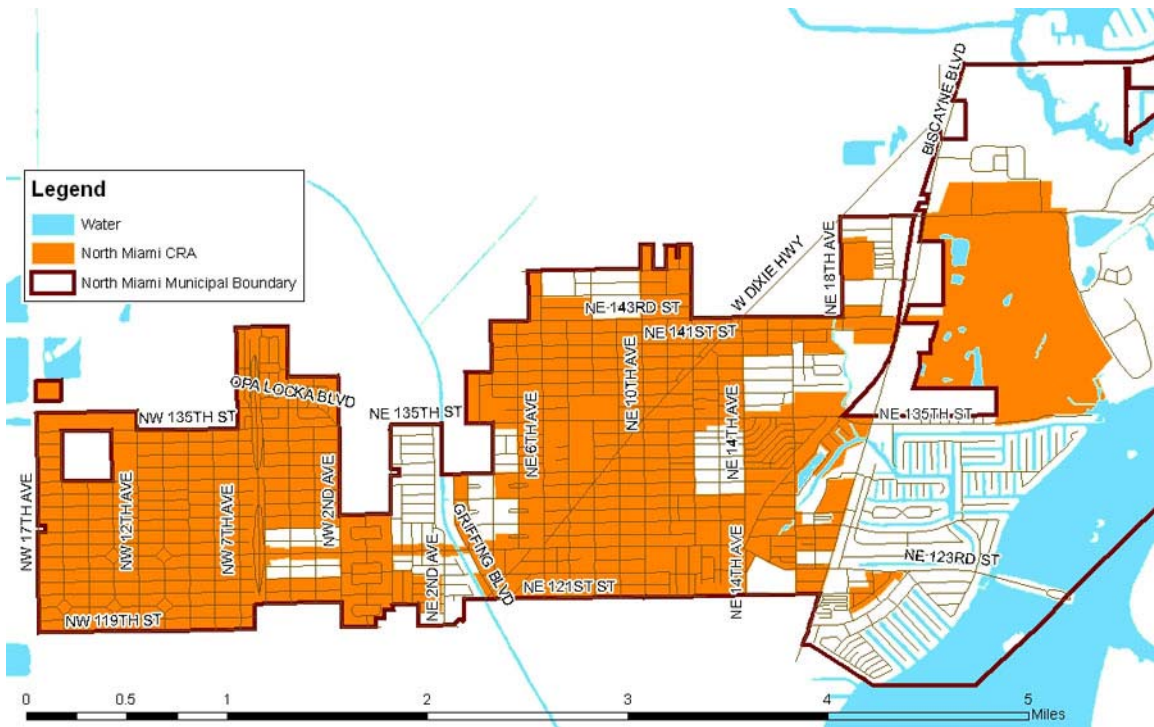




North Miami  
Community Redevelopment Agency

FY 2008-09 Annual Activity Report  
and  
Independent Audited Financial  
Statements

For The Year Ended September 30, 2009



60% of the City of North Miami is encompassed by the CRA

615 NE 124<sup>th</sup> Street  
North Miami, FL 33161  
Phone: 305.899.0272  
Fax: 305.899.9376  
[www.NorthMiamiCRA.org](http://www.NorthMiamiCRA.org)

March 24, 2010



# NORTH COMMUNITY REDEVELOPMENT AGENCY

## FY 2008-09 Annual Activity Report And Independent Audited Financial Statements For the Year Ended September 30, 2009

### ACKNOWLEDGEMENTS

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

Honorable Mayor Andre D. Pierre	Board Chair
Councilman Michael R. Blynn	Board Member
Councilman Scott Galvin	Board Member
Councilman Jean Rodrigue Marcellus	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	Clark Reynolds	Committee Member
Blanca Cobo	Committee Member	Duke Sorey	Committee Member
Arnold Delva	Committee Member	Mark Wolin	Committee Member
Kenneth Each	Committee Member	VACANT	Committee Member
Roseline Philippe	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 Alix Desulme	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 2008 – 09 Annual Activity Report And Independent Audited Financial Statements For the Year Ended September 30, 2009

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NORTH MIAMI COMMUNITY REDEVELOPMENT  
AGENCY

FY 2008 – 09 Annual Activity Report  
And  
Independent Audited Financial Statements  
For the Year Ended September 30, 2009

SECTION I:

FY 2008 – 09  
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 is expected to 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 to be implemented.

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 coordinate CRA and City Capital Improvement programs and activities within the Redevelopment Area in implementing the approved CRA plan.
- To assist in coordinating the effort to improve the quality of the educational experience and facilities for the school-aged population of the CRA district.
- 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

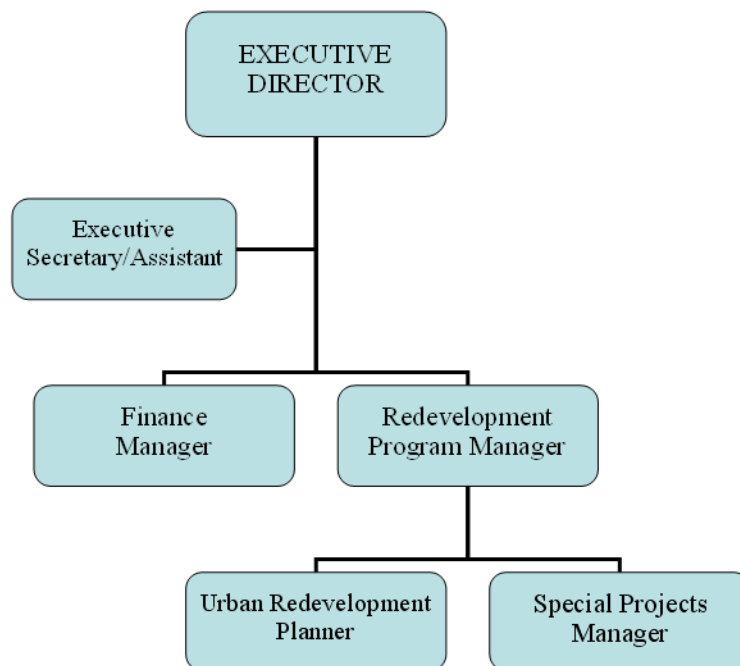
On June 5, 2006 the permanent CRA Executive Director, Tony E. Crapp, Sr. was hired and continued the implementation of the vision embodied in the Redevelopment Plan under the direction of the CRA Board and with the support of a staff comprised of one full-time Special Projects Manager and two consultants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



*CRA Advisory Committee Meeting*

Through an extensive process that commenced in April 2008 with the discussion and determination of 2008-09 budget priorities with the CRA Advisory Committee and the CRA Board, the CRA's 2008-09 budget in the amount of \$14,290,323 was adopted on September 24, 2008 for submission to Miami-Dade County for review and approval which occurred on January 22, 2009. In adopting the 2008-09 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 2009 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 has been placed on an indefinite hold due to budgetary limitations resulting from reduced projections of TIF increment revenue for FY 2009-10 and is not expected to be pursued during the next fiscal year.

