



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

**Audited Financial Statements
For the Year Ended September 30, 2024**



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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of North Miami Community Redevelopment Agency (the "Agency"), a component unit of the City of North Miami, State of Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Agency as of September 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–13 and 29–30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025 on our consideration of the Agency's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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

effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

February 12, 2025

Management's Discussion and Analysis

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

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 analyses 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 next year's challenges. Finally, the MD&A will identify any material deviations from the approved budget.

On July 20, 2005, the Agency entered into an Inter-local Cooperation Agreement with the City of North Miami (the "City") and Miami-Dade County (the "County") which established the Agency's financing plan and became effective September 1, 2005. Based on the cooperative agreement, the City and County are required to 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 ("NMCRA Plan") and the terms and conditions of the Inter-local Cooperation Agreement.

On May 7, 2024, the County approved a third amendment to the NMCRA Plan and a fourth amendment to the Inter-local Cooperation Agreement effective December 5, 2023, making several substantive changes of note. The amended Inter-local agreement calls for:

- (1) The City and the County hereby agree to limit the amount of Tax Increment Financing ("TIF") revenues that can be expended by the Agency and provide for annual refunding by the Agency of a portion of such County TIF revenues to the County as follows: In each year in which the County and the City shall make TIF revenue payments to the Fund, the budget for expenditures funded by the County TIF revenues shall be capped, so that an amount above 75 percent of the difference between: (a) the amount of ad valorem taxes levied each year by the County; exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of the Redevelopment Area; and (b) the amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for the County, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the Redevelopment Area as shown upon the most recent assessment roll used in connection with the taxation of such property by each taxing authority prior to the effective date of Ordinance No. 05-109. and not necessary to pay debt service and related payments on bonds is to be refunded by the Agency to the County by the last day of each fiscal year.
- (2) The Agency agrees that that no less than 35 percent of the County TIF retained by the Agency each year shall be allocated and used by the Agency for the following projects related to the N. W. 7th Avenue Redevelopment:
 - Initiatives to help revitalize that certain geographical area of N.W. 7th Avenue Corridor located within the Redevelopment Area, including, but not limited to, the mixed-use project identified in North Miami CRA Proposal.

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- Septic to Sewer Conversions along N.W. 7th Avenue Corridor
- Street/ Swale Beautification along N.W. 7th Avenue Corridor, and
- Business rehabilitation along North Miami Gateways 143rd and 119th Street and along N.W. 7th Avenue Corridor

(3) The requirement to use no less than 35 percent of the County TIF retained by the Agency for the N.W. 7th Avenue Redevelopment shall continue until such time as the County determines, in its sole discretion, that the redevelopment has been completed. Upon determination by the County that the redevelopment has been completed, the Agency may use 35 percent of the County retained by the Agency for such other lawful purposes that are consistent with the Plan.

(4) The City and the County hereby agree to limit the amount of TIF revenues that can be expended by the Agency and provide for annual refunding by the Agency of a portion of such City TIF revenues to the City as follows: In each year in which the County and the City shall make TIF revenue payments to the Fund, the budget for expenditures funded by City TIF revenues shall be capped, so that an amount equivalent to the TIF revenues as would be derived from the Redevelopment Area, other than properties to the West of Biscayne Boulevard and shall remain un-appropriated and un-expended, except to the extent necessary to pay debt service and related payments on bonds. Annually, an equivalent amount of City TIF revenues generated by the Redevelopment Area, other than the property described herein and not necessary to pay debt service and related payments on bonds is to be refunded by the Agency to the City by March 31st of each fiscal year. The City acknowledges and agrees that the City's contribution to the Fund in the amount equal to its refund of the TIF revenues derived from the Redevelopment Area other than properties to the West of Biscayne Boulevard, represents its pro rata refund for purposes of Section 163.387(7), Florida Statutes, and, accordingly, the City is not entitled to a pro rata portion of the refund by the Agency to the County required by Section VI.G.

(5) Beginning in Fiscal Year (FY) 2024-2025, the Agency shall allocate in each year's budget an amount defined below as the Transportation Funding amount to fund and/or support the Strategic Miami Area Rapid Transit Plan ("SMART" Plan) project located within the boundary of the Agency, as defined in Resolution R-523-16 as the North East/FEC Corridor to the extent permitted by law. This annual allocation toward the Northeast/FEC Corridor shall be itemized as a separate section of the Agency's annual budget submitted to the BCC for approval. The Agency shall not expend these funds until the BCC has approved the budget as to these funds. In no event shall the Transportation Funding Amount be used to fund any transportation project located outside the boundary of the Agency.

