



# NORTH COMMUNITY REDEVELOPMENT AGENCY

## FY 2007-08 Annual Activity Report And Independent Audited Financial Statements For the Year Ended September 30, 2008

### ACKNOWLEDGEMENTS

#### **NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY BOARD OF COMMISSIONERS**

Honorable Kevin A. Burns	Board Chair
Councilman Michael R. Blynn	Board Member
Councilman Jacques Despinosse	Board Member
Councilman Scott Galvin	Board Member
Councilwoman Marie Erlande Steril	Board Member

#### **NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY ADVISORY COMMITTEE**

Michael McDearmaid	Committee Chair	Armando Vidal	Committee Vice-Chair
Clint Bower	Committee Member	David Rosemond	Committee Member
Blanca Cobo	Committee Member	Duke Sorey	Committee Member
Roseline Philippe	Committee Member	Mark Wolin	Committee Member
Carol Preger	Committee Member	VACANT	Committee Member
Clark Reynolds	Committee Member	VACANT	Committee Member

#### **NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY EXECUTIVE STAFF**

Tony E. Crapp, Sr.	CRA Executive Director
Steven W. Zelkowitz	CRA Board Attorney
Honorable City Clerk Frank Wolland	CRA Board Secretary

Chapter 163, Part III of the Florida Statutes requires each Community Redevelopment Agency (CRA) to provide to its governing body by March 31 of each year, an annual report on its activities for the preceding fiscal year. Chapter 163, Part III of the Florida Statutes also requires each Community Redevelopment Agency (CRA) to provide an annual audit report to its governing body for inclusion in the governing body's annual audit for the preceding fiscal year. Copies of these reports are provided to each contributing taxing authority. This report and the attached audited financial statements is submitted in fulfillment of that requirement and to provide information to the public.

# NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

## FY 2007 – 08 Annual Activity Report And Independent Audited Financial Statements For the Year Ended September 30, 2008

### TABLE OF CONTENTS

	<b><u>Cumulative Starting Page</u></b>
<b>SECTION I: FY 2007 – 08 ANNUAL ACTIVITY REPORT.....</b>	<b>01</b>
Agency Purpose and Mission.....	02
Organizational Development.....	04
Programs, Objectives and Accomplishments.....	06
Tax Increment Schedule.....	14
<b>SECTION 2: FY 2007 – 08 INDEPENDENT AUDITED FINANCIAL STATEMENT.....</b>	<b>15</b>
Financial Statements with Independent Auditors Report.....	16
Management Letter.....	41

NORTH MIAMI COMMUNITY REDEVELOPMENT  
AGENCY

FY 2007 – 08 Annual Activity Report  
And  
Independent Audited Financial Statements  
For the Year Ended September 30, 2008

SECTION I:

FY 2007 – 08  
ANNUAL ACTIVITY REPORT



The CRA's governing Board of Commissioners is comprised of the Honorable Mayor and Members of the City Council of the City of North Miami. In addition, the CRA has a 12-member Advisory Committee that is appointed by the governing board.

CRA's are a common governmental tool for redevelopment in Florida, and they operate on a budget generated by the increase in property tax revenue within the area. Once the CRA is established, a percentage of the increase in real property taxes goes to the CRA. This tax increment is used to fund and finance the redevelopment projects outlined in the Community Redevelopment Plan.



*Artist rendering of Biscayne Landing*

It is important for a CRA to get catalytic development projects underway to foster the increase in tax revenue. For the North Miami CRA the construction of Biscayne Landing will be the “economic engine” that drives the increase in property taxes to fund the redevelopment of the blighted areas of the City. Biscayne Landing is a 193-acre master planned community underway on the City's former landfill site. The expected property tax increment over the next 30 years (i.e. 2005-2035) from the estimated \$3 billion of construction at Biscayne Landing will generate the resources that will allow a variety of programs dealing with affordable housing, economic development, infrastructure and capital improvements, and other aspects of

the physical and human development within the CRA boundaries.

The CRA's adopted Redevelopment Plan provides a blueprint for the implementation of programs, projects and activities that will serve to stimulate the revitalization of the redevelopment area. The North Miami CRA's Redevelopment Plan contains the following key goals:

- To eliminate the conditions of blight that exist in the redevelopment area.
- To implement the redevelopment program in a manner that balances residential, commercial, environmental, recreational, economic, and aesthetic elements.
- To develop affordable housing for low and moderate-income persons and families.
- To phase out obsolete structures, land use conflicts and non-conforming land uses while enhancing the residential, commercial and civic land uses.
- To create a viable central business place for retail trade, finance, real estate, services, civic and cultural activities and tourism.

- To provide for safe, convenient, effective and efficient motorized and alternative means transportation systems that are intricately related to the proposed land use patterns and improves the level of mobility of the areas within the CRA boundaries.
- To encourage diversified commercial and light industrial land uses that will provide for a more constant level of employment activity.
- To increase the quantity and enhance the quality of commercial, industrial and housing development adding substantially to the tax base of Miami-Dade County, the City of North Miami and the Redevelopment Area.

### ***Organizational Development***

The CRA was fully created through appropriate City and County legislation in June 2005 and started its operations in August 2005, led by a consulting Executive Director, assisted by two full-time staff members (i.e. Assistant Director and Special Projects Manager), two consultants, and a “launch team” including the CRA Board Attorney, Bond Counsel and Financial Advisor. After several months sharing space with the City of North Miami’s Purchasing Department, the CRA secured its own office location. The first task for CRA staff was to organize the process and procedures for the CRA Board meetings that commenced on August 9, 2005. Next, a CRA Advisory Committee was established and operating rules were prepared and adopted. The CRA Advisory Committee held its initial meeting on February 9, 2006.