During FY 2008-09 there were fourteen (14) meetings of the CRA Advisory Committee and nineteen (19) meetings of the CRA Board through September 30, 2009.

**North Miami Community Redevelopment Agency Advisory Committee Members  
Serving during FY 2008-09**

Michael McDearmaid	Committee Chair	Armando Vidal	Committee Vice-Chair
Clint Bower	Committee Member	Roseline Philippe	Committee Member
Blanca Cobo	Committee Member	Carol Preger	Committee Member
Inez Couch	Committee Member	Clark Reynolds	Committee Member
Judy Feldman	Committee Member	David Rosemond	Committee Member
Dr. Smith Joseph	Committee Member	Duke Sorey	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 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). Phase I of the site environmental remediation plan that required the removal of asbestos contaminated soil was completed in April 2008. Subsequent to the source removal of the asbestos contaminated soil, Miami-Dade County DERM directed the CRA to conduct further investigation and testing of soil and groundwater samples to delineate the parameters for appropriate remediation steps. Pursuant to DERM’s directions the CRA submitted a Site Assessment Report (SAR) for the Pioneer Gardens development site in September 2008 as

well as a Site Assessment Report Addendum (SARA) in January 2009. Both the SAR and SARA reports were reviewed and disapproved by DERM with instructions for further analysis of site environmental conditions. Through letters dated March 11, 2009 and June 25, 2009 DERM has provide further directions and specifications for further soil and groundwater sampling and analysis required for the submission of a further Site Assessment Report Addendum by September 30, 2009. The report was prepared and submitted to DERM on September 30, 2009. Pending review comments from DERM and subject to the successful completion of any ongoing further due diligence and/or remediation involving soil and groundwater, the CRA anticipates that DERM will provide the CRA with a “No Further Action with Conditions (NFAC)” determination letter for the Pioneer Gardens development site in early-mid 2010. The receipt of such a letter will clear the way for the development project to move forward with certain environmental safeguards being implemented. Once the site is cleared for development, in light of the current real estate market conditions the CRA will be re-examining the feasibility of the development in terms of market demand prior to any final decision to move forward with construction.



*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 2008-09. The CRA budget for FY 2009-10 will include a proposed draw down of funds to facilitate the development of the project pending a feasibility re-assessment. To go forward the project developer will need to secure construction financing and prepare 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 2008-09 the CRA has provided homebuyer assistance funds in the amount of \$150,000 to assist three (3) additional families in becoming homeowners for the first time. To date the CRA has assisted a total of seven (7) first time homebuyers in realizing their dream of homeownership. In addition the CRA confirmed the availability of sufficient CRA and City of North Miami funds for the rehabilitation of the existing homes of two (2) eligible homeowners in accordance with a scope of work that includes mandatory life and safety improvements in addition to homeowner requested upgrades. During FY 2008-09 the CRA completed the rehabilitation of the first home through the single-family home rehabilitation loan program with the expectation that other homes will be completed during FY 2009-10 subject to the availability of funds.

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. During FY 2008-09 the final scope of work and the associated construction specifications were completed and put to bid to general contractors. The rehabilitation of the 45-unit building is estimated to cost not more than \$3.1 million and is expected to be completed by April/May of 2010 with occupancy beginning in June/July 2009. Funding in the amount of \$1.1 million was allocated in the CRA FY 2008-09 budget to fund the estimated rehabilitation cost. Approximately \$250,000 was expended during FY 2008-09 for a new roof on the building and for other rehabilitation soft costs. The balance of \$850,000 is being carried over into the CRA's FY 2009-10 budget. In addition, pursuant a provision in the lease/purchase agreement the CRA has requested the Bel House owners to obtain and provide up to \$2 million in financing toward the total rehabilitation budget of \$3.1 million. As of September 30, 2009 the owner's efforts to obtain the \$2 million in needed financing in coordination with the CRA were ongoing.

In addition to the affordable programs and initiatives described above, during the current fiscal year the CRA is providing \$200,000 in funding to the City of North Miami for the implementation of a Home Mortgage Foreclosure Prevention Program. Through the month ending September 30, 2009 more than 108 homeowner applicants have been interviewed for possible assistance loans, with nine (9) loans being approved and disbursed totaling \$29,937.

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



*Pressure cleaning of sidewalks on NE 6<sup>th</sup> Ave*



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

*Helping in the effort to keep North Miami clean*

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 was further funded in the FY 2008-09 budget in the amount of \$400,000. This funding continued 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 2008-09 the CRA budget included total funding in the amount of \$1,089,220 for these Commercial Grants. Since the inception of this grant program through 9/30/09, some nine (9) Commercial Rehabilitation Grants in the amount of \$804,929 have been approved, and thirty-five (35) Commercial Beautification Grants have been approved in the amount of \$449,181. The FY 2009-10 budget includes a funding allocation of \$1,012,539 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

To further promote economic development efforts including the growth and expansion of new and existing small businesses the CRA has undertaken the following initiatives:

1. Entered into a Strategic Alliance Memorandum (SAM) in partnership with the U.S. Small Business Administration and the City of North Miami since December 2007. 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.
2. Entered into a contractual agreement with the Dynamic Community Development Corporation to assist the CRA in providing small business outreach, information and assistance referrals and technical assistance. Over the past two years the Dynamic CDC has partnered with the CRA to provide small business technical assistance workshops as well as small business and job fairs.
3. Provided funding during FY 2008/09 in coordination with the City of North Miami's contractual agreement with Partners for Self-Employment d/b/a Micro-Business USA to establish an office in North Miami to provide financial management training workshops and micro-loans to new and existing small businesses. As of June 2009 this agency's North Miami office has disbursed more than 14 loans in the total amount of \$55,853 that includes a small business expansion loan for \$25,853.

In addition to the programs described above, the CRA is providing funding to JHS & Associates and to the Police Athletic League of North Miami in support of programs and activities benefiting the youth of North Miami as part of the redevelopment mission. During FY 2008-09 JHS & Associates implemented the 2<sup>nd</sup> year of an Academic Internship Program involving high school students. The program involved some 28 interns from primarily disadvantaged backgrounds and a peer group of 241 other high school students. The program includes academic training relative to the urban redevelopment process and the role of government as well as a work-related internship for approximately four weeks. The Police Athletic League program targets at-risk youth and involves an estimated 500 youth in educational and social activities.

*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 implements the new CDMP, was approved by Mayor and City Council in May 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 implements the new CDMP, was approved by Mayor and City Council in May 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 attended the 2008 Annual Conference of the Florida Redevelopment Association held at Tampa, FL in October, 2008.
- The CRA published the annual schedule for the 2009 meetings of the CRA Board and the CRA Advisory Committee on January 4, 2009.
- The CRA prepared and made available to the public via required public notice advertisement the FY 2007-08 Annual Activity Report as of March 31, 2009.
- Members of the CRA Board attended the Spring Convention of the International Council of Shopping Centers (ICSC) in May, 2009.

