable residential rental units.



St. John’s Overtown Plaza, a mixed-use development proposed to be constructed at 1327 NW 3rd Avenue, shall deliver up to 112 affordable residential rental units targeting low income earning residents with household income less than 80% of the Area Median Income for Miami-Dade County (“AMI”). The development will include a daycare center that will be open to the public.



Island Living, a mixed-use development proposed for the CRA property at 1201 NW 3rd Avenue and adjacent CRA owned parking lots shall deliver up to 80 affordable residential rental units targeting very-low income earning residents with households income less than 60% of the AMI.



Culmer Center Housing Development, a proposed housing development at 1600 NW 3rd Avenue shall consist of up to 158 affordable residential rental targeting households with incomes not exceeding 60% of the AMI.



3. PHYSICAL AND SOCIAL TRANSFORMATION

The physical appearance and sense of security of a community has a direct correlation to the type and quality of development projects, real estate values, and economic potential of a community. The Redevelopment Area has long suffered from conditions of slum and blight that include abandoned and unsecured structures, unkempt and sparse landscaping, deferred property maintenance on residential and commercial structures, undeveloped and overgrown vacant lots, makeshift sleeping arrangements devised by the homeless within the public right-of way. These conditions are exacerbated by the real and perceived criminal activities occurring within the area, including homicides, prostitution and illicit drug-trafficking. To this end, the CRA has implemented a series of redevelopment activities to address these conditions in a holistic manner.

For example, *Camillus House*, a unique facility serving special needs and indigent populations, has discontinued its operations at 700 NE 1st Avenue, and has relocated to a significantly larger facility where it has the space to provide



services to the chronically homeless. The CRA has authorized funding on an annual basis in the amount of \$2 million over a five-year period to underwrite a portion of the cost of construction of the new expanded Camillus House campus at 1603 NW 7 Avenue (located along the western boundary of the Redevelopment Area). As of the close of 2012, several buildings have been completed, including an interior courtyard that has assisted in reducing the number of incidents involving indigent persons along the major arterial roadways within the Redevelopment Area. The CRA's support of Camillus House in its relocation derived from the necessity to address the increasing

migration of indigent populations within the core of the Redevelopment Area and to further stabilize and improve property values in the immediate vicinity of the Park West neighborhood.

The Landscape Training Institute is another example of the CRA's efforts to address the physical appearance of the Redevelopment Area while also addressing some of the socio-economic issues prevalent throughout the Redevelopment Area. The Institute has enabled residents to participate in a job-training program to receive hands-on training in horticulture and landscape maintenance. Participants in the Institute also conduct cleaning, street sweeping, and lawn cutting. Additionally, this Institute has



operated to create a community garden project on one of the



CRA's vacant parcels. The development of this community garden has served a dual purpose. It has beautified and activated a vacant parcel. The community garden has provided residents with access to fresh produce despite the absence of a major grocer in the area. A significant benefit of this program was the reduction of illegal trash dumping within the community.



4. PUBLIC INFRASTRUCTURE AND PUBLIC SPACES

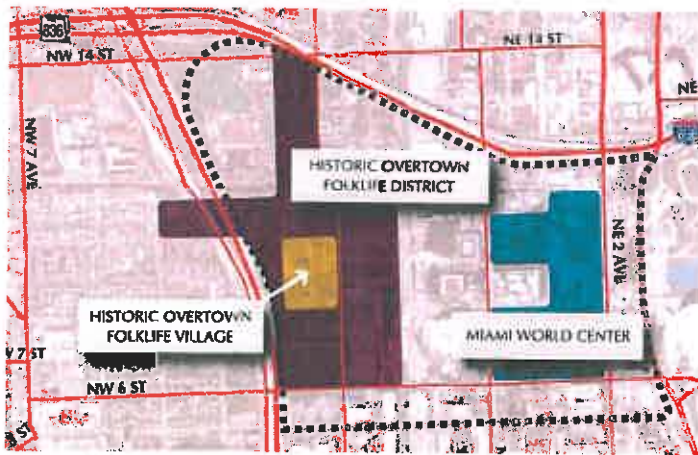
The CRA continues to improve the public infrastructure throughout the Redevelopment Area, including the development of new parking facilities, special lighting, landscaping, and other amenities that will help encourage existing businesses to expand and new businesses to relocate to the Redevelopment Area and improve the quality of life for residents.

Public Parking: The CRA continues to plan the development of public parking to support businesses within the Redevelopment Area. The CRA has already constructed three public surface parking lots along the historic NW 3rd Avenue Business Corridor. The CRA is set to commence construction of a temporary surface parking lot at 276 NW 9 Street to support the newly rehabilitated Carver Apartment and Shoppes. Parking remains the single most important infrastructure needed within the community to support business and housing activities. The CRA is also planning for new parking facilities along the NW 2nd Avenue corridor to support the businesses with increased parking needs including longstanding organizations such as the Historic Lyric Theater and the International Longshoremen Association.