The CRA Board and Executive Staff at a regular monthly CRA Board Meeting

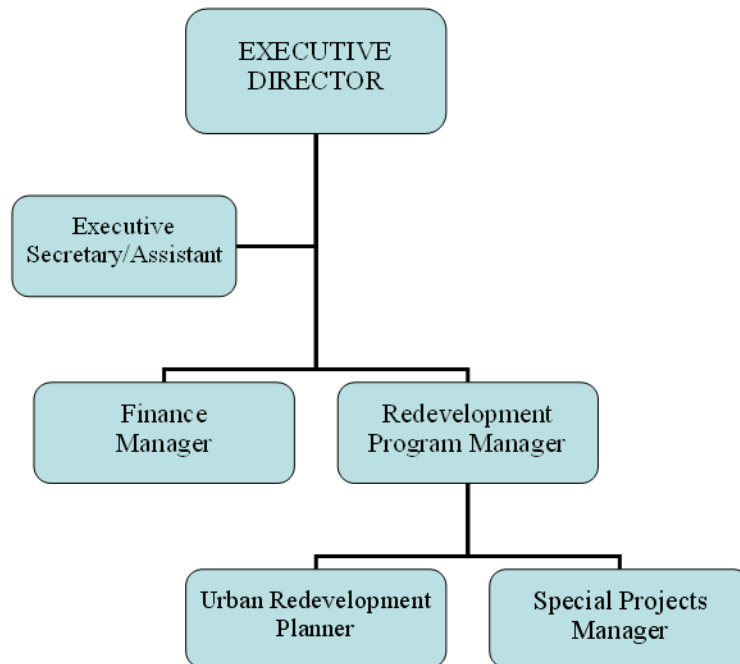
On June 5, 2006 the permanent CRA Executive Director, Tony E. Crapp, Sr. was hired and continued the implementation of the vision embodied in the Redevelopment Plan under the direction of the CRA Board and with the support of a staff comprised of one full-time Special Projects Manager and two consultants in the areas of CRA Operations/Financial Management and Community Outreach.



CRA Advisory Committee Meeting

Through an extensive process that commenced in April 2007 with the discussion and determination of 2007-08 budget priorities with the CRA Advisory Committee and the CRA Board, the CRA's 2007-08 budget in the amount of \$14,253,424 was adopted on September 25, 2007 for submission to Miami-Dade County for review and approval which occurred on February 19, 2008. In adopting the 2007-08

budget the CRA Board continued to endorse the Executive Director's staffing plan for implementation that would create the following organizational structure for the CRA's staff:



As of September 2008 the staffing of the CRA continues to include an Executive Director, Finance Manager, Special Projects Manager and Executive Secretary/Assistant. The recruitment process to fill the positions of Redevelopment Program Manager and/or Urban Redevelopment Planner may be implemented during the FY 2008-09 fiscal year based on workload requirements.

During FY 2007-08 there were twelve (12) meetings of the CRA Advisory Committee, some nineteen (19) meetings of the CRA Board, and two (2) joint meetings/workshops of the CRA Board and the CRA Advisory Committee through September 30, 2008.

**North Miami Community Redevelopment Agency Advisory Committee Members  
Serving during FY 2007-08**

Clark Reynolds	Committee Chair	Michael McDearmaid	Committee Vice-Chair
Blanca Cobo	Committee Member	David Rosemond	Committee Member
Inez Couch	Committee Member	Duke Sorey	Committee Member
Judy Feldman	Committee Member	Bill Valentine	Committee Member
Dr. Smith Joseph	Committee Member	Armando Vidal	Committee Member
Roseline Phillippe	Committee Member	Mark Wolin	Committee Member

## **Programs, Objectives, and Accomplishments**

*Affordable Housing* – At the heart of the CRA’s mission is the provision of affordable housing for the residents of the City of North Miami. The CRA is continuing to make progress toward the development of the Pioneer Gardens affordable housing development. Pioneer Gardens will be comprised of 136 new residential condominiums, and represents just one aspect of the CRA’s overall affordable housing effort, which includes the rehabilitation of existing homes, providing purchase subsidy assistance to first-time homebuyers, preserving apartments as affordable rental housing and building new homes.



*Pioneer Gardens land prepared for development*

The Pioneer Gardens development site is an approximately 6.2 acre property, located between NE 137th and 139th Streets, and NE 4th and 5th Avenues, near the North Miami Senior High School (Home of the Pioneers), with easy access to NE 135th Street and 6th Avenue. In January, 2006, the site formerly known as Ruck’s Park was conveyed to the CRA by the City and was cleared of debris and trees and fenced off. An original development agreement was signed by the North Miami CRA and the project’s developer, North Miami Housing (now known as the Urban Residential Development Group) on October 17, 2006. Due to delays in the construction of the project due to unforeseen site and environmental conditions an amended development agreement was executed on March 6, 2008 that projected a revised construction completion date of June, 2010 subject to the remediation of the site for development. During FY 2007-08 the CRA has funded the implementation of an asbestos remediation action plan for the clean up of the site under the review of the Miami-Dade County Department of Environmental Resources Management (DERM). As the result of the successful completion of Phase I of the plan that required the removal of asbestos contaminated soil in April 2008 and subject to the successful completion of ongoing further due diligence involving soil and groundwater testing and remediation, the CRA anticipates that the Pioneer Gardens development could be under construction in early 2009 and be completed by the end of 2010.



*Artist Rendering of Pioneer Gardens Residential Condominiums*

On the financing side, the CRA successfully issued a request for proposals for a \$10.7 million line of credit, which will help to fund project development costs and purchase subsidies for eligible homebuyers. Miami-Dade County approved the CRA's request for authorization to enter into the proposed line of credit

on December 19, 2006. The CRA executed the line of credit agreement with Regions Bank on January 23, 2007. To date the line of credit remains fully available to the CRA with no funds drawn-down during FY 2007-08. The CRA budget for FY 2008-09 will include a proposed draw down of funds to facilitate the development of the project. The project developer is actively pursuing construction financing and is also preparing a proposed final development budget for the CRA's consideration prior to the start of construction as required pursuant to the terms of the development agreement.