- 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.
- In March 2009 the CRA and City of North Miami entered into a long-term lease agreement with Miami-Dade County for three parcels of land owned by the CRA to be used by the County for the construction of the Miami-Dade Fire Rescue North Miami Station Number 18. This fire rescue station will enhance public safety and welfare and will be located at N.E. 138<sup>th</sup> Street and N.E. 5<sup>th</sup> Avenue and is being constructed at an approximate cost of \$3,350,000.
- The CRA is planning to prepare a proposal for the issuance of TIF Bond/Revenue Anticipation Notes in the approximate amount of up to \$30 million to facilitate the implementation of catalytic capital improvement projects and to fund other redevelopment activities to be prioritized by the CRA Board and the City of North Miami.
- Members of the CRA Board and the Advisory Committee are planning to attend the 2009 Annual Conference of the Florida Redevelopment Association in October, 2009 in Orlando, Florida.

# North Miami Community Redevelopment Agency

## ***Tax Increment Schedule***

**Table 1** below provides the FY 2008-09 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 2008-09 Schedule of Current Year Actual Tax Increment Revenue

	Base Year 2004	Adopted FY 2008-09
Net Taxable Value – Miami-Dade County	\$ 870,434,294	\$ 1,649,963,952
Excluded Taxable Value (Western Portion of CRA)	<u>(855,698,241)</u>	<u>(1,421,614,824)</u>
Net Adjusted Taxable Value – Miami-Dade County	\$ 14,645,053	\$ 228,349,128
Current Year Increment – Miami-Dade County		\$ 779,529,658
Excluded Increment (Western Portion of CRA)		<u>( 565,916,583)</u>
Current Year Adjusted Increment – Miami-Dade County		\$ 213,613,075
Net Taxable Value – City of North Miami	\$ 879,399,850	\$ 1,662,825,105
Current Year Increment – City of North Miami		\$ 783,425,255
Current Year Tax Increment Revenue @95% From:		
Miami-Dade County		\$ 3,420,768
Less Miami-Dade County TIF Refund		(2,282,066)
City of North Miami		<u>5,149,865</u>
Total Net Tax Increment Revenue		<u>\$ 6,288,567</u>
Current Year Property Tax Millage Rates For:		
Miami-Dade County		4.8379
City of North Miami		6.9195

**Table 2** below provides a Schedule of Historical Tax Increment Revenue Receipts from inception to Fiscal Year Ended 9/30/09.

**TABLE 2**

North Miami Community Redevelopment Agency  
Schedule of Historical Tax Increment Revenue Receipts as of Fiscal Year Ended 9/30/09

Year Ended	Contributing Taxing Authority	Net Taxable Value	Net TIF Revenue	Cumulative Net TIF Revenue
9/30/09	Miami-Dade County	\$ 213,613,075	\$1,138,702	\$ 1,934,011
	City of North Miami	783,425,255	5,149,865	15,272,353
			<u>\$6,288,567</u>	<u>\$17,206,364</u>

Provided in **Section II** that follows is the Independent Audited Financial Statements for Fiscal Year Ended 9/30/09.

# NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

FY 2008 – 09 Annual Activity Report  
And  
Independent Audited Financial Statements  
For the Year Ended September 30, 2009

## SECTION II:

FY 2008 – 09  
INDEPENDENT AUDITED FINANCIAL STATEMENTS



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

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**Audited Financial Statements,  
Independent Auditor's Report Thereon,  
Reports on Internal Control and Compliance,  
And Independent Auditor's Letter to Management  
For the Year Ended September 30, 2009**



**HARVEY, COVINGTON & THOMAS, LLC**  
3816 Hollywood Boulevard, Suite 203  
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**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of North Miami, Florida)**

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**Audited Financial Statements,  
Independent Auditor's Report Thereon,  
Reports on Internal Control and Compliance,  
And Independent Auditor's Letter to Management  
For the Year Ended September 30, 2009**

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**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of North Miami, Florida)**  
**615 NE 124 ST • North Miami • Florida 33161**

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# Management's Discussion & Analysis

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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**SEPTEMBER 30, 2009**

The Management's Discussion and Analysis (MD&A) of the North Miami Community Redevelopment Agency (the "Agency") is designed to provide an objective and easy to read analysis of the financial activities based on currently known facts, decisions, and conditions. The MD&A provides a broad overview and short- and long-term analysis of the Agency's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Agency's financial activity and identify changes in the Agency's financial position and its ability to address the next year's challenges. Finally, the MD&A will identify any material deviations from the approved budget.

The Agency is an independent agency and a component unit of the City of North Miami, Florida (the "City"). The Agency has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The information contained in this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and required supplementary information provided.

**FINANCIAL HIGHLIGHTS**

- The Agency's tax increment revenues, net of Miami-Dade County refund and administrative fees, increased by \$1,256,428 (26%) from a total of \$4,980,827 in fiscal year 2008 to \$6,237,255 during the fiscal year 2009. The change resulted from increased commercial and other real property development in the redevelopment district that includes the Biscayne Landing commercial and residential development.
- The Agency began the fiscal year with a net assets balance of \$5,553,737. The Agency's total net revenues for the year ended September 30, 2009, were \$6,535,431 while total expenses were \$2,455,589 increasing net assets by \$4,079,842.
- The Agency's total assets increased by approximately 26%, or \$1,977,075, from \$7,691,190 to \$9,668,265 at September 30, 2009. The increase was primarily due to an increase in cash to fund planned projects for the development of affordable housing projects and the continued elimination of slum and blighted areas.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Agency's basic financial statements are comprised of the 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.



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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
SEPTEMBER 30, 2009

**Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. In addition, the government-wide statements are prepared using the accrual basis of accounting. The *Statement of Net Assets* (balance sheet) presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets.

The *Statement of Activities* (income statement) presents information showing how the Agency's net assets changed during the fiscal year. All changes in revenues are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities and redevelopment projects. Thus, the Agency has no business-type activities.

The government-wide financial statements are found beginning on page 3 of this report.

**Fund Financial Statements**

The governmental fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Agency utilizes two Governmental funds for the fiscal year ending September 30, 2009: the *General Fund*, which accounts for the operating activities of the Agency, and the *Capital Projects Fund*, from which all capital outlays for redevelopment projects, programs and activities are spent.

**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, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**SEPTEMBER 30, 2009**

The focus of governmental funds is narrower than government-wide financial statements, and it is therefore useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By comparing and contrasting, readers may better understand the long-term impact of the Agency's near term financing decisions. The "Balance Sheet – Governmental Funds" and "Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds" are reconciled as shown on the bottom of the respective statements to facilitate the comparison between the *governmental funds* and *governmental activities*.