The CRA has also helped to support local businesses by facilitating on-street parking for visitors patronizing local businesses along NW 3rd Avenue. Specifically, the CRA sought to enable patrons to park their vehicles on-street for 15 minutes without payment for purposes of obtaining goods and services from businesses along the NW 3rd Avenue corridor. These timed parking limits provide patrons with a quick and safe method of timely completing business transactions at the local businesses along the corridor.

Development of Regional Impact (DRI), Increment III: The CRA engaged the services of The Curtis Group to prepare Increment III of the Master Development Order for the Southeast Overtown/Park West Development of



Regional Impact ("SEOPW DRI"). The SEOPW DRI is used as a planning tool to determine the public infrastructure improvements required to accommodate future planned developments, and to develop and implement a mitigation program to alleviate any potential negative impacts arising from said developments. The resulting SEOPW DRI development program will serve to establish the total amount of development that can be located anywhere within the DRI boundaries, subject to local land development regulations. The SEOPW DRI analysis is essential to new businesses looking to locate within the Redevelopment Area as the information on the existing area-wide conditions and projected

improvements and timeline is readily available at no direct cost to developers and investors and provides a prospective view of the projected build-out of the area.



Gibson Park at 401 NW 12 Street: Creating and maintaining high-quality public spaces is necessary for the

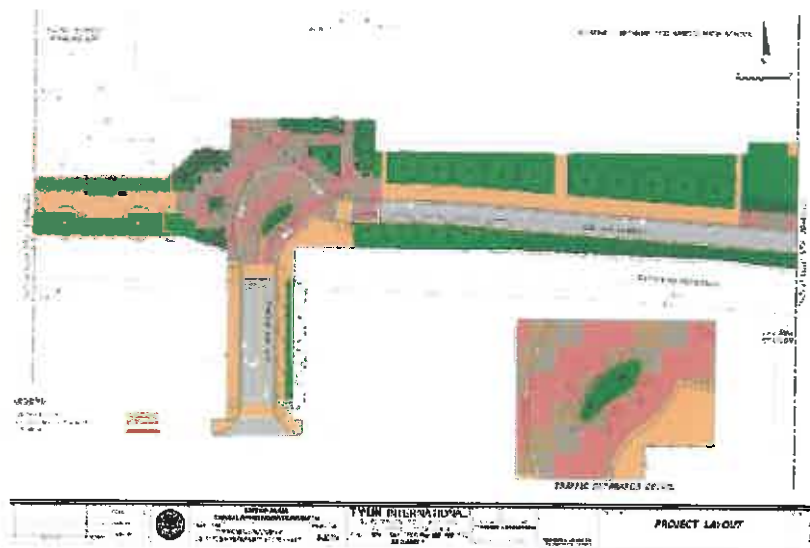


Redevelopment Area to achieve its potential. Urban living is enhanced by pedestrian friendly streets and public spaces such as parks, squares, greenways and plazas. The renovated 12 acre park named after Theodore Gibson includes a new football/baseball field, a new recreation building incorporating a fitness center, a new Olympic swimming pool, kids play area, walking paths, and an open air plaza for the Overtown community to enjoy. The planning for the Phase 2 development program is

currently underway to accommodate the construction of a basketball gymnasium complete with locker room facilities.



The *Overtown Greenway* is a landscaping project that extends from Northwest 7th Avenue east to Northwest 2nd along Northwest 11th Terrace and running underneath the Metrorail behind Frederick Douglas Elementary and Booker T. Washington Senior High Schools. This on-road greenway would enhance the pedestrian environment within the Overtown neighborhood area and providing shade, lighting and rest areas for pedestrian and bicyclists alike. The project is currently in permitting phase and is expected to commence construction in calendar year 2013.



Ward Rooming House: The CRA continues its adaptive re-use initiative by rehabilitating and programming government-owned assets within the Redevelopment Area. For example, the CRA has completed the rehabilitation of the Ward Rooming House, a historic rooming house located in Overtown at 249 NW 9 Street, and has partnered with the Black Archives, History and Research Foundation of South Florida, to program cultural activities and events at the facility. The site is now home to the *Ward Rooming Gallery Cultural Tourist Center*.



The CRA has also partnered with Miami-Dade College ("MDC") in anticipation of housing the Hospitality and Culinary Job Training Institute at the historic *Ebenezer Church* located at 300 NW 11th Street. The renovated structure will house an exhibition kitchen, a catering hall, a community room, and will provide meeting and banquet hall sized space and accommodations for public and private events. The project is in permitting phase.

5. PROMOTION OF THE REDEVELOPMENT AREA

The CRA seeks to highlight the historic significance of the Overtown community by focusing on Overtown's "Little Broadway" jazz era and to draw attention to the Afro-Caribbean heritage. To this end, the CRA has undertaken a variety of redevelopment activities to spark interest from outside of the community.