(6) The Transportation funding amount shall be equal to 25 percent of the amount of countywide TIF deposited into the Agency's Fund each year for properties in the Redevelopment Area.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Agency is an independent entity and a component unit of the City. The Agency has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement (“GASB”) 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

- For the fiscal year 2024, the Agency’s tax increment revenues was \$19,781,649, an increase of \$3,934,580 (25%) over the prior year fiscal 2023 of \$15,847,069. The amount of tax increment revenues refunded to the County and the City decreased this year by \$858,793 (14%) to \$5,376,967 compared to last year’s \$6,235,760. This decrease was due to the revised provisions of the Fourth Amendment to the Interlocal Agreement which removed the cap of \$1Million TIF retention by the Miami-Dade County. The increase in tax increment revenues and the decrease in amounts refunded to taxing authorities are also a result of formula revisions in the new Inter-local Cooperation Agreement.
- The Agency began the fiscal year with a net position of \$6,133,321.
- The Agency’s total net revenues for the year ended September 30, 2024, were \$14,779,839, while total expenses were \$17,391,013, decreasing net position by (\$2,611,174) or 674% compared to the prior year’s increase of \$454,520. The decrease was due primarily to the current year’s increase of 82% in expenses outpacing the current year’s increase of 48% in revenues. The 43% decrease in total net position for fiscal 2024, was due primarily to the net result of the increase in tax increment revenues and the increase in operating expenses and also contribution of \$5,000,000 to the City for the purchase of the Scott Galvin Center.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency’s basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Agency’s report contains required supplementary information to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Agency’s finances, in a manner comparable to a private-sector business. In addition, the government-wide statements are prepared using the accrual basis of accounting.

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The *Statement of Net Position* presents all information on the Agency's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information on how the Agency's net position changed during the fiscal year. All changes in revenues are reported promptly 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 years. 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 can be found on pages 14 and 15 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 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 utilized two governmental funds for the fiscal year ended September 30, 2024: the *General Fund*, which accounts for the operating activities of the Agency, and the *Special Revenue Fund*, from which all capital outlays for redevelopment projects, programs and activities are spent.

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 funds 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.

Since the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By comparing, 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 Changes in Fund Balance – Governmental Funds" provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Budgetary comparison schedules, which constitute Required Supplementary Information pursuant to the Governmental Accounting Standards Board ("GASB"), are provided to demonstrate compliance with the budget.

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The basic governmental funds financial statements can be found on pages 16 and 17 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 can be found beginning on page 20 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Agency's budget to actual results for the General Fund for fiscal year 2024. The required supplementary information can be found on page 23 of this report.

There was an amendment to the budget for the fiscal year ended September 30, 2024. The amendment was due to correct the carryover amount.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$3,522,147 at the close of fiscal year 2024. Approximately 99% of the Agency's total assets are comprised of cash and cash equivalents balances.

Governmental Activities – Statement of Net Position

	<u>Year Ended September 30,</u>		<u>Change</u>	
	2024	2023	\$	Percent
<u>Assets</u>				
Cash and cash equivalents	\$ 57,121,456	\$ 6,296,018	\$ 50,825,438	807%
Due from other government	-	126,099	(126,099)	100%
Other assets	27,773	41,878	(14,105)	-34%
Restricted cash	4,078,875	-	4,078,875	100%
Capital assets not being depreciated	219,354	-	219,354	100%
Capital assets being depreciated, net	330,092	598,748	(268,656)	-45%
Total assets	61,777,550	7,062,743	54,714,807	775%
<u>Liabilities</u>				
Current liabilities	5,877,125	748,051	5,129,074	686%
Noncurrent liabilities:				
Due within one year	1,654,862	-	1,654,862	100%
Due in more than one year	50,723,416	181,371	50,542,045	27867%
Total liabilities	58,255,403	929,422	57,325,981	6168%
<u>Net Position</u>				
Net investment in capital assets	549,446	598,748	(49,302)	-8%
Restricted:				
Capital projects	11,566,820	5,534,573	6,032,247	109%
Other Purposes	4,078,875	-	4,078,875	100%
Unrestricted	(12,672,994)	-	(12,672,994)	100%
	\$ 3,522,147	\$ 6,133,321	\$ (2,611,174)	-43%