The Agency adopts an annual appropriated budget for its General and Capital projects Funds. Budgetary comparison schedules, which constitute Required Supplementary Information pursuant to the Governmental Accounting Standards Board (the "GASB"), are provided to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found beginning on page 5 of this report. The reconciliations between the governmental funds and governmental activities are found at the bottom of each statement.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the financial statements begin on page 7 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's budget to actual results for the General Fund for the current year. The required supplementary information can be found on page 17 of this report.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**SEPTEMBER 30, 2009**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As previously noted, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$9,633,579 at the close of fiscal year 2009. Approximately 26% of the Agency's total assets are comprised assets held for resale.

**Governmental Assets and Liabilities**

Summary of Net Assets

	<u>Year Ended September 30,</u>		<u>Dollar increase / (decrease)</u>	<u>Percent increase / (decrease)</u>
	<u>2009</u>	<u>2008</u>		
<b><u>Assets</u></b>				
<i>Current assets</i>				
Equity in pooled cash and other assets	\$ 6,379,150	\$ 5,181,910	\$ 1,197,240	23%
<i>Non-current assets</i>				
Assets held for resale	2,507,272	2,222,464	284,808	13%
Mortgage Loans Receivable	350,000	200,000	150,000	75%
Due from other	428,690	79,651	349,039	438%
Capital assets (net)	3,153	7,165	(4,012)	(56%)
<b>Total assets</b>	<b>9,668,265</b>	<b>7,691,190</b>	<b>1,977,075</b>	<b>26%</b>
<b><u>Liabilities</u></b>				
Current liabilities	7,920	1,934,987	(1,927,067)	(100%)
Long term liabilities(Compensated Absences)	26,766	22,815	3,951	17%
<b>Total liabilities</b>	<b>34,686</b>	<b>1,957,802</b>	<b>(1,923,116)</b>	<b>(98%)</b>
<b><u>Net Assets</u></b>				
Invested in capital assets, net of related debt	3,153	7,165	(4,012)	(56%)
Unrestricted	9,630,426	5,546,572	4,083,854	74%
<b>Total net assets</b>	<b>\$ 9,633,579</b>	<b>\$ 5,553,737</b>	<b>\$ 4,079,842</b>	<b>73%</b>



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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**SEPTEMBER 30, 2009**

**Governmental Activities**

Governmental activities increased the Agency's net assets by \$4,079,842. Key elements of the increase are as follows:

Summary of Changes in Net Assets

	Year Ended September 30,		Dollar increase / (decrease)	Percent increase / (decrease)
	2009	2008		
<b>Revenues</b>				
Tax increment revenues	\$ 6,237,255	\$ 4,980,827	\$ 1,256,428	25%
Other revenues	298,176	457,176	(159,000)	(35%)
<b>Total revenues</b>	<b>6,535,431</b>	<b>5,438,003</b>	<b>1,097,428</b>	<b>20%</b>
<b>Expenditures</b>				
General government	489,325	426,857	62,468	15%
Community Redevelopment projects	345,742	316,654	29,088	9%
Capital outlay	1,620,522	2,979,355	(1,358,833)	(46%)
<b>Total expenditures</b>	<b>2,455,589</b>	<b>3,722,866</b>	<b>(1,267,277)</b>	<b>(34%)</b>
<b>Increase in net assets</b>	<b>4,079,842</b>	<b>1,715,137</b>	<b>2,364,705</b>	<b>138%</b>
Net assets beginning of year	5,553,737	3,838,600	1,715,137	45%
<b>Net assets end of year</b>	<b>\$ 9,633,579</b>	<b>\$ 5,553,737</b>	<b>\$ 4,079,842</b>	<b>73%</b>

Net tax increment revenues increased by \$1,256,428 during fiscal year 2009. Tax increment revenue increases are a result of increases in commercial and other real property development in the Agency's redevelopment area that include the Biscayne Landing commercial and residential projects.

Total expenditures of \$2,455,589 in fiscal year 2009 represent a decrease of \$1,267,277 from fiscal year 2008 expenditures of \$3,722,866. The reduction in expenditures is due primarily to unforeseen delays and timing issues related to programs and project activities during the fiscal year.

**FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS**

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2009, the Agency's governmental funds reported an ending fund balance of \$9,307,192, an increase of \$3,937,805 when compared to prior year total of \$5,369,387. The increase is attributable to increased redevelopment projects and program activity due to the continued efforts to eliminate slum and blight.



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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
SEPTEMBER 30, 2009

**GENERAL BUDGETARY HIGHLIGHTS**

The following information is presented to assist the reader in comparing the original/final budget (Adopted) and the actual results. There were no material deviations from the approved budget.

**General Fund**

General Fund Budget to Actual Analysis

	<u>Budgeted Amounts</u>		<u>Actual budgetary basis</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Tax increment revenue	\$ 8,570,633	\$ 8,570,633	\$ 8,570,633	\$ -
County administrative fee	(51,312)	(51,312)	(51,312)	-
Tax increment revenues refunded to the County	(2,282,066)	(2,282,066)	(2,282,066)	-
Tax increment revenues, net	6,237,255	6,237,255	6,237,255	-
Interest	200,000	60,000	56,576	3,424
Other	-	19,000	18,859	141
<b>Total revenues</b>	<b>6,437,255</b>	<b>6,316,255</b>	<b>6,312,690</b>	<b>3,565</b>
<b>Expenditures:</b>				
Current:				
General Government				
Personal services	361,710	361,710	247,566	114,144
Other professional services	-	-	86,695	(86,695)
Other operating	329,000	329,000	152,204	176,796
Capital outlay	-	-	129,281	(129,281)
Total expenditures	690,710	690,710	615,746	74,964
<b>Excess (deficiency) of revenues         over (under) expenditures</b>	<b>5,746,545</b>	<b>5,625,545</b>	<b>5,696,944</b>	<b>(71,399)</b>
<b>Other financing sources (uses):</b>				
Proceeds from advance	250,000	215,000	218,500	(3,500)
Repayments on advance	(250,000)	(215,000)	(218,500)	3,500
Transfers out	(5,746,545)	(5,625,545)	(5,595,544)	(30,001)
Total other financing sources (uses)	(5,746,545)	(5,625,545)	(5,595,544)	(30,001)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101,400</b>	<b>\$ (101,400)</b>

**General Fund Revenues**

- The projected revenue for FY 2009 was reduced by \$2,524,998 between the original adopted budget and the amended final budget. The principal reasons were a reduction in the estimated drawdowns from the CRA's line of credit; a reduction in rent revenue; and, a reduction in interest income as a result of the decline in interest rates attributable to the national economic recession.



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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
SEPTEMBER 30, 2009

**General Fund Expenditures**

- There was a positive variance in the general fund total expenditures. Actual total expenditures of \$615,746 when compared to the final budgeted expenditures of \$690,710 resulted in a decrease of \$74,964 (11%) from budgeted.