Police Visibility Program: Security is an important issue in the Redevelopment Area. The CRA has provided for improved street lighting, and the securing of abandoned buildings. However, the current state of criminal activities occurring in the Redevelopment Area requires enhanced law enforcement services. To this end, the CRA, in conjunction with the City of Miami Police Department, has developed the Police Visibility Program, which provides enhanced law enforcement presence throughout the Redevelopment Area. Said police presence is implemented in a non-threatening visible manner, with officers on foot patrol, bicycle patrol or mounted patrol.



In conjunction with promoting the Redevelopment Area as a safe place to live, work, and play, the CRA also recognizes the need for economic incentives to attract new businesses to the area in the hopes of spurring economic development. To this end, the CRA has committed funding to a variety of incentive programs and opportunities.

Commercial Development and Leasing Opportunities: As previously mentioned, the CRA has authorized funding to underwrite a portion of the commercial build-out for tenants seeking to relocate their business to New Arena Square. In exchange for the CRA's support to the commercial tenants, the property owner has agreed to maintain the commercial rents at an affordable rate. In addition to New Arena Square, the CRA has executed development agreements for a number of projects that include commercial space expected to be on the market soon. For example, Lyric Place, a mixed use development to be constructed on Blocks 25 and 36, near the historic Lyric Theater, is expected to include approximately 5,000 square feet of commercial space. Additionally, Island Living, another mixed use development at 1201 NW 3rd Avenue is expected to provide another 5,000 square feet of commercial space.

Small Business Assistance Program: The CRA, in collaboration with Neighbors and Neighbors Association, Inc., also provides funding for technical business assistance to local businesses throughout the Redevelopment Area, as well as job-readiness preparation to local residents. The assistance provided to the local businesses includes: free training programs and workshops offered at the CRA's Business Resource Center; computer use and Wi-Fi access; one-on-one business counseling; participation in a business mentoring program; office services including access to conference space; assistance with the preparation of a business plan and obtaining any necessary business licenses; and assistance in identifying additional funding sources and business referrals. Job-readiness preparation includes workshops on financial literacy, interviewing and resume preparation, as well as information on education and other supportive services.

The *Hospitality and Culinary Job Training Institute* facilitated by Miami-Dade College provides soft skills for those seeking employment in the hospitality industry. Each quarter, participants embark on a three day training program focused on enhanced customer service skills, problem solving, and hospitality. On the fourth day, participants have the opportunity to interview with invited local businesses that are actively seeking new employees. At the end of the 2012 calendar year, approximately 1,800 job seekers participated in the Institute, and 40% were placed into new job positions.



The *School of Business at the University of Miami* provided support to business proprietors of the Overtown community through its community outreach student volunteer program, the *Hyperion Council*. Business owners received critical feedback and technical assistance from the Council in support of their business operations. Several businesses, including Moore's Bakery, Jackie's House restaurant, and Jackson Soul Food Restaurant, benefitted from the program, which provided them with new logos, promotional marketing, social media development and front of house operations.



The Marketing of the Redevelopment Area:



The CRA partnered with the *Greater Miami Convention and Visitors Bureau* (“GMCVB”) and its affiliated *Black Hospitality Initiative*, along with the local hospitality and business associations, to establish a community branding initiative aimed at increasing the number of patrons and guests to the Redevelopment Area. The initiative resulted in a cross marketing campaign, **The Miami Cultural Experience**, which promotes the Overtown community along with two other distinct cultural communities in Miami. Promotional marketing materials were provided by GMCVB, at no cost to the CRA. A strategic marketing plan was implemented to include promotion through social media outlets (www.MiamiCulturalExperience.com).

The CRA also sponsored activities and events to promotion the Redevelopment Area. For example, the CRA continued its support of *Folklife Fridays*, a monthly open-air market held the first Friday of each month on the 9th Street Pedestrian Mall in Overtown.



During the month of June, commonly known as Black Music Month, the CRA sponsored the *Overtown Rhythm and Arts Festival* which brought in over one thousand visitors to the Redevelopment Area to sample local cuisine and to listen to musical acts. The event was held on the historic NW 3rd Avenue Business Corridor and provided an economic boost to the small local businesses in the vicinity.



During the same period, the CRA put forth its 2nd annual *American Black Film Festival (ABFF) Community Showcase*, which highlights local businesses from the Redevelopment Area and showcases films produced by emerging local filmmakers.



The CRA, in collaboration with the *University of Miami's School of Communications* facilitated a community film initiative training program aimed at inspiring youth throughout the Redevelopment Area to consider careers in the film and entertainment industry. The program also sought to encourage businesses within the Redevelopment Area to seek out new opportunities to market their goods and services to the entertainment industry. The film training initiative, which commenced in the fourth quarter of 2012, came about through an innovative pilot program through partnerships that included Miami-Dade County Public Schools, the City of Miami, the Omni Community Redevelopment Agency, South Florida Workforce, local businesses, and renowned Hollywood actor and filmmaker, Robert Townsend. Students from Booker T. Washington Senior High School and the local



community collaborated with film students at the University of Miami to partake in the production of Mr. Townsend's new project, *Playin' For Love*. Hollywood talents such as Salli Richardson-Whitfield, Jenifer Lewis, and Esai Morales also participated in the film. NBA Hall of Fame player Isaiah Thomas co-produced the film and made a cameo appearance. Sponsors of the initiative also included the retail clothing chain, Citi Trends, the American Federation of Teachers, the United Teachers of Dade, and Connor Sports. Notably, Connor Sports' donation also basketball flooring valued at \$45,000 which was installed at Gibson Park.