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Governmental Activities – Statement of Activities

	<u>Year Ended September 30,</u>			
	2024	2023	Change	Percent
<u>Revenues</u>				
Tax increment revenues	\$ 19,781,649	\$ 15,847,069	\$ 3,934,580	25%
Tax increment revenues refunded to taxing authorities from the Agency	<u>(5,376,967)</u>	<u>(6,235,760)</u>	<u>858,793</u>	<u>-14%</u>
Tax increment revenues, net	14,404,682	9,611,309	4,793,373	50%
Other revenues	375,157	400,044	(24,887)	-6%
Total revenues	14,779,839	10,011,353	4,768,486	48%
<u>Expenses</u>				
General government	7,367,308	2,667,505	4,699,803	176%
Community redevelopment projects	9,026,161	6,889,328	2,136,833	31%
Interest and fiscal charges	997,544	-	997,544	100%
Total expenses	17,391,013	9,556,833	7,834,180	82%
Change in net position	(2,611,174)	454,520	(3,065,694)	-674%
Net position, beginning	6,133,321	5,678,801	454,520	8%
Net position, ending	\$ 3,522,147	\$ 6,133,321	\$ (2,611,174)	-43%

In 2024, the \$5,376,967 tax increment revenues refunded to the taxing authorities comprised both County (\$1,897,649) and City (\$3,479,864).

The Agency's net position decreased by (\$3,065,694) of -674%. Key elements of the net decrease in 2024 were as follows:

Revenues

- Total net tax increment revenues increased by \$4,793,373 or 50%;
- Other revenues decrease of (\$24,887) was due primarily to the net effect of the following:
 - (a) Decrease of (\$278,006) related to contribution of real properties transferred from the City in prior year 2023;
 - (b) Increase of \$230,231 for interest earned on bank savings accounts.
 - (c) Increase of \$22,888 in miscellaneous revenues for reimbursements for utilities, blink cameras and housing grant refund.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Expenses

General government – increased by \$4,699,803 or 176% due primarily to the net effect of the following:

- (a) Increase of \$5,000,000 contribution to the City to acquire the Scott Galvin Community Center;
- (b) Decrease of (\$248,792) in salaries: the Agency's Executive Director was appointed Interim City Manager for the City in May, 2024 and her salary apportioned accordingly;
- (c) Net decrease of (\$49,341) for general operating expenses due primarily to:
 - *(\$283,252) decrease in marketing and promotional events*
 - *\$144,100 increase for Chapter 163 board members' initiatives*
 - *\$98,580 increase for public safety officers and equipment*)
 - *\$47,914 increase for office building lease*

Community redevelopment projects – increased by \$2,136,833 or 31% due primarily to the net effect of the following:

- (a) Net increase of \$1,524,135 for capital grants due primarily to:
 - *Golden Hill infrastructure project increased by \$2,683,439*
 - *other miscellaneous grants decreased by (\$1,159,303)*
- (b) Increase of \$602,957 for other capital projects due primarily to:
 - *\$367,546 ERP system and trolleys for the City*
 - *\$235,411 for the NW 7th Avenue project*
 - *\$10,947 for ground maintenance provided by the City*

Interest and fiscal charges – increased \$997,544 related to the issue of the \$50,000,000 bond.

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. Unassigned 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 2024, the Agency's governmental funds reported an ending fund balance of \$55,350,979. Current year activities resulted in an increase of \$49,635,035 in fund balance. The significant increase was due primarily to the recording of \$52,236,769 proceeds from bond debt

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(including bond premium of \$2,236,769) and contribution of \$5,000,000 contribution to the City to acquire the Scott Galvin Community Center.

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 a few variances between the final budget and actual results, as shown in the Budgetary Comparison Schedule.