**Capital Projects Fund**

Capital Projects Fund Budget to Actual Analysis

	<u>Budgeted Amounts</u>		<u>Actual budgetary basis</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Rent	\$ 413,250	\$ 115,000	\$ 222,741	\$ (107,741)
<b>Total revenues</b>	<b>413,250</b>	<b>115,000</b>	<b>222,741</b>	<b>(107,741)</b>
<b>Expenditures:</b>				
Current:				
Community Redevelopment				
Personal services	388,290	388,290	468,307	(80,017)
Other professional services			8,551	(8,551)
Other operating	292,000	292,000	13,781	278,219
Capital outlay	10,283,945	7,793,947	4,551,492	3,242,455
Debt service:				
Interest and borrowing costs	52,000	52,000	-	52,000
<b>Total expenditures</b>	<b>11,016,235</b>	<b>8,526,237</b>	<b>5,042,131</b>	<b>3,484,106</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,602,985)</b>	<b>(8,411,237)</b>	<b>(4,819,390)</b>	<b>(3,591,847)</b>
<b>Other financing sources (uses):</b>				
Carryover and budget reserve	2,606,440	2,606,440	-	2,606,440
Proceeds from line of credit	2,250,000	179,252	-	179,252
Transfers in	5,746,545	5,625,545	5,595,544	30,001
Total other financing sources (uses)	10,602,985	8,411,237	5,595,544	2,815,693
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 776,154</b>	<b>\$ (776,154)</b>

**Capital Projects Fund Revenues**

- Actual total revenues of \$222,741 exceeded budgetary estimates of \$115,000 by \$107,741, resulting in a positive variance.

**Capital Projects Fund Expenditures**

- Actual total expenditures were under budgetary estimates by approximately \$3,484,106 when compared to actual expenditures of \$5,042,131 and final budget expenditures of \$8,526,237. The primary reason for the variance between the adopted/final budgets to actual expenditures relates to unforeseen delays in the implementation of certain projects.



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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
SEPTEMBER 30, 2009

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Agency's investments in capital assets for its government and business-type activities as of September 30, 2009 were approximately \$3,285,962. These investments in capital assets include, among other items, land acquisition, land improvements, leasehold improvements and mortgage subsidy receivables. The Agency will continue to assemble properties throughout the redevelopment district to create development opportunities. The property acquisitions are targeted for the development of low to moderate-income residential projects and the elimination of slum and blight.

**Line of Credit**

The Agency has entered a line of credit agreement with a financial institution for \$10,758,300 to provide financing for participation in the Pioneer Gardens housing project. At September 30, 2009, the Agency had not drawn any funds on the line of credit.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Agency Board approved the 2009-2010 budget in the amount of \$11,116,999, which included a \$1.8M, or a 21%, decrease in gross tax increment fund ("TIF") revenues. TIF revenue projections were based upon actual values from the County's property appraiser's office and the City of North Miami. The TIF decrease is attributable to a decline of about 10% in residential property valuations within the Agency's district and includes a market correction by the Miami-Dade County property appraiser and tax reform measures by the State of Florida.

Despite the downturn in the market, the Agency anticipates capturing TIF revenues from several projects that are in the development pipeline and are expected to be realized in the upcoming fiscal years.

**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 Tony E. Crapp, Sr., Executive Director, at 615 N.E. 124<sup>th</sup> Street, North Miami Florida 33161.



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# Independent Auditor's Report

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners of  
 The North Miami Community Redevelopment Agency  
 North Miami, Florida

We have audited the accompanying 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 year ended September 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the North Miami Community Redevelopment 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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 North Miami Community Redevelopment Agency, as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated January 11, 2010 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, beginning on page i, and budgetary comparison information on pages 17 through 19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

*Harvey Lorington J Thomas, C.P.A.*

Hollywood Florida  
January 11, 2010

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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, 2009**

<u>Assets</u>	<u>Governmental Activities</u>
Equity in pooled cash	\$ 6,374,450
Assets held in inventory for resale	2,507,272
Due from others	428,690
Other assets	4,700
Mortgage loans receivable	350,000
Capital assets, net	
Furniture and equipment	3,153
<b>Total assets</b>	<b><u>9,668,265</u></b>
<b><u>Liabilities</u></b>	
Accounts payable and accrued liabilities	7,920
Non-current liabilities:	
Due in more than one year	
Compensated absences	26,766
<b>Total liabilities</b>	<b><u>34,686</u></b>
<b><u>Net Assets</u></b>	
Invested in capital assets	3,153
Unrestricted	9,630,426
<b>Total net assets</b>	<b><u>\$ 9,633,579</u></b>

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

**Statement of Activities**  
**Fiscal Year Ended September 30, 2009**

	<u>Expenses</u>	<u>Program Revenue</u> Charges for Services	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<b>Functions/Programs</b>			
Governmental Activities:			
General government	\$ 489,325	\$ -	\$ (489,325)
Community redevelopment	<u>1,966,264</u>	<u>222,741</u>	<u>(1,743,523)</u>
Total	<u>\$ 2,455,589</u>	<u>\$ 222,741</u>	<u>(2,232,848)</u>
General Revenue:			
Tax increment revenue, net			6,237,255
Interest and other income			<u>75,435</u>
Total general revenue			6,312,690
<b>Change in net assets</b>			<b><u>4,079,842</u></b>
Net assets - beginning of year			<u>5,553,737</u>
<b>Net assets - end of year</b>			<b><u>\$ 9,633,579</u></b>

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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**

**September 30, 2009**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>			
Equity in pooled cash	\$ 292,764	\$ 6,081,686	\$ 6,374,450
Assets held in inventory for resale	-	2,507,272	2,507,272
Due from others	-	428,690	428,690
Other assets	4,700	-	4,700
<b>Total assets</b>	<b>\$ 297,464</b>	<b>\$ 9,017,648</b>	<b>\$ 9,315,112</b>
<b><u>Liabilities and Fund Balances</u></b>			
<u>Liabilities:</u>			
Accounts payable and accrued liabilities	\$ 4,828	\$ 3,092	\$ 7,920
Total liabilities	4,828	3,092	7,920
<u>Fund Balances:</u>			
Reserved for:			
Prepays and deposits	4,700	-	4,700
Encumbrances	-	2,775,443	2,775,443
Assets held in inventory for resale	-	2,507,272	2,507,272
<u>Unreserved:</u>			
Designated	-	3,731,841	3,731,841
Undesignated	287,936	-	287,936
Total fund balances	292,636	9,014,556	9,307,192
<b>Total liabilities and fund balances</b>	<b>\$ 297,464</b>	<b>\$ 9,017,648</b>	

**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	350,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	3,153
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds:	(26,766)
<b>Net assets of governmental activities</b>	<b>\$ 9,633,579</b>