The year culminated with the *ArtAfrica Miami* showing which was held in the month of December during the period of Art Basel. The event was well attended and highlighted local art from Miami and art from the African diaspora.



Photos by Don Parchment

V. **PRESERVATION AND ENHANCEMENT OF TAX BASE:** The Southeast Overtown/Park West Redevelopment Area experienced a thirteen percent (-13%) decrease in assessed value, with the 2011 Tax Roll reflecting \$1,059,376,024 in assessed value, and the 2012 Tax Roll reflecting \$929,997,146.

FY 2011-12 SEOPW CRA Current Year Actual Tax Increment Revenue

Preliminary 2011 assessed value of Tax Increment District	\$929,997,146
Taxable value in Base Year – 1983	(\$78,305,502)
Value of Increment	\$851,691,644
Revenue	\$3,887,759
Increase (reduced) for 2009 adjustment (detailed below)*	(\$740,543)
Revenue payable to CRA Miami	\$3,147,216
Dade County - Tax Millage Rate 4.8379	
Revenue payable to CRA – City of Miami – Tax Millage Rate 7.571	\$4,951,081
*2009 Adjustment Detail	
Final 2009 Tax Roll	\$879,978,398
Preliminary 2009 Tax Roll	\$1,041,106,026
Revision per Value Adjustment Board	(\$161,127,628)
Actual 2009 Millage Adjustment	4.8379 (\$740,543)



VI. FINANCIAL STATEMENTS.

The CRA's audited financial statements for Fiscal Year ending September 30, 2012 appear on the following page.



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

Basic Financial Statements

September 30, 2012

(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, 2012

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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:

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, 2012, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated December 3, 2012 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 7 and the budgetary comparison information on pages 21 through 23 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sanson Kline Jacomino Tando & Gamarra, LLP

December 3, 2012

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, 2012

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, 2012. 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 \$32,141,926. Of this amount, \$5,556,125 was invested in capital assets net of related debt and \$1,225,984 was restricted for debt service, resulting in an excess of \$25,359,817 (unrestricted net assets) 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 \$26,716,825, an increase of \$1,388,728 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

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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 assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements may be found on pages 8 and 9 of this report.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency maintains three individual governmental funds during fiscal year 2012. 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 General Fund, Special Revenue Fund, and Debt Service Fund.

The basic governmental fund financial statements can be found on pages 10 and 11 of this report.

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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 12 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 final budget for the General Fund (please see budget to actual comparison on page 21):

- The change in the original budget to the final budget for general government expenditures was a result of the anticipated decrease in such expenditures from that amount originally budgeted.

The following is a brief review of the significant variances between the final budget and actual amounts reported for the General fund:

- The change in the final budget to actual amounts for tax increment revenues was a result of the lower than originally anticipated payout from the City and County.
- The change in the final budget to actual amounts for intergovernmental revenues was a result of the lower than originally anticipated contributions from the City of Miami Omni and Midtown Community Redevelopment Agencies.

The following is a brief review of the significant variances between the original budget and the final budget for the Special Revenue Fund (please see budget to actual comparison on page 22):

- The change in the original budget to the final budget for tax increment revenues was a result of the lower 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 community redevelopment expenditures in the Special Revenue Fund 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 Assets 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 assets is presented in Table A-1 and a summary of changes in net assets is presented in Table A-2.

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Table A-1
Summary of Net Assets

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>
Current assets	\$ 28,028,362	\$ 26,117,908
Capital assets, net	<u>8,434,989</u>	<u>8,370,575</u>
Total assets	<u>34,463,351</u>	<u>34,488,483</u>
Current liabilities	1,566,537	789,811
Non-current liabilities	<u>2,754,888</u>	<u>3,226,232</u>
Total liabilities	<u>4,321,425</u>	<u>4,016,043</u>
Investment in capital assets, net of related debt	5,556,125	5,256,711
Restricted for debt service	1,225,984	782,270
Unrestricted	<u>25,359,817</u>	<u>24,433,459</u>
Total net assets	<u>\$ 32,141,926</u>	<u>\$ 30,472,440</u>

- Current assets increased in the current year mainly as a result of the increase in cash restricted for debt service.
- Current liabilities increased in the current year as a result of the accrual to remit amounts due to The Children's Trust in accordance with the terms of the agreement.
- A portion of the Agency's net assets (\$5,556,125) reflects its 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 assets (\$1,225,984) represents resources that are subject to external restrictions on how they may be used.
- The remaining portion of the Agency's net assets (\$25,359,817) represents resources that are unrestricted and available for any lawful use by the Agency.