	Budgeted Amounts		Actual results - budgetary basis	Variance with final budget - positive (negative)
	Original	Final		
Revenues:				
Tax increment revenue	\$ 19,781,649	\$ 19,781,649	\$ 19,781,649	\$ -
Return of tax increment revenues refunded to taxing authorities	- -	- -	(5,376,967)	(5,376,967)
Tax increment revenues, net	19,781,649	19,781,649	14,404,682	(5,376,967)
Interest and other	176,099	176,099	375,157	199,058
Carry over surplus	6,495,918	11,566,820	- -	(11,566,820)
Total revenues	26,453,666	31,524,568	14,779,839	(16,744,729)
Expenditures:				
General government	3,070,397	2,924,720	2,351,268	573,452
Return of tax increment revenues refunded to taxing authorities	5,376,967	5,376,967	- -	5,376,967
Debt service	- -	997,544	997,544	- -
Capital outlay	- -	6,600	6,600	- -
Community redevelopment:				
Capital Projects Infrastructure	14,900,268	57,596,157	6,721,919	50,874,238
Capital Projects Grants	3,106,034	6,859,349	2,304,242	4,555,107
Total expenditures	26,453,666	73,761,337	12,381,573	61,379,764
Excess of revenues over expenditures	- -	(42,236,769)	2,398,266	44,635,035
OTHER FINANCING SOURCES (USES)				
Debt issued	- -	52,236,769	52,236,769	- -
Contribution	- -	(5,000,000)	(5,000,000)	- -
Total other financing sources (uses)	- -	47,236,769	47,236,769	- -
Net change in fund balances	\$ - -	\$ - -	49,635,035	
Fund balances - beginning			5,715,944	
Fund balances - ending			\$ 55,350,979	

Revenues

The budgeted tax increment revenue in the amount of \$19,781,649 was realized without variance.

Return of tax increment revenue refunded to taxing authorities shows a negative variance of (\$5,376,967) due primarily to the planned expenditure being reclassified and shown as a contra-

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revenue for presentation purposes. This variance also shows up in the expenditures section for the same reason but as a positive variance.

The positive variance of \$199,058 for interest and other revenue was due primarily to underestimated interest income as bank balances were not at the same level in the current year.

The negative variance for “carryover surplus” in the amount of (\$11,566,820) represents funding for multi-year projects with prior years reserves that was not used in the current year. Specifically, this rollover is re-appropriated for budget purposes but is not recorded as new revenue in the actual financials.

Expenditure

General government - positive variance of \$573,452 due primarily to the net effect of the following factors:

1. Positive variance of \$172,150 for operating expenditures related to the dissemination of information about slum clearance within the Community Redevelopment area, as funds allocated for this purpose were not fully utilized.
2. Positive variance of \$104,942 for salaries because the CRA Executive Director was appointed Interim City Manager for the City and portions of her salary charged to the City which was not anticipated in the budget.
3. Positive variance of approximately \$214,425 for legal and other professional services due to stalled consultancy services.
4. The remaining positive variances of \$81,935 related to printing and publishing and occupancy.

Community redevelopment - net positive variance of \$50,874,238 for infrastructure and \$4,555,107 for grants related to multi-year infrastructure and grants projects, respectively, ongoing within the CRA boundary. These projects were impacted in the previous years by the pandemic-related (COVID-19) and are expected to advance to completion within the statutorily required time.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the Agency's net capital assets amounted to \$549,446, showing a net decrease of (\$49,302) over the previous year. The net decrease mainly resulted by the accounting treatment of a right-to-use building related to leased office space for the CRA in accordance with GASB 87 and by scheduled building and equipment depreciation over their useful life.

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Capital Assets - Governmental Activities			
	2024	2023	Change
Capital assets not being depreciated:			
Land	\$ 219,354	\$ 219,354	* \$ -
Total capital assets not being depreciated	<u>219,354</u>	<u>219,354</u>	<u>-</u>
Capital assets being depreciated:			
Building - right-to-use	215,918	215,918	-
Building and improvements	192,400	192,400	* -
Furniture and equipment	<u>59,866</u>	<u>53,266</u>	<u>6,600</u>
Total capital assets being depreciated	<u>468,184</u>	<u>461,584</u>	<u>6,600</u>
Less accumulated depreciation:			
Building - right-to-use	(79,724)	(39,862)	(39,862)
Building and improvements	(14,430)	(4,810)	(9,620)
Furniture and equipment	<u>(43,938)</u>	<u>(37,518)</u>	<u>(6,420)</u>
Total accumulated depreciation	<u>(138,092)</u>	<u>(82,190)</u>	<u>(55,902)</u>
Total capital assets being depreciated, net	<u>330,092</u>	<u>379,394</u>	<u>(49,302)</u>
Capital assets, net	<u>\$ 549,446</u>	<u>\$ 598,748</u>	<u>\$ (49,302)</u>

* Land and buildings transferred to the Agency from the City in 2023

Additional information on the Agency's capital assets can be found in **NOTE 3** on page 25- 26 of this report.