In addition to the Pioneer Gardens affordable housing development, the CRA is offering affordable assistance for First-Time Home Purchase, Single Family Home Rehabilitation and Affordable Rental Housing. The CRA conducted an open registration period for its affordable housing programs during the period from April 9, 2007 – May 8, 2007. This open registration process resulted in some 713 registrations for affordable housing assistance as follows: 537 – First Time Home Purchase Assistance, 168 – Purchase of Housing Units in Pioneer Gardens at North Miami, 129 – Single Family Home Rehabilitation Assistance, and 173 – Affordable Rental Assistance. The CRA has contracted with the Housing Partnership of North Miami to assist with the housing registration and follow-up intake process to assess the needs, eligibility and qualifications of the registrants for these housing assistance programs. The CRA provides repayable subsidy assistance in an amount of up to \$50,000 to eligible and qualified residents for First Time Home Purchase and for Single Family Home Rehabilitation.

The CRA identified the initial group of approximately fourteen (14) eligible and qualified residents to be assisted with First Time Home Purchase subsidies in November 2007. In addition, the CRA identified the initial group of approximately ten (10) eligible and qualified existing homeowners to be assisted with Single-Family Home Rehabilitation subsidies in November 2007. During FY 2007-08 the CRA has provided homebuyer assistance funds in the amount of \$200,000 to assist four (4) families in becoming homeowners for the first time. It is anticipated that two (2) additional first-time homebuyers will be closing on their home purchases in October 2008. In addition the CRA is presently working with four (4) eligible homeowners to confirm the availability of sufficient CRA and other funds for the rehabilitation of their existing homes in accordance with a scope of work that includes mandatory life and safety improvements in addition to homeowner requested upgrades. It is fully anticipated that subject to the availability of sufficient funding, these homes will be rehabilitated during FY 2008-09.

To further its effort to implement catalytic affordable housing initiatives, the CRA effective August 1, 2007 entered into a multi-year lease/purchase agreement for the purchase of the Bel House Apartments complex comprised of two (2) buildings with a total of sixty-five (65) units that the CRA plans to rehabilitate to federal Housing Quality Standards and preserve as affordable rental housing stock. Funding for the implementation of the lease/purchase

agreement became available upon the County's approval of the CRA's FY 2007-08 budget on February 19, 2008 . Since the approval of the FY 2007-08 budget the CRA has proceeded to enter into a development agreement dated June 20, 2008 and a management agreement dated June 20, 2008 relative to the rehabilitation of the 45-unit east apartment building and the day-to-day management/operation of the 20-unit west apartment building. Relative to the pending rehabilitation activity the CRA's developer partner has engaged an architectural firm through a professional services agreement to prepare design specifications for a scope of rehabilitation work as agreed to between the CRA and the owners of the Bel House Apartments pursuant to the terms of the lease/purchase agreement. It is anticipated that the final scope of work and the associated construction specifications will be completed in December 2008 and that the work will be put to bid to general contractors and awarded by April 2009. The rehabilitation of the 45-unit building is expected to be completed by June 30, 2009 with occupancy beginning in July/August 2009. Funding in the amount of \$1.1 million is included in the CRA FY 2008-09 budget to fund the estimated rehabilitation cost.

*Commercial Corridor Improvement Program* - As part of its mission to eliminate blighting conditions in the City of North Miami and to promote economic development, the CRA

continues to be committed to improving the general condition of the City's main commercial corridors within the CRA Boundaries - NE 125th Street, NE 6th Avenue, West Dixie Highway, and NW 7th Avenue. The initial implementation of the Commercial Corridor Improvement Program (CCIP) was funded in the CRA 2005-06 budget and was kicked off with the Pressure Cleaning of the sidewalks in downtown North Miami in August 2006. In addition to pressure cleaning, during 2005-06 the CRA took steps to improve the overall appearance of downtown that included the removal of bulky concrete street furniture



*Pressure cleaning of sidewalks on NE 6th Ave*

that did nothing more than clutter the sidewalks, along with the removal of damaged trees along NE 125th Street that were a hazard to businesses and motorists.



*Helping in the effort to keep North Miami clean*

Litter along commercial streets and sidewalks gives a negative impression and can greatly affect the economic development of an area. In North Miami matters were made worse by unsightly litter containers with cracked lids and an old design. In 2005-06 the CRA funded the purchase and installation of 53 modern, colorful trash cans

throughout the downtown area. The CRA, in partnership with the City's Business Development Board, continues to work on public outreach and signage to help educate the public, reduce the incidence of littering, and to foster pride in keeping the downtown and other commercial corridors clean.



*The North Miami CRA dedicated 'Clean Team'*

The continuation of the Commercial Corridor Improvement Program was funded in the FY 2006-07 budget in the amount of \$550,000 and is further funded in the FY 2008-09 budget in the amount of \$400,000. This funding continues to support (1) a full-time, three-person Clean Team responsible for pressure cleaning of sidewalks, litter control, graffiti removal and other pro-active clean-up activities within the CRA district; and (2) a full-time, dedicated Code Enforcement Officer for an Enhanced Code Enforcement Program within the CRA boundaries with an emphasis on the commercial corridors.



*Enhanced Code Enforcement Program Officer*



*Commercial Rehabilitation and Beautification Programs* - Improvements to the facades of commercial buildings help local businesses attract new customers and can have a significant impact on the marketability of the surrounding area, while reducing the incidence of slum and/or blighting conditions in the CRA boundaries. In order to enhance the City's commercial corridors, the North Miami CRA is providing grants up to 100% to rehabilitate and beautify commercial buildings. There are two complementary programs to serve different but equally important groups - the property owners as well as business owners/tenants. Through Commercial Rehabilitation Grants the CRA provides funding in an amount up to \$80,000 to cover up to 50% of total project costs; and through Commercial Beautification Grants the CRA provides funding in an amount up to \$15,000 to cover 100% of total improvement costs. In FY 2007-08 the CRA budget included total funding in the amount of \$894,000 for these Commercial Grants. Since the inception of this grant program through 9/30/08, some ten (10) Commercial Rehabilitation Grants in the amount of \$733,757 have been approved, and thirty-two (32) Commercial Beautification Grants have been approved in the amount of \$424,235. The FY 2008-09 budget includes a funding allocation of \$1,089,220 for continued support of active grant projects and new funding opportunities.