Table A-2
Summary of Changes in Net Assets

	Fiscal Year <u>2011</u>	Fiscal Year <u>2011</u>
Revenues:		
Intergovernmental:		
Operating	\$ 1,131,314	\$ 715,183
General revenues:		
Tax increment revenue	8,501,547	12,177,078
Interest revenue	56,868	47,682
Other	<u>14,840</u>	<u>19,639</u>
Total revenues	<u>9,704,569</u>	<u>12,959,582</u>

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

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>
Expenses:		
General government	1,617,628	1,544,535
Community redevelopment	6,308,017	5,352,772
Interest on long-term debt	<u>109,438</u>	<u>128,775</u>
Total expenses and transfers	<u>8,035,083</u>	<u>7,026,082</u>
Change in net assets	1,669,486	5,933,500
Net assets, beginning of year	<u>30,472,440</u>	<u>24,538,940</u>
Net assets, end of year	<u>\$ 32,141,926</u>	<u>\$ 30,472,440</u>

- Intergovernmental revenue increased in the current year as a result of the increase in the amounts contributed from the City of Miami Omni and Midtown Community Redevelopment Agencies.
- Tax increment revenue decreased in the current year as a result of the decrease in the payout by the City and the County.
- Community redevelopment expenditures increased in the current year as a result of the increase in project activity from the prior year.

Individual Fund Analysis

Fund balance for the General Fund decreased from \$64,837 at September 30, 2011 to \$0 at September 30, 2012. The fund balance for the Special Revenue Fund increased from \$24,480,990 at September 30, 2011 to \$25,490,841 at September 30, 2012. Fund balance for the Debt Service Fund increase from \$782,270 at September 30, 2011 to \$1,225,984 at September 30, 2012.

Since the Agency only has governmental funds/activities, the changes in fund balance also explain the increases in net assets. The following are key factors in the changes in fund balances for 2012:

- The increase in fund balance in the Special Revenue Fund was mainly due to the positive change in activity of \$1,009,851 during the year.
- The increase in fund balance in the Debt Service Fund was mainly due to the increase in amounts transferred from the Special Revenue Fund in anticipation of paying of the Series 1990 Bonds in the next fiscal year.

Capital Assets

As of September 30, 2012, the Agency's investment in capital assets, net of accumulated depreciation, amounted to \$8,434,989, increasing from \$8,370,575 as of September 30, 2011.

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Summary of Capital Assets
(Net of Accumulated Depreciation)

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>
Land	\$ 4,267,007	\$ 4,019,507
Furniture and equipment	39,746	51,176
Infrastructure	<u>4,128,236</u>	<u>4,299,892</u>
Total capital assets	\$ <u>8,434,989</u>	\$ <u>8,370,575</u>

Additional capital asset information can be found on page 15 of this report.

Debt Management

As of September 30, 2012, the Agency had \$2,878,864 of special obligation bonds and loans outstanding compared to \$3,133,864 as of September 30, 2011. The bonds and loans 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. No additional debt was issued during fiscal year 2012.

Additional long-term debt information can be found on pages 16 and 17 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, 1490 NW 3rd Avenue, Suite 105, Miami, Florida 33136.

Basic Financial Statements

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

Statement of Net Assets

September 30, 2012

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash	\$ 26,768,068
Restricted cash	1,229,975
Interest receivable	14,317
Due from other government	16,002
Capital assets (net of accumulated depreciation):	
Land	4,267,007
Furniture and equipment	39,746
Infrastructure	<u>4,128,236</u>
Total assets	<u>36,463,351</u>
Liabilities	
Accounts payable and accrued liabilities	1,311,537
Non-current liabilities:	
Due within one year:	
Bonds payable	255,000
Due in more than one year:	
Bonds payable	915,000
Notes payable	1,708,864
Compensated absences	<u>131,024</u>
Total liabilities	<u>4,321,425</u>
Net Assets	
Invested in capital assets, net of related debt	5,556,125
Restricted for debt service	1,225,984
Unrestricted	<u>25,359,817</u>
Total net assets	<u>\$ 32,141,926</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, 2012

	<u>Governmental Activities</u>
Expenses:	
General government	\$ 1,617,628
Community redevelopment	6,308,017
Interest on long-term debt	<u>109,438</u>
Total expenses and transfers	<u>8,035,083</u>
Program revenues:	
Intergovernmental revenue:	
Operating	<u>1,131,314</u>
Net expense	<u>(6,903,769)</u>
General revenues:	
Tax increment revenue	8,501,547
Other	14,840
Interest revenue	<u>56,868</u>
Total general revenues	<u>8,573,255</u>
Change in net assets	1,669,486
Net assets - beginning of the year	<u>30,472,440</u>
Net assets - end of the year	<u>\$ 32,141,926</u>

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

**CITY OF MIAMI SOUTHEAST OVERTOWN PARK
WEST COMMUNITY REDEVELOPMENT AGENCY**
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Balance Sheet