# 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

September 30, 2009

	General	Capital Projects	Total Governmental Funds
<b>Revenues:</b>			
Tax increment revenue	\$ 8,570,633	\$ -	\$ 8,570,633
County administrative fee	(51,312)	-	(51,312)
Tax increment revenues refunded to the County	(2,282,066)	-	(2,282,066)
Tax increment revenues, net	6,237,255	-	6,237,255
Interest	56,576	-	56,576
Other	18,859	222,741	241,600
Total revenues	6,312,690	222,741	6,535,431
<b>Expenditures:</b>			
Current:			
General Government			
Personal services	247,566	-	247,566
Other professional services	86,695	-	86,695
Other operating	152,204	-	152,204
Community Redevelopment			
Personal services	-	468,307	468,307
Other professional services	-	8,551	8,551
Other operating	-	13,781	13,781
Capital outlay	129,281	1,491,241	1,620,522
Total expenditures	615,746	1,981,880	2,597,626
Excess (deficiency) of revenues over (under) expenditures	5,696,944	(1,759,139)	3,937,805
<b>Other financing sources (uses):</b>			
Transfers in		5,595,544	5,595,544
Transfers out	(5,595,544)		(5,595,544)
Total other financing sources (uses)	(5,595,544)	5,595,544	-
Net change in fund balances	101,400	3,836,405	3,937,805
<b>Fund balances - beginning</b>	191,236	5,178,151	5,369,387
<b>Fund balances - ending</b>	<b>\$ 292,636</b>	<b>\$ 9,014,556</b>	<b>9,307,192</b>
<b>Net change in fund balances - total governmental funds</b>			<b>3,937,805</b>

**Amounts reported for governmental activities in the statement of activities differ because:**

The governmental funds reported capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense	(4,012)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	150,000
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	(3,951)
<b>Change in net assets of governmental activities</b>	<b>\$ 4,079,842</b>

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# Notes to the Basic Financial Statements

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the North Miami Community Redevelopment Agency (the “Agency”) is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should therefore be read in conjunction with the basic financial statements.

This report, the accounting systems, classification of accounts and the accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The following is a summary of the more significant policies:

**a. Reporting Entity**

The North Miami Community Redevelopment Agency is an independent government agency that was fully established in 2005 by the City of North Miami and Miami-Dade County, under Chapter 163 of the Florida Statutes. The purpose of the Agency is to formulate a workable program for utilizing appropriate private and public resources to eliminate and prevent the development or spread of slum and blighted areas within the City. To achieve this mission, the Agency is charged with the responsibility of eliminating conditions of blight that exist within the City and helping to improve the quality of life by revitalizing the City’s physical, economic, educational and social resources. The designated Community Redevelopment Area comprises some 3,250 acres, approximately 60% of the City.

Community Redevelopment Agencies (“CRA”) are a common governmental tool for redevelopment in the State of Florida, and operate on a budget generated by an increase in property taxes within the area. Once a CRA is established, a percentage of the increase in real property taxes goes to the CRA. This tax increment is used to finance the redevelopment projects outlined in the Community Redevelopment Plan. Thus, the principal mission of the Agency is the preservation or enlargement of the community redevelopment area’s tax base from which taxing authorities receive tax revenues to carry out public initiatives that stimulate the rehabilitation or redevelopment of the community redevelopment area.

On July 20, 2005, the Agency entered into an Inter-local Cooperation Agreement with the City and Miami-Dade County (the “County”) effective September 1, 2005. Based on the cooperative agreement, the City and County collect tax increment revenues on behalf of the Agency. The tax increment revenues must be used in accordance with the approved budget and the North Miami Community Redevelopment Agency Redevelopment Plan and the terms and conditions of the Interlocal Cooperation Agreement.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)**

Pursuant to the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Agency is considered a blended component unit of the City of North Miami, Florida (the "City"). The Agency has therefore been reported in the City's basic financial statements, as required. The Board of Commissioners of the Agency is comprised of the members of the City Council and the Mayor.

**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 of the Agency's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. The Agency does not have any business-type activities. The effect of interfund activity has been removed from the government-wide financial statements.

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

**c. Measurement Focus and Basis of Accounting**

*Government-Wide Financial Statements*

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)**

The Agency applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before June 30, 2009, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Interest on invested funds is recognized when earned. 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.

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.

**d. Use of Restricted Funds**

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.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)**

**e. 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, the State Treasurer's investment pool, Florida bank certificates of deposit, money market funds, repurchase agreements and the Florida League of Cities sponsored Florida Municipal Investment Trust ("FMIT").

**f. Capital Assets**

Capital assets, which currently include furniture and equipment, are reported in the 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 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over the remaining useful lives of the related assets, as applicable. Depreciation for the Agency's furniture and equipment is computed using the straight-line method over an estimated useful life of 3 – 5 years.

**g. Compensated Absences**

Under certain circumstances and according to personnel policies and/or employment agreements, employees of the Agency are allowed to accumulate annual leave. This amount is included as a liability in the government-wide financial statements. A liability is recorded in the governmental fund financial statements only if they have matured as a result of employee termination or resignation.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)**

The changes in the compensated absences for the fiscal year ended September 30, 2009 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount due within one year
Compensated absence liability	\$ 22,815	\$ 3,951	-	\$ 26,766	-

**h. 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 designates the entire unreserved fund balance for various projects and programs, including the Home Purchase Subsidy Assistance Program; the Commercial Rehabilitation Program; the Commercial Beautification Program; and, various other projects.

**i. Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 2 – CASH DEPOSITS**

At September 30, 2009, the carrying amount of the Agency’s pooled cash deposits totaled \$6,374,450.

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) of \$250,000, 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 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 Agency cash held by banks is fully collateralized or insured.

**NOTE 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 through 2008, the Agency purchased additional property intended for the construction and selling of affordable housing (the “Pioneer Gardens” project), which was recorded at cost. In addition to the donated value of the land and direct property acquisition costs, assets held for resale includes costs incurred to prepare the property for development, such as closing fees, surveys, lot clearing, demolition, environmental clean-up, costs of construction, permits, and other related project costs.

Assets held for resale activity for the fiscal year ended September 30, 2009, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets held for resale	\$ 2,222,464	\$284,808	-	\$ 2,507,272

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 4 – DUE FROM OTHERS**

Due from others are receivables from private entities in the amount of \$428,690, which represents advances made to a third-party developer for the development of the Pioneer Gardens and other projects.

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended September 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and Equipment	\$ 16,119	\$ -	\$ -	\$ 16,119
Less accumulated depreciation for:				
Furniture and Equipment	8,954	4,012	-	12,966
Total capital assets (net of accumulated depreciation)	<u>\$ 7,165</u>	<u>\$ (4,012)</u>	<u>\$ -</u>	<u>\$ 3,153</u>

Depreciation expense was charged to function/program as follows:

General Government	<u>\$ 4,012</u>
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**NOTE 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 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%, and accrues based on the amount drawn by the Agency pursuant to the line of credit agreement, commencing on April 1, 2007 and payable on April 1 and October 1 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, 2009, the Agency has drawn down \$ 0 on the line of credit.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 7 – TAX INCREMENT REVENUE**

The primary source of revenues is from tax increment funds received through the City and the County. This revenue is computed by multiplying the operating tax rate for the City and the County by the increased value of property located within the boundaries of the redevelopment areas of the Agency, over the base property value, less five percent (Administrative fee). Both the City and the County are required to annually fund this amount without regard to tax collections or other obligations.