Commercial Beautification Grant Example: Nanay – 659 NE 125 ST



Commercial Beautification Grant Example: AAA TV– 13050 W Dixie Hwy



Commercial Rehabilitation Grant Example- Royal Castle – 12490 NW 7 Avenue

*CRA Supported City Efforts* – During FY 2006-07 CRA supported the City of North Miami’s successful effort in November 2006 to amend its Charter to remove height and density limitations from the charter and to have height and density governed by the City comprehensive development plan, prepare a new Comprehensive Development Master Plan (CDMP), and to rewrite its Land Development Regulations (i.e. Zoning Code). The CRA also supported the City’s request for inclusion of the approximately 193-acre Biscayne Landing master planned development in the Miami-Dade County State-designated Enterprise Zone. The request was approved by the County Commission on September 2, 2008 and by the State of Florida on November 13, 2008 with an effective date as of September 1, 2008. The amended Enterprise Zone designation is effective until December 31, 2015.

The City's proposed new CDMP was approved for transmittal to the State of Florida Department of Community Affairs by the City Council on July 25, 2007. Based on the resolution of comments received from the State the City Council adopted the City of North Miami EAR-based Comprehensive Development Master Plan and Map Amendments on December 11, 2007. On December 27, 2007 the City adopted CDMP was transmitted to the Florida Department of Community Affairs with copies sent to the Department of State, Department of Environmental Protection, Department of Transportation, South Florida Regional Planning Council, South Florida Water Management District, and Miami-Dade County. On February 18, 2008 the State of Florida Department of Community Affairs published in the Miami Herald the Notice Of Intent to find the Amendment to the Comprehensive Plan for the City of North Miami In Compliance with State requirements. The City's new Zoning Code, which will implement the new CDMP, is expected to be completed and approved by the spring of 2009.



[www.NorthMiamiCRA.org](http://www.NorthMiamiCRA.org)

On February 18, 2008 the State of Florida Department of Community Affairs published in the Miami Herald the Notice Of Intent to find the Amendment to the Comprehensive Plan for the City of North Miami In Compliance with State requirements. The City's new Zoning Code, which will implement the new CDMP, is expected to be completed and approved by the spring of 2009.

**Community Outreach** –The Executive Director has continued to make presentations at numerous meetings, workshops, television and radio programs to get the community involved in the process and increase awareness of the CRA's programs. The CRA has retained a Creole-speaking community relations adviser and translator to help in meetings and to translate key documents. The CRA also has a website that serves as a resource to the community, providing up-to-date information and documentation for all CRA activities. The CRA staff is dedicated to an open and inclusive redevelopment process that includes outreach to, and participation of all stakeholders. All are invited to become engaged in North Miami's Redevelopment program, to help the CRA shape North Miami's Tomorrow.

**Other Highlights-** In addition to the progress reported above, the CRA notes the following additional initiatives, accomplishments and plans.

- Members of the CRA Advisory Committee members attended the 2007 Annual Conference of the Florida Redevelopment Association held at Daytona Beach, FL in October, 2007.
- In December 2007 a Strategic Alliance Memorandum (SAM) was entered into among the U.S. Small Business Administration, the City of North Miami, and the CRA. Through this agreement the SBA, City and CRA will work together in the spirit of cooperation and open communications with the primary goal of meeting the needs of the small business community.
- The CRA published the annual schedule for the 2008 meetings of the CRA Board and the CRA Advisory Committee on January 6, 2008.

- The CRA prepared and made available to the public via required public notice advertisement the FY 2006-07 Annual Activity Report as of March 31, 2008.
- Members of the CRA Board attended the Spring Convention of the International Council of Shopping Centers (ICSC) in May, 2008.
- The CRA in partnership with the City of North Miami has prepared, approved and submitted to the County proposed amendments to the adopted Redevelopment Plan to (1) modify the Affordable Housing Policy, and (2) add an element to the plan to support the implementation of community policing innovations. The proposed amendments were reviewed and approved by the County TIF Committee on August 4, 2008 and approved pursuant to a public hearing before the Board of County Commissioners on October 21, 2008.
- The CRA is planning to prepare a proposal for the issuance of TIF Revenue Bonds or Revenue Anticipation Notes in the approximate amount of up to \$50-\$70 million to facilitate the implementation of catalytic capital improvement projects and to provide funding for strategic land and property acquisitions to promote redevelopment and the construction of affordable housing. The CRA's strategy for the proposed bond issuance will take into account the recent State Supreme Court decision in the case of Strand vs. Escambia County that was issued on September 18, 2008 reversing its prior decision on September 6, 2007 that suggested referendum requirements for the approval of TIF pledged long-term debt.

# North Miami Community Redevelopment Agency

## ***Tax Increment Schedule***

**Table 1** below provides the FY 2007-08 Schedule of Current Year Actual Tax Increment Revenue. For the two contributing taxing authorities -- Miami-Dade County and the City of North Miami -- it shows the net taxable value of real property within the boundaries of the CRA, the incremental change in taxable value from the 2004 base year when compared to the current year, and the current year adopted operating millage rates for each taxing authority.