Governmental Funds

September 30, 2012

	General	Special revenue	Debt service	Total governmental funds
Assets				
Equity in pooled cash	\$ 78,722	26,689,346	-	26,768,068
Restricted cash	-	-	1,229,975	1,229,975
Due from other government	16,002	-	-	16,002
Interest receivable	-	14,317	-	14,317
Total assets	\$ 94,724	26,703,663	1,229,975	28,028,362
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 94,724	1,212,822	3,991	1,311,537
Total liabilities	94,724	1,212,822	3,991	1,311,537
Fund balances:				
Restricted	-	-	1,225,984	1,225,984
Committed	-	20,503,096	-	20,503,096
Assigned	-	4,987,745	-	4,987,745
Unassigned	-	-	-	-
Total fund balances	-	25,490,841	1,225,984	26,716,825
Total liabilities and fund balances	\$ 94,724	26,703,663	1,229,975	
 Amounts reported for governmental activities in the statement of net assets consist of:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				8,434,989
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Bonds payable			(1,170,000)	
Notes payable			(1,708,864)	
Compensated absences			(131,024)	(3,009,888)
Net assets of governmental activities				\$ 32,141,926

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, 2012

	General	Special revenue	Debt service	Total governmental funds
Revenues:				
Tax increment revenues	\$ 885,222	7,616,325	-	8,501,547
Intergovernmental	665,623	165,691	300,000	1,131,314
Other	-	14,840	-	14,840
Interest	-	56,868	-	56,868
Total revenues	1,550,845	7,853,724	300,000	9,704,569
Expenditures:				
Current:				
General government	1,594,981	-	3,991	1,598,972
Community redevelopment	-	6,372,431	-	6,372,431
Debt service:				
Principal	-	-	235,000	235,000
Interest	-	-	109,438	109,438
Total expenditures	1,594,981	6,372,431	348,429	8,315,841
Excess (deficiency) of revenues over (under) expenditures	(44,136)	1,481,293	(48,429)	1,388,728
Other financing sources (uses):				
Transfers in	-	20,701	492,143	512,844
Transfers out	(20,701)	(492,143)	-	(512,844)
Transfer to primary government	-	-	-	-
Total other financing sources (uses)	(20,701)	(471,442)	492,143	-
Net change in fund balances	(64,837)	1,009,851	443,714	1,388,728
Fund balances - beginning	64,837	24,480,990	782,270	25,328,097
Fund balances - ending	\$ -	25,490,841	1,225,984	26,716,825
Net change in fund balances - total governmental funds				1,388,728

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

The issuance of long-term debt provides current financial resources to governmental funds, while repayments on long-term debt consumes the current financial resources of governmental funds:

Payment of principal on long-term debt 235,000

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

Increase in compensated absences (18,656)

The governmental fund 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:

Expenditures for capital assets	247,500	
Less: depreciation expense	(183,086)	64,414
Change in net assets of governmental activities		\$ 1,669,486

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, 2012

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 assets 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**
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Notes to Basic Financial Statements

September 30, 2012

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 **General Fund** is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund;
- 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;
- The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, bond principal and interest; and

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. Equity in Pooled Cash

The Agency's cash, other than described below, is pooled together with the City's cash. All such cash is reflected as equity in pooled cash on the Agency's statement of net assets and governmental funds balance sheet.

E. 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.

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Notes to Basic Financial Statements

September 30, 2012

E. Capital Assets (continued)

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

F. Fund Equity / Net Assets

Fund equity

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. 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 assets

The government-wide financial statements utilize a net asset presentation. Net assets can be categorized as invested in capital assets net of any related debt, 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 assets represent amounts that are restricted by requirement of debt indenture or enabling legislation. Unrestricted net assets represents the net assets of the Agency which are not restricted for any project or purpose.

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

September 30, 2012

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.

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 Deposits

At September 30, 2012, the Agency's cash consisted of equity in pooled cash of \$26,768,068 and restricted cash of \$1,229,975. The Agency's funds participate 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.

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.

4. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2012 was as follows:

	Balance September 30, 2011	Transfers/ Additions	Transfers/ Deletions	Balance September 30, 2012
Capital assets, not being depreciated:				
Land	\$ 4,019,507	247,500	-	4,267,007
Total capital assets, not being depreciated	<u>4,019,507</u>	<u>247,500</u>	<u>-</u>	<u>4,267,007</u>
Capital assets, being depreciated:				
Furniture and equipment	153,407	-	-	153,407
Infrastructure	9,421,369	-	-	9,421,369
Total capital assets, being depreciated	<u>9,574,776</u>	<u>-</u>	<u>-</u>	<u>9,574,776</u>
Less accumulated depreciation for:				
Furniture and equipment	102,231	11,430	-	113,661
Infrastructure	5,121,477	171,656	-	5,293,133
Total accumulated depreciation	<u>5,223,708</u>	<u>183,086</u>	<u>-</u>	<u>5,406,794</u>
Total capital assets, being depreciated, net	<u>4,351,068</u>	<u>183,086</u>	<u>-</u>	<u>4,167,982</u>
Total capital assets (net of accumulated depreciation)	<u>\$ 8,370,575</u>	<u>64,414</u>	<u>-</u>	<u>8,434,989</u>

**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, 2012

4. Capital Assets (continued)

During fiscal year 2012, depreciation expense in the amount of \$183,086 was charged to Community Redevelopment.