In accordance with the Interlocal Cooperation Agreement, 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 bond payments. 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.

**NOTE 8 – INTERFUND TRANSFERS**

Interfund transfers during the fiscal year 2009 were comprised of General fund transfers of \$5,595,544 to the Capital projects fund to cover costs of community redevelopment and other on-going capital projects.

**NOTE 9 – MORTGAGE LOANS RECEIVABLE**

**Home Purchase Subsidy Assistance Program**

In accordance with the City of North Miami Community Redevelopment Agency Redevelopment Plan, the Agency provides subsidies to qualified residents, either owners or renters, of the City of North Miami through the Home Purchase Subsidy Assistance Program. The Program was designed to assist in the acquisition and/or rehabilitation of qualified primary residences, in an amount not to exceed \$50,000. Among other qualifications, the Resident must have verified household income for homeownership or rehabilitation that is equal to or greater than 50%, or less than or equal to 120% of the Miami-Dade County Area Median Family Income adjusted for family size. Each subsidy is secured by a mortgage on the property, which is required to be paid back under the terms outlined in the mortgage agreement. The amount of mortgages outstanding at September 30, 2009 totaled \$350,000, which is reported on the government-wide financial statements.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 10 – RISK MANAGEMENT**

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

As of September 30, 2009, 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 - 250,000 /occ.Directors' malpractice liability Errors and Omissions - \$1,000,000 Employment: Practice liability - \$1,000,000 Employee Benefits: Administrative Liability - \$1,000,000
Property	\$1,000	Personal property limit - \$25,000 (main office) Building limit - \$822,539 (Dwelling -duplexes)
Money & Securities	\$500	\$25,000

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. Under an agreement with the City, the Agency annually reimburses the City for the participating employees.

**NOTE 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"). The Agency is required to contribute 10% of the employee's annual base salary. Contributions are not required from employees. Participants may withdraw funds at retirement or upon separation based on various payout options. During fiscal year 2009, the Agency contributed \$33,646 to the Plan.

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

**Notes to the Basic Financial Statements**  
**September 30, 2009**

**NOTE 12 – COMMITMENTS**

The Agency is contractually obligated for approximately \$ 4.9 million (rounded) at September 30, 2009, for construction projects related to the affordable housing development projects.

**NOTE 13 –SUBSEQUENT EVENTS**

**Bel House Apartments Lease Purchase Option**

On August 1, 2007, the Agency entered into a lease agreement with Bel House Apartments, LLP to lease with the option to purchase the residential apartments known as the “Bel House Apartments”. The purchase price of the Apartments was to be based on the appraised value at the time of purchase. Rent expense under the lease agreement, including base rent and additional rent for the debt service and taxes, and insurance escrows, totaled \$475,290 for the fiscal year ended September 30, 2009.

However, subsequent to the fiscal year ended September 30, 2009, the lease was terminated, as the owner of Bel House was unable to obtain the funding required to participate in the project. Therefore, no future minimum lease payments are disclosed herein.

**NOTE 14 – BUDGETARY COMPARISON SCHEDULE**

The budgetary information is presented as part of the required supplementary information as mandated by GASB Statement No. 34 “*Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*”.

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# Budgetary Information

(Required Supplementary 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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual budgetary basis</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Tax increment revenue	\$ 8,570,633	\$ 8,570,633	\$ 8,570,633	\$ -
County administrative fee	(51,312)	(51,312)	(51,312)	-
Tax increment revenues refunded to the County	(2,282,066)	(2,282,066)	(2,282,066)	-
Tax increment revenues, net	6,237,255	6,237,255	6,237,255	-
Interest	200,000	60,000	56,576	3,424
Other	-	19,000	18,859	141
<b>Total revenues</b>	<b>6,437,255</b>	<b>6,316,255</b>	<b>6,312,690</b>	<b>3,565</b>
<b>Expenditures:</b>				
Current:				
General Government				
Personal services	361,710	361,710	247,566	114,144
Other professional services	-	-	86,695	(86,695)
Other operating	329,000	329,000	152,204	176,796
Capital outlay	-	-	129,281	(129,281)
Total expenditures	690,710	690,710	615,746	74,964
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>5,746,545</b>	<b>5,625,545</b>	<b>5,696,944</b>	<b>(71,399)</b>
<b>Other financing sources (uses):</b>				
Proceeds from advance	250,000	215,000	218,500	(3,500)
Repayments on advance	(250,000)	(215,000)	(218,500)	3,500
Transfers out	(5,746,545)	(5,625,545)	(5,595,544)	(30,001)
Total other financing sources (uses)	(5,746,545)	(5,625,545)	(5,595,544)	(30,001)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101,400</b>	<b>\$ (101,400)</b>

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

**Budgetary Comparison Schedule – Capital Projects Fund**  
(Required Supplementary Information – Unaudited)

**Fiscal Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual budgetary basis</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Rent	\$ 413,250	\$ 115,000	\$ 222,741	\$ (107,741)
<b>Total revenues</b>	<b>413,250</b>	<b>115,000</b>	<b>222,741</b>	<b>(107,741)</b>
<b><u>Expenditures:</u></b>				
Current:				
Community Redevelopment				
Personal services	388,290	388,290	468,307	(80,017)
Other professional services			8,551	(8,551)
Other operating	292,000	292,000	13,781	278,219
Capital outlay	10,283,945	7,793,947	4,551,492	3,242,455
Debt service:				
Interest and borrowing costs	52,000	52,000	-	52,000
<b>Total expenditures</b>	<b>11,016,235</b>	<b>8,526,237</b>	<b>5,042,131</b>	<b>3,484,106</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,602,985)</b>	<b>(8,411,237)</b>	<b>(4,819,390)</b>	<b>(3,591,847)</b>
<b><u>Other financing sources (uses):</u></b>				
Carryover and budget reserve	2,606,440	2,606,440	-	2,606,440
Proceeds from line of credit	2,250,000	179,252	-	179,252
Transfers in	5,746,545	5,625,545	5,595,544	30,001
<b>Total other financing sources (uses)</b>	<b>10,602,985</b>	<b>8,411,237</b>	<b>5,595,544</b>	<b>2,815,693</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 776,154</b>	<b>\$ (776,154)</b>

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

**Notes to Budgetary Information**

**Fiscal Year Ended September 30, 2009**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

Budgets for the general and capital project funds are adopted on a basis consistent with generally accepted accounting principles (“GAAP”). Pursuant to the By-Laws of North Miami Community Redevelopment Agency, as adopted on November 1, 2005, the Executive Director must prepare an annual budget and work program for approval by the Board of Commissioners for each fiscal year, and such other budgets as the Commissioners may determine. The Agency is not authorized to expend any monies other than those authorized in the budget except that Commissioners shall amend the budget time to time as may be necessary. As agreed to in the Interlocal Cooperation Agreement with the County and the City, the County must approve the Agency’s annual budget prior to expenditures of any funds contributed by the City or the County, except for the payment of debt service and related payments for which tax increment financing (“TIF”) revenues have been pledged. Further, without such approval, all required agency costs must be funded through City advances or other eligible sources and not from the TIF fund revenues.