**TABLE 1**

North Miami Community Redevelopment Agency  
FY 2007-08 Schedule of Current Year Actual Tax Increment Revenue

	Base Year 2004	Adopted FY 2007-08
Net Taxable Value – Miami-Dade County	\$ 870,434,294	\$ 1,586,871,505
Excluded Taxable Value (Western Portion of CRA)	(855,698,241)	(1,489,539,138)
Net Adjusted Taxable Value – Miami-Dade County	\$ 14,736,053	\$ 97,332,367
Current Year Increment – Miami-Dade County		\$716,437,211
Excluded Increment (Western Portion of CRA)		(633,840,897)
Current Year Adjusted Increment – Miami-Dade County		\$ 82,596,314
Net Taxable Value – City of North Miami	\$ 879,399,850	\$1,602,661,496
Current Year Increment – City of North Miami		\$ 723,261,646
Current Year Tax Increment Revenue @95% From:		
Miami-Dade County		\$ 3,142,882
Less Miami-Dade County TIF Refund		(2,783,266)
City of North Miami		4,668,354
Total Net Tax Increment Revenue		\$ 5,027,970
Current Year Property Tax Millage Rates For:		
Miami-Dade County		4.5796
City of North Miami		6.7943

**Table 2** below provides a Schedule of Historical Tax Increment Revenue Receipts from inception to Fiscal Year Ending 2008.

**TABLE 2**

North Miami Community Redevelopment Agency  
Schedule of Historical Tax Increment Revenue Receipts as of Fiscal Year Ending 9/30/08

Year Ending	Contributing Taxing Authority	Net Taxable Value	Net TIF Revenue	Cumulative Net TIF Revenue
FY 2008	Miami-Dade County	\$ 82,596,314	\$ 359,616	\$ 795,309
	City of North Miami	723,261,646	4,668,354	10,122,488
			\$5,027,970	\$10,917,797

Provided in **Section II** that follows is the Independent Audited Financial Statements for Fiscal Year Ending 2008.

# NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

FY 2007 – 08 Annual Activity Report  
And  
Independent Audited Financial Statements  
For the Year Ended September 30, 2008

## SECTION II:

FY 2007 – 08  
INDEPENDENT AUDITED FINANCIAL STATEMENTS

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Basic Financial Statements

Fiscal year ended September 30, 2008

(With Independent Auditor's Report Thereon)

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

**Table of Contents**

	<b>Page</b>
Independent Auditor's Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Notes to Basic Financial Statements	6
Budgetary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund (Required Supplementary Information)	12
Budgetary Comparison Schedule – Capital Projects Fund (Supplementary Information)	13
Notes to Budgetary Information	14
Other Reports:	
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 <i>Government Auditing Standards</i>	15
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	17

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## **Independent Auditor's Report**

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**Independent Auditor's Report**

The Board of Directors  
North Miami Community Redevelopment Agency:

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the North Miami Community Redevelopment Agency (the Agency), a component unit of the City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2008, 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, 2008, and the respective changes in financial position thereof for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated January 22, 2009 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 budgetary comparison schedule on page 12 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. The budgetary comparison schedule on page 13 is presented only for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison schedules. However, we did not audit the information and express no opinion on it.

The Agency has not presented management's discussion and analysis that U.S. generally accepted accounting principles require to supplement, although not to be part of, the basic financial statements.

*Sanson, Kline, Jacomino & Company LLP*

January 22, 2009

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## **Basic Financial Statements**

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**Government-wide Financial Statements**

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**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Statement of Net Assets

September 30, 2008

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in pooled cash	\$ 4,898,859
Assets held for resale	2,222,464
Due from other	79,651
Other assets	3,400
Mortgage loans receivable	200,000
Capital assets (net of accumulated depreciation):	
Furniture and equipment	7,165
Total assets	7,411,539
<b>Liabilities</b>	
Accounts payable and accrued liabilities	16,274
Due to other	1,818,713
Non-current liabilities:	
Due in more than one year:	
Compensated absences	22,815
Total liabilities	1,857,802
<b>Net Assets</b>	
Invested in capital assets	7,165
Unrestricted	5,546,572
Total net assets	\$ 5,553,737

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

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Statement of Activities

Fiscal year ended September 30, 2008

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues</u> Charges For Services	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities:			
General government	\$ 426,857	\$ -	\$ (426,857)
Community redevelopment	<u>3,296,009</u>	<u>86,054</u>	<u>(3,209,955)</u>
Total	<u>\$ 3,722,866</u>	<u>\$ 86,054</u>	<u>(3,636,812)</u>
General Revenues:			
			4,980,827
			200,000
			<u>171,122</u>
			<u>5,351,949</u>
			1,715,137
			<u>3,838,600</u>
			<u>\$ 5,553,737</u>

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

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**Fund Financial Statements**

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**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Balance Sheet and Reconciliation  
of the Governmental Funds Balance Sheet  
to the Statement of Net Assets

Governmental Funds

September 30, 2008

	<u>General</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
<b>Assets</b>			
Equity in pooled cash	\$ 658,155	4,240,704	4,898,859
Assets held for resale	-	2,222,464	2,222,464
Due from other	-	79,651	79,651
Other assets	3,400	-	3,400
Total assets	\$ 661,555	6,542,819	7,204,374
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 8,071	8,203	16,274
Due to other	462,248	1,356,465	1,818,713
Total liabilities	470,319	1,364,668	1,834,987
Fund Balances:			
Reserved for:			
Prepays and deposits	3,400	-	3,400
Encumbrances	-	905,083	905,083
Assets held for resale	-	2,222,464	2,222,464
Unreserved:			
Designated	-	2,050,604	2,050,604
Undesignated	187,836	-	187,836
Total fund balances	191,236	5,178,151	5,369,387
Total liabilities and fund balances	\$ 661,555	6,542,819	

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

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

Mortgage loans receivable	200,000
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

7,165

Compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(22,815)

Net assets of governmental activities

\$ 5,553,737

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

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of North Miami, Florida)