5. Long-Term Obligations

The changes in the long-term obligations for the year ended September 30, 2012 are summarized as follows:

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2012	Amount due within one year
Community Redevelopment					
Revenue Bonds, Series 1990	\$ 1,405,000	-	(235,000)	1,170,000	255,000
Gran Central Loan	1,708,864	-	-	1,708,864	-
Compensated absences	<u>112,368</u>	<u>18,656</u>	-	<u>131,024</u>	-
Total long-term obligations	<u>\$ 3,226,232</u>	<u>18,656</u>	<u>(235,000)</u>	<u>3,009,888</u>	<u>255,000</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.

The bonds are secured by a pledge of \$300,000 per year by the City from the proceeds of its Guaranteed Entitlement Revenue, in addition to the tax increment revenue received by the City and County. As a result, the City deposits \$300,000 per year with the trustees of the bond indenture, which represents its portion of the state of Florida's shared revenue for the payment of principal and interest on the bonds.

The principal and interest requirements on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 255,000	88,613	343,613
2014	280,000	65,875	345,875
2015	305,000	41,012	346,012
2016	<u>330,000</u>	<u>14,025</u>	<u>344,025</u>
Total	<u>\$ 1,170,000</u>	<u>209,525</u>	<u>1,379,525</u>

**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, 2012

5. Long-Term Obligations (continued)

However, subsequent to year-end, 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.

Debt authorized, but unissued

As of September 30, 2012, the Agency has authorized but has not issued an amount not to exceed \$50,000,000 of tax increment revenue bonds to finance or refinance the acquisition and construction of community redevelopment projects in the redevelopment area of the Agency.

6. Fund Balances

At September 30, 2012, the Agency reported the following governmental fund balances:

- Restricted fund balance - these amounts are restricted to specific purposes when constraints placed on the use of resources are either (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 legislation.
- 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.
- Unassigned fund balance - These amounts have not been assigned to other funds and have not been restricted, committed, or assigned for a specific purpose.

Below is a table of fund balance categories and classifications, by fund, at September 30, 2012:

**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, 2012

6. Fund Balances (continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Restricted for debt service	\$ -	-	1,225,984
Committed to community development	-	20,503,096	-
Assigned to community development	-	4,987,745	-
Total	<u>\$ -</u>	<u>25,490,841</u>	<u>1,225,984</u>

7. 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. As of September 30, 2012, the Agency recorded an amount due to the Trust totaling \$403,250.

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 2012, the Agency did not have parking lease revenue.

9. Interfund Transfers

During 2012, there was a transfer of \$492,143 from the special revenue fund to the debt service fund to cover debt service expenditures, and a transfer of \$20,701 from the general fund to the special revenue fund to adjust 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, 2012

10. 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:

10. Special Benefit Plans (continued)

(b) 401(a) Deferred Compensation Plan (continued)

Current year's payroll for executive employees	\$ 200,062
Current year's payroll for general employees	611,648
Current year's employer contributions for:	
Executive employees (8% rate)	21,039
General employees (5% rate)	37,481

(c) 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	\$ 91,821
Current year's employer contributions for:	
Executive employees (5% rate)	4,550

11. Commitment and Contingencies

- (a) The Agency is contractually obligated for approximately \$12.5 million at September 30, 2012, for construction projects.
- (b) During 2010, the Agency committed to provide a grant to Camillus House for the construction of a new facility at an amount not to exceed \$10,000,000. The grant, which is being funded by tax increment revenues, is payable at \$2,000,000 per year over a five year period from fiscal year 2011 through fiscal year 2016.
- (c) The Agency is a defendant in several legal actions. The outcome of these actions cannot be determined at this time. Management believes that any liability from these actions will not have a material effect on the Agency's financial condition.

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

Notes to Basic Financial Statements

September 30, 2012

12. Subsequent events

The Agency evaluated subsequent events through December 3, 2012, the date the financial statements were available to be issued.

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 - General Fund

(Required Supplementary Information - Unaudited)

Year ended September 30, 2012

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tax increment revenues	\$ 1,000,958	913,886	885,222	(28,664)
Intergovernmental	932,655	1,038,174	665,623	(372,551)
Total revenues	<u>1,933,613</u>	<u>1,952,060</u>	<u>1,550,845</u>	<u>(401,215)</u>
Expenditures:				
Current:				
General government	<u>1,870,711</u>	<u>1,710,059</u>	<u>1,594,981</u>	<u>115,078</u>
Total expenditures	<u>1,870,711</u>	<u>1,710,059</u>	<u>1,594,981</u>	<u>115,078</u>
Excess (deficiency) of revenues over (under) expenditures	62,902	242,001	(44,136)	(286,137)
Other financing sources (uses):				
Transfers out	-	-	(20,701)	(20,701)
Net budget reserve	<u>(62,902)</u>	<u>(242,001)</u>	<u>-</u>	<u>242,001</u>
Total other financing sources (uses)	<u>(62,902)</u>	<u>(242,001)</u>	<u>(20,701)</u>	<u>221,300</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(64,837)</u>	<u>(64,837)</u>
Fund balances - beginning			<u>64,837</u>	
Fund balances - ending			<u>\$ -</u>	