A draft of the annual budget is prepared, approved by the Board of Commissioners 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 budget, the 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 then legally enacted through the passage of a resolution.

**NOTE 2 – RECONCILIATION OF ACTUAL AND BUDGETD RESULTS**

Adjustments necessary to convert the changes in fund balances as of September 30, 2009 from U.S. GAAP basis of accounting to the budgetary basis are presented below:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Net change in fund balance - GAAP basis	\$ 101,400	\$ 3,836,405
Less adjustments:		
Encumbrances budgeted as expenditures	-	2,775,443
Expenditures transferred to assets held for resale	-	284,808
Net change in fund balance - budgetary basis	<u>\$ 101,400</u>	<u>\$ 776,154</u>

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# Compliance

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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 THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners of  
The North Miami Community Redevelopment Agency  
North Miami, Florida

We have audited the accompanying 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 year ended September 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents and have issued our report thereon dated January 11, 2010. 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 North Miami Community Redevelopment Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Miami Community Redevelopment 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 North Miami Community Redevelopment Agency'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 North Miami Community Redevelopment Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency'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 North Miami Community Redevelopment Agency'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 North Miami Community Redevelopment Agency's 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*.

We noted certain matters that we reported to management of the North Miami Community Redevelopment Agency in a separate letter dated January 11, 2010.

This report is intended solely for the information and use of management, Board of Commissioners, the City of North Miami, Florida, others within the entity, grantor agencies and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Harvey Lovington Thomas, Jr.*

Hollywood, Florida  
January 11, 2010

**INDEPENDENT AUDITOR'S LETTER TO MANAGEMENT  
IN ACCORDANCE WITH THE RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Commissioners of  
The North Miami Community Redevelopment Agency  
North Miami, Florida

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 (the "City"), as of and for the year ended September 30, 2009, and have issued our report thereon dated January 11, 2010.

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 Compliance and Other Matters, Disclosures in those reports, which are dated January 11, 2010, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. We noted no such findings or recommendations from the preceding annual 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 have included recommendations noted below under the heading "Current Year Comments and 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, provides that the auditor may, based on professional judgment, report 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 annual 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 have included the comments noted below under the heading "Current Year Comments and Recommendations".

- 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. The required information is disclosed in the September 30, 2009 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 fiscal year ended September 30, 2009, 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, 2009. In connection with our audit, we determined that the Agency is included in the basic financial statements of the City of North Miami, Florida for the fiscal year ended September 30, 2009.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2009. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Current Year Comments and Recommendations**

In connection with our audit, we noted the following opportunities to improve operations at the North Miami Community Redevelopment Agency:

#### **09-ML-01                      Information Technology General Controls**

##### **Condition:**

The Agency could improve general controls over information technology (IT) functions related to business continuity, the mitigation of risk for data loss and security over systems access and processing:

Specifically, we noted the following:

- a. The Agency did not have formal disaster recovery policies and procedures in place to ensure that data is adequately safeguarded and could be readily restored in the event of loss.
- b. Backup data was not stored in a proper off-site location or in a manner to ensure accessibility by Agency personnel and adequate safeguard in the event of fire or other destruction. Although certain data was stored off-site, the storage location was an employee's residence in a high-rise, which was located on the intra-coastal waterway and near the Agency's office. Therefore, a natural disaster, such as a hurricane, which would cause a need for data recovery would likely also affect the location of the stored data. Further, such data, particularly accounting information, should be stored in a fireproof manner at a location that would be readily accessible to Management of the Agency.
- c. Physical security and access to programs and data was not adequately controlled to prevent unauthorized use, disclosure, modification, damage or loss of data. All employees shared the same login information and had access to all areas of system data. In addition, because users share the same password, there was no assurance that access rights would be removed or suspended in a timely manner in the event of future employment termination.

**09-ML-01 Information Technology General Controls (concluded)**

Recommendation:

The main component of a business continuity strategy is a documented and tested disaster recovery plan. Therefore, the Agency should create a formal plan to provide for continuity, restoration and recovery of critical data and systems in the event of disaster or other data loss. To develop the plan, and mitigate risk, the Agency should develop a set of policies and procedures for reacting to and recovering from an IT-disabling disaster. The data backup process should include the following procedures:

- Records of what is backed up and where the data is to be maintained
- Backup records of software licensing information
- Safe storage at a remote location which is a sufficient distance to escape any damage from a disaster at the office location and which is accessible to more than one individual
- Comprehensive testing and validation of data and a periodic walk-through of the procedures to ensure that they may be relied upon for use in an emergency

In addition, the follow procedures should be implemented to ensure an adequate segregation of duties over accounting systems and financial operations:

- Physical access to programs and data should be restricted to control for unauthorized use, disclosure, modification, damage or loss of data;
- Access controls should be implemented to ensure that all users are uniquely identified and,
  - no shared IDS are used except for limited, read-only access; and,
  - access rights of any generic IDs are appropriately limited.
- Procedures should be developed and implemented to maintain the effectiveness of authentication and access mechanisms (e.g., password length, password history, password expiration and lockout for failed attempts). Passwords should also be required to be periodically changed.

Management Response:

- a) Management agrees with the need for formal disaster recovery policies and procedures manual that ensures that data is adequately safeguarded and could be readily restored in the event of loss. Management will take immediate steps to implement this recommendation during FY 2009-10.
- b) Management will take under advisement the comment that back-up data is not stored properly off-site in a manner to ensure accessibility by Agency personnel and be safe guarded in the event of fire or other destruction. All electronic data is backed-up weekly and stored off-site by the Agency's IT personnel. In addition most of the Agency's data is stored on its website. As a result management believes that its IT disaster recovery is executed adequately by our managed hosting support service: NAP (Network Access Point) of the Americas. Management will review the existing procedures to ensure their continued effectiveness and appropriateness. In addition, management will implement any changes that are needed to enhance and improve current procedures.
- c) Management will take this recommendation under advisement. We mutually agree procedures should be developed and implemented to maintain effectiveness of authentication and access mechanisms. Due to the small size staff of the staff, management did not see the immediate need for intrusion detection. Management, however; has taken immediate steps to implement this procedure.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, Board of Commissioners, the City of North Miami, Florida, others within the entity, grantor agencies and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the management and staff of the North Miami Community Redevelopment Agency for their assistance and courtesy during the engagement. Please feel free to contact us with any questions or comments, as we would be pleased to meet with you at your convenience.

*Harvey Covington & Thomas, L.L.C.*

Harvey, Covington & Thomas, LLC  
January 11, 2009