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

Governmental Funds

Fiscal year ended September 30, 2008

	<u>General</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
Revenues:			
Tax increment revenues	\$ 7,811,236	-	7,811,236
County administrative fee	(47,143)	-	(47,143)
Tax increment revenues refunded to County	<u>(2,783,266)</u>	-	<u>(2,783,266)</u>
Tax increment revenues, net	4,980,827	-	4,980,827
Rent	-	86,054	86,054
Interest	170,568	-	170,568
Other	<u>554</u>	-	<u>554</u>
Total revenues	<u>5,151,949</u>	<u>86,054</u>	<u>5,238,003</u>
Expenditures:			
Current:			
General government:			
Personal services	237,692	-	237,692
Other professional services	89,568	-	89,568
Other operating	88,212	-	88,212
Community redevelopment:			
Personal services	-	209,834	209,834
Other professional services	-	96,825	96,825
Other operating	-	12,145	12,145
Capital outlay	<u>3,505</u>	<u>2,975,850</u>	<u>2,979,355</u>
Total expenditures	<u>418,977</u>	<u>3,294,654</u>	<u>3,713,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,732,972</u>	<u>(3,208,600)</u>	<u>1,524,372</u>
Other financing sources (uses):			
Transfers in	-	4,547,474	4,547,474
Transfers out	<u>(4,547,474)</u>	-	<u>(4,547,474)</u>
Total other financing sources (uses)	<u>(4,547,474)</u>	<u>4,547,474</u>	<u>-</u>
Net change in fund balances	185,498	1,338,874	1,524,372
Fund balances - beginning	<u>5,738</u>	<u>3,839,277</u>	<u>3,845,015</u>
Fund balances - ending	<u>\$ 191,236</u>	<u>5,178,151</u>	<u>5,369,387</u>
Net change in fund balances - total governmental funds			1,524,372

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Mortgage revenue		200,000
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The governmental funds reported capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	2,150	
Depreciation expense	<u>(4,819)</u>	(2,669)

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		<u>(6,566)</u>
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Change in net assets of governmental activities		<u>\$ 1,715,137</u>
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The accompanying notes are an integral part of the basic financial statements.

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**Notes to Basic Financial Statements**

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**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Basic Financial Statements

September 30, 2008

**1. Summary of Significant Accounting Policies**

This summary of the North Miami 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 U.S. generally accepted accounting principles 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 is an independent government agency that was fully established in accordance with Chapter 163, Florida Statutes on June 7, 2005 by the City of North Miami, Florida (the "City") and Miami-Dade County, Florida (the "County"). The Agency is charged with the responsibility of eliminating conditions of blight that exist within the designated Agency area and helping to improve the quality of life by revitalizing the area's physical, economic, educational and social resources. The community redevelopment area comprises 3,250 acres, approximately 60% of the City.

The Agency entered into an Interlocal Cooperation Agreement, dated September 1, 2005, with the City and 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 budget of the redevelopment plan and terms and conditions of the Interlocal Cooperation Agreement for the benefit of the Agency.

The board of directors of the Agency is comprised of the members of the City Council and the Mayor. The Agency meets the criteria for inclusion in the City's reporting entity as a blended component unit, and therefore, has been reported in the basic financial statements of the City.

**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.

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Basic Financial Statements

September 30, 2008

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, where applicable, 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; and
- The **Capital Projects Fund** accounts for the acquisition and/or construction of major capital facilities.

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 equity in pooled cash includes cash on hand, time and demand deposits, and money market funds. Florida Statutes authorize the Agency officials to invest funds in United States Government obligations, guaranteed United States agency short-term issues, State Treasurer's Investment pool, Florida bank certificates of deposit, money market funds, repurchase agreements, and Florida League of Cities sponsored Florida Municipal Investment Trust (FMIT).

**E. Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Furniture and equipment of the Agency are depreciated over 3-5 years using the straight-line method.

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Basic Financial Statements

September 30, 2008

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

**F. Compensated Absences**

The Agency's employees are granted sick leave and vacation time in accordance with personnel regulations and/or employment agreements. Unused sick leave and unused vacation are paid 50% and 100%, respectively, upon an employee's termination or resignation. Vacation and sick leave are accrued when earned in the government-wide financial statements. A liability for those amounts is reported in the governmental fund financial statements only if they have matured as a result of employee termination or resignation.

The changes in the compensated absences for the fiscal year ended September 30, 2008 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
Compensated absences	\$ <u>16,249</u>	<u>6,566</u>	<u>-</u>	<u>22,815</u>	<u>-</u>

**G. Fund Balance / Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The description of each reserve thereon indicates the purpose for which each was intended. Unreserved fund balance is the portion of fund equity available for any lawful use. Designated unreserved fund balance indicates management's tentative plans for use in a future period.

The Agency has designated the entire unreserved fund balance for various projects / programs, including: the Home Purchase Subsidy Assistance Program; the Commercial Rehabilitation Program; the Commercial Beautification Program; and various other projects.

**H. 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, 2008, the carrying amount of the Agency's cash deposits totaled \$4,898,859, and the bank balance totaled \$4,995,681.

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. Accordingly, all cash held by banks are fully collateralized or insured.

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Basic Financial Statements

September 30, 2008

**3. Assets Held for Resale**

In 2006, the City donated certain property to the Agency intended for the construction and selling of affordable housing, which was recorded at the carrying value of the donor entity. During 2007 and 2008, the Agency purchased additional property intended for the construction and selling of affordable housing, which was recorded at cost. In addition, assets held for resale includes costs incurred to prepare the property for development, such as closing fees, surveys, lot clearing, demolition, costs of construction, permits, and other related project costs.

Assets held for resale activity for the fiscal year ended September 30, 2008 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Assets held for resale	\$ <u>830,298</u>	<u>1,392,166</u>	<u>-</u>	<u>2,222,464</u>

**4. Due From / To Other**

Due from other represents advances made to a third-party developer for the development of the Pioneer Gardens and Bel House projects. Due to other represents amounts due the City of North Miami for funds advanced for the costs of demolition and environmental remediation related to the Pioneer Gardens project, in addition to amounts due to the City of North Miami for costs incurred on behalf of the Agency for certain projects, including but not limited to, the North Miami Stadium Resurfacing, Commercial Corridor Improvements, and District IV Improvements projects.