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

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

Budgetary Comparison Schedule - Special Revenue Fund

(Required Supplementary Information - Unaudited)

Year ended September 30, 2012

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tax increment revenues	\$ 8,459,452	8,098,297	7,616,325	(481,972)
Intergovernmental	-	-	165,691	165,691
Other	-	-	14,840	14,840
Interest	-	-	56,868	56,868
Total revenues	<u>8,459,452</u>	<u>8,098,297</u>	<u>7,853,724</u>	<u>(244,573)</u>
Expenditures:				
Current:				
Community redevelopment	<u>32,228,745</u>	<u>31,282,592</u>	<u>6,372,431</u>	<u>24,910,161</u>
Total expenditures	<u>32,228,745</u>	<u>31,282,592</u>	<u>6,372,431</u>	<u>24,910,161</u>
Excess (deficiency) of revenues over (under) expenditures	(23,769,293)	(23,184,295)	1,481,293	24,665,588
Other financing sources (uses):				
Transfers in	-	-	20,701	20,701
Transfers out	(1,398,471)	(1,196,695)	(492,143)	704,552
Net carryover fund balance	<u>25,167,764</u>	<u>24,380,990</u>	-	<u>(24,380,990)</u>
Total other financing sources (uses)	<u>23,769,293</u>	<u>23,184,295</u>	<u>(471,442)</u>	<u>(23,655,737)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>1,009,851</u>	<u>1,009,851</u>
Fund balances - beginning			<u>24,480,990</u>	
Fund balances - ending			<u>\$ 25,490,841</u>	

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

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

Note to Required Supplementary Information

September 30, 2012

1. Budgetary Policy

The Agency adopts an annual budget for the operations of the General Fund, Special Revenue Fund and Debt Service Fund. Capital Project funds are budgeted on a total project basis for which annual budgets are not available. In accordance with generally accepted accounting principles, budgetary comparison information is disclosed only for the General Fund and the Special Revenue Fund.

The budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budgetary control is maintained at the fund level.

Other Reports



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

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

We have audited the basic financial statements of the City of Miami Southeast Overtown Park West Community Redevelopment Agency (the Agency) as of and for the year ended September 30, 2012, and have issued our report thereon dated December 3, 2012. 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.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

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

In addition, we issued a management letter to management of the Agency dated December 3, 2012, as required by the *Rules of the Auditor General* of the State of Florida.



This report is intended solely for the information and use of the board of directors, management of the Agency, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Sanson Klein Gammels Landes & Hamstra, LLP

December 3, 2012



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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, 2012 and have issued our report thereon dated December 3, 2012.

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. We have issued our Independent Auditors' Reports on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated December 3, 2012, 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 govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- 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. There were no findings and recommendations 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. Current year recommendations are included at Appendix A to this letter.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 statement that is less than material but more than inconsequential. In connection with our current year audit, we noted no such violations.



- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that have an inconsequential to the determination effect on the financial statement, considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) deficiencies in internal control that are not significant deficiencies. In connection with our current year audit, we did not have any such findings.
- Section 10.554(1)(i)6., 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.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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 current year audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial reports for the Agency for the fiscal year ended September 30, 2012, 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, 2012. The Agency does not file a separate report with the State of 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 year ended September 30, 2012.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our current year audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information and use of the board of directors, management of the Agency, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Danson Kline Gasminio Lander & Gamarra, LLP

December 3, 2012

**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, 2012

Current Year's Recommendations

2012-1 – New GASB Pronouncements

Criteria – The Government Accounting Standards Board (GASB) recently issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

GASB Statement No. 63 is effective for the Agency's financial statement period ending September 30, 2013. GASB Statement No. 65 is effective for the Agency's financial statement period ending September 30, 2014, with earlier implementation encouraged. However, as the Agency is a component unit of the City of Miami, Florida, if the City makes the decision to early implement GASB Statement No. 65, the Agency will be required to early implement as well.

Condition – Not applicable

Questioned Costs – Not applicable

Context – Not applicable

Cause – Not applicable

Effect – Not applicable

**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, 2012

Current Year's Recommendations

Recommendation – We recommend that management become familiar with GASB Statements No. 63 and 65, and be prepared to implement these pronouncements for the fiscal year ending September 30, 2013 and September 30, 2014, respectively. However, if the City decides to implement GASB Statement No. 65 earlier than fiscal year ending September 30, 2014, the Agency will be required to early implement as well.

View of Responsible Officials and Planned Corrective Actions – Management acknowledges the recommendation made. We will become familiar with both GASB Statements and implement each when required.