**5. Capital Assets**

Capital assets activity for the fiscal year ended September 30, 2008 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 13,969	2,150	-	16,119
Less accumulated depreciation for:				
Furniture and equipment	<u>4,135</u>	<u>4,819</u>	<u>-</u>	<u>8,954</u>
Total capital assets (net of accumulated depreciation)	<u>\$ 9,834</u>	<u>(2,669)</u>	<u>-</u>	<u>7,165</u>

Depreciation expense was charged to function/program as follows:

General Government	\$ <u>4,819</u>
--------------------	-----------------

**6. Line of Credit**

On January 23, 2007, the Agency entered into a line of credit agreement with a financial institution in the amount of \$10,758,300 to provide financing for the participation in the Pioneer Gardens housing project. In conjunction with the line of credit agreement, the Agency issued Revenue Note, Series 2007 (the Note).

The annual interest rate on the Note is 5.79%, accruing based on the amount drawn by the Agency from time to time pursuant to the line of credit agreement, commencing on April 1, 2007 and payable on April 1<sup>st</sup> and October 1<sup>st</sup> of each year. Principal on the Note will be payable in full, based on the amount drawn by the Agency, upon the maturity date of October 1, 2009. The Note is secured by a pledge of tax increment revenues. As of September 30, 2008, the Agency has not drawn down on the line of credit.

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Basic Financial Statements

September 30, 2008

**7. Tax Increment Revenue**

The Agency's primary source of revenues is tax-increment funds. This revenue is computed by applying the operating tax rate for the City and the County, multiplied by the increased value of property located within the boundaries of the redevelopment areas of the Agency, over the base property value, minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations.

In accordance with the Interlocal Cooperation Agreement entered into with the City and the County, the Agency is required to provide annual refunding to the City and County equal to the amount of tax increment revenues generated by the redevelopment area, other than properties to the east of Biscayne Boulevard, and not necessary to pay debt services and related payments on bonds. In addition, the City is required to contribute an amount equal to its refunded amount back to the Agency in support of redevelopment activities including debt service and related payments on bonds.

**8. Interfund Transfers**

During the fiscal year 2008, the General Fund transferred \$4,547,474 to the Capital Projects Fund to cover the costs of community redevelopment expenditures and on-going capital projects.

**9. Mortgage Loans Receivable - Home Purchase Subsidy Assistance Program**

The Agency established the Home Purchase Subsidy Assistance Program to assist qualified first-time homebuyers by providing a loan subsidy in an amount not to exceed \$50,000 per homebuyer. Each subsidy is secured by a mortgage, which is required to be paid back under the terms outlined in the mortgage agreement. The amount of mortgages receivable outstanding at September 30, 2008 totaled \$200,000, and are reported on the government-wide financial statements.

**10. Risk Management**

The Agency is exposed to various risks of loss for workers' compensation, general liability and other various risks of loss, related to theft, and errors and omissions, all of which the Agency is covered under the Florida Municipal Insurance Trust.

As of September 30, 2008, the Agency's risk retention for certain types of risk is as follows:

Type of Insurance	Deductible	Coverage / Limits
Workers' Compensation	None	Part I – Statutory Part II – Employers liability, \$1,000,000 each accident, policy limit - disease, and each employee - disease
General / Professional Liability	None	\$1,000,000 / occ. Broad form property damage - \$250,000 / occ. Extra contractual legal exp. - \$25,000 / occ. Fire legal liability - \$250,000 / occ. Medical malpractice liability - \$1,000,000 / occ.
Property	\$1,000	Personal property limit - \$25,000 (main office) Building limit - \$203,409 (Dwelling – duplex)
Money & Securities	\$500	\$25,000

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Basic Financial Statements

September 30, 2008

**10. Risk Management (continued)**

There have been no settlements that exceeded insurance coverage during the fiscal year. In addition, Agency employees have the option of participating in the City's health, dental, life and disability insurance plans, whereby the Agency reimburses the City annually for those employees participating in those plans.

**11. Deferred Compensation Plan**

All employees of the Agency are eligible, in accordance with their employment agreement, to enroll in the City's 401(a) Deferred Compensation Plan (the Plan). In accordance with personnel policies on their employment agreement of those eligible employees, the Agency is required to contribute 10% of the employee's annual base salary. Contributions by employees are not required. Participants may withdraw funds at retirement or upon separation based on a variety of payout options. During fiscal year 2008, the Agency contributed \$32,951 to the Plan.

**12. Bel House Apartments Operating Lease**

On August 1, 2007, the Agency entered into a lease agreement with Bel House Apartments, LLP (BHA, LLP) to lease, with the option to purchase at the end of the lease term, the Bel House Apartments (the Apartments). The purchase price of the Apartments will be based on the appraised value at the time of purchase. The lease term is for a period of five years ending on July 31, 2012 at a monthly base rent of \$20,000, with an annual CPI adjustment, plus additional monthly rent for the debt service and taxes and insurance escrows on the mortgage of the Apartments held by BHA, LLP. Future minimum base rent payments are as follows:

Fiscal Year Ending <u>September 30,</u>	
2009	\$ 240,000
2010	240,000
2011	240,000
2012	<u>200,000</u>
	<u>\$ 920,000</u>

Rent expense under this lease agreement, including base rent and additional rent for the debt service and taxes and insurance escrows, for the fiscal year ended September 30, 2008 totaled \$500,106.

In addition, during the term of the lease agreement the Agency is entitled to all rent collected from the individual tenants of the Apartments. Rent income for the fiscal year ended September 30, 2008 totaled \$86,054.

**13. Commitments**

The Agency is contractually obligated for approximately \$4,943,000 at September 30, 2008, for construction projects.

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**Budgetary Information (Unaudited)**

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**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of North Miami, Florida)

Budgetary Comparison Schedule - General Fund

(Required Supplementary Information - Unaudited)

Fiscal year ended September 30, 2008

	Budgeted amounts		Actual budgetary basis	Variance with final budget - positive (negative)
	Original	Final		
<b>Revenues:</b>				
Tax increment revenues	\$ 7,811,236	7,811,236	7,811,236	-
County administrative fee	(47,143)	(47,143)	(47,143)	-
Tax increment revenues refunded to County	(2,783,266)	(2,783,266)	(2,783,266)	-
Tax increment revenues, net	4,980,827	4,980,827	4,980,827	-
Interest	250,000	250,000	170,568	(79,432)
Other	-	-	554	554
<b>Total revenues</b>	<b>5,230,827</b>	<b>5,230,827</b>	<b>5,151,949</b>	<b>(78,878)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Personal services	342,853	342,853	237,692	105,161
Other professional services	137,500	137,500	89,568	47,932
Other operating	203,000	203,000	88,212	114,788
Capital outlay	-	-	3,505	(3,505)
<b>Total expenditures</b>	<b>683,353</b>	<b>683,353</b>	<b>418,977</b>	<b>264,376</b>
<b>Excess of revenues over expenditures</b>	<b>4,547,474</b>	<b>4,547,474</b>	<b>4,732,972</b>	<b>185,498</b>
<b>Other financing sources (uses):</b>				
Proceeds from advance	250,000	250,000	218,500	(31,500)
Repayments on advance	(250,000)	(250,000)	(218,500)	31,500
Transfers out	(4,547,474)	(4,547,474)	(4,547,474)	-
<b>Total other financing sources (uses)</b>	<b>(4,547,474)</b>	<b>(4,547,474)</b>	<b>(4,547,474)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>185,498</b>	<b>185,498</b>

The notes to the budgetary information are an integral part of this schedule.

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of North Miami, Florida)

**Budgetary Comparison Schedule - Capital Projects Fund**

(Supplementary Information - Unaudited)

Fiscal year ended September 30, 2008

	<u>Budgeted amounts</u>		<u>Actual budgetary basis</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Rent	\$ 300,000	300,000	86,054	(213,946)
Expenditures:				
Current:				
Community Development:				
Personal services	382,147	382,147	209,834	172,313
Other professional services	267,500	267,500	96,825	170,675
Other operating	7,000	7,000	12,145	(5,145)
Capital outlay	9,718,015	10,180,262	5,256,693	4,923,569
Debt service:				
Interest and borrowing costs	115,000	115,000	16,406	98,594
Total expenditures	<u>10,489,662</u>	<u>10,951,909</u>	<u>5,591,903</u>	<u>5,360,006</u>
Deficiency of revenues under expenditures	(10,189,662)	(10,651,909)	(5,505,849)	5,146,060
Other financing sources (uses):				
Carryover and budget reserve	2,534,688	2,534,688	-	(2,534,688)
Proceeds from advances	-	462,247	-	(462,247)
Proceeds from line of credit	2,130,000	2,130,000	-	(2,130,000)
Other loan proceeds	977,500	977,500	-	(977,500)
Transfers in	<u>4,547,474</u>	<u>4,547,474</u>	<u>4,547,474</u>	<u>-</u>
Total other financing sources (uses)	<u>10,189,662</u>	<u>10,651,909</u>	<u>4,547,474</u>	<u>(6,104,435)</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>(958,375)</u>	<u>(958,375)</u>

The notes to the budgetary information are an integral part of this schedule.

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of North Miami, Florida)

Notes to Budgetary Information

September 30, 2008

**1. Budgets and Budgetary Accounting**

The Agency adopts an annual budget for the operations of the General Fund and Capital Projects Fund. The budgets are adopted on a basis consistent with U.S. generally accepted accounting principles, except for the inclusion of encumbrances and assets held for resale as the equivalent of expenditures. Budgetary control is maintained at the fund level.

In accordance with the Interlocal Cooperation Agreement entered into with the City and the County, a draft of the annual budget is prepared by the Agency, approved by the Board of Directors, and submitted to the County no later than 45 days prior to the beginning of the fiscal year. In the event that changes in the millage rates require modification of the submitted budget, such budget must be revised and made final, and submitted to the County on or before the 15<sup>th</sup> day of the beginning of the fiscal year. The budget is legally enacted through the passage of a resolution.

**2. Reconciliation of Actual and Budgeted Results**

Adjustments necessary to convert the changes in fund balances as of September 30, 2008 from U.S. generally accepted accounting principles (GAAP) basis of accounting to the budgetary basis are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Net change in fund balance – GAAP basis	\$ 185,498	1,338,874
Less adjustments:		
Encumbrances budgeted as expenditures	-	905,083
Expenditures transferred to assets held for resale	-	1,392,166
Net change in fund balance – budgetary basis	\$ 185,498	(958,375)

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## Other Reports

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**SANSON KLINE  
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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  
North Miami Community Redevelopment Agency:

We have audited the basic financial statements of the North Miami Community Redevelopment Agency (the Agency), a component unit of the City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated January 22, 2009. 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**

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, 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 January 22, 2009, 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, Kline, Jacomini & Company LLP*

January 22, 2009



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

The Board of Directors  
North Miami Community Redevelopment Agency:

We have audited the financial statements of the North Miami Community Redevelopment Agency (the Agency), a Component Unit of the City of North Miami, Florida, as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated January 22, 2009.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated January 22, 2009, 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 significant 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 audit, we determined that the Agency complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our 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 are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred; and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our 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 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 report for the Agency for the fiscal year ended September 30, 2008, 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, 2008. The Agency does not file a separate report with the State of Florida Department of Banking and Finance. The financial operations of the Agency are included in the basic financial statements of the City of North Miami, Florida for the fiscal year ended September 30, 2008.
- 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 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.

*Sanson, Kline, Tacomini & Company LLP*

January 22, 2009