Long-term Debt

As of September 30, 2024, the Agency had a total outstanding debt of \$52,378,278 related to bond and lease, compared to \$181,371 at the end of the previous fiscal year. The bond debt was secured by specific pledged revenues from the tax increments. The outstanding debts are summarized below:

Outstanding Debt - Governmental Activities			
	2024	2023	Change
Governmental Activities			
Debt payable:			
Bond obligation	50,000,000	-	50,000,000
Bond premium	2,236,769	-	2,236,769
Right-to-use lease obligation	<u>141,509</u>	<u>181,371</u>	<u>(39,862)</u>
Total debt payable	<u>\$ 52,378,278</u>	<u>\$ 181,371</u>	<u>\$ 52,196,907</u>

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

During the year the Agency had the following debt activity:

- a. Increase of \$50,000,000 for Redevelopment Revenue Bonds, Series 2024, issued in May 2024.
- b. Increase of \$2,236,769 bond premium related to the Redevelopment Revenue Bond referred to above.
- c. Decrease of (\$39,862) for scheduled lease amortization.

Additional information on the Agency's long-term debt can be found in NOTE 4 on pages 26-28.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Agency's Board approved the 2024-2025 budget in the amount of \$78,380,705 which included an increase of gross budgeted final year-end carryover of \$6,495,918. Tax increment revenue projections were based upon actual values from the County's Property Appraiser's Office and the City of North Miami. The Tax Increment Financing (TIF) increase was attributable to an increase in property valuations within the Agency's district. The Agency anticipates further TIF revenue growth in the coming years as perennial increases in property values continue and future redevelopment projects break ground.

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 Anna-Bo Emmanuel, Executive Director, 735 N.E. 125th Street Suite 100, North Miami Florida, 33161.

Basic Financial Statements

Government-wide Financial Statements

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 57,121,456
Receivables, net	11,150
Prepays, deposits and other assets	16,623
Restricted cash	4,078,875
Capital assets not being depreciated	219,354
Capital assets being depreciated, net	330,092
Total assets	61,777,550
LIABILITIES	
Accounts payable and accrued liabilities	5,857,125
Deposits and other liabilities	20,000
Non-current liabilities:	
Due within one year	1,654,862
Due in more than one year	<u>50,723,416</u>
Total liabilities	58,255,403
NET POSITION	
Net investments in capital assets	549,446
Restricted for:	
Capital projects	6,566,820
Other Purposes	4,078,875
Unrestricted	<u>(7,672,994)</u>
Total net position	\$ 3,522,147

See notes to the basic financial statements.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	
Governmental Activities:				
General government	\$ 7,367,308	\$ -	\$ -	\$ (7,367,308)
Community redevelopment	9,026,161	-	-	(9,026,161)
Interest and fiscal charges	997,544	-	-	(997,544)
Total	\$ 17,391,013	\$ -	\$ -	\$ (17,391,013)
General Revenue:				
Tax increment revenue				\$ 19,781,649
Tax increment revenues refunded to taxing authorities (Note 5)				(5,376,967)
Tax increment revenue, net				14,404,682
Interest and other income				375,157
Total general revenues				14,779,839
Change in net position				(2,611,174)
Net position - beginning				6,133,321
Net position - ending				\$ 3,522,147

See notes to the basic financial statements.

Financial Fund Statements

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	<u>General</u>	<u>Special revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,148,001	\$ 50,973,455	\$ 57,121,456
Receivables, net	11,150	-	11,150
Prepays, deposits and other assets	16,623	-	16,623
Restricted cash	-	4,078,875	4,078,875
Total assets	<u>6,175,774</u>	<u>55,052,330</u>	<u>61,228,104</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	5,857,125	-	5,857,125
Deposits and other liabilities	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total liabilities	<u>5,877,125</u>	<u>-</u>	<u>5,877,125</u>
FUND BALANCES:			
Nonspendable	16,623	-	16,623
Restricted	1,068,912	55,052,330	56,121,242
Unassigned	<u>(786,886)</u>	<u>-</u>	<u>(786,886)</u>
Total fund balances	<u>298,649</u>	<u>55,052,330</u>	<u>55,350,979</u>
Total liabilities and fund balances	<u>\$ 6,175,774</u>	<u>\$ 55,052,330</u>	<u>\$ 61,228,104</u>

See notes to the basic financial statements.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

Fund balance - total governmental funds	\$ 55,350,979
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Amounts reported for governmental activities in the statement of net position (page 32) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	549,446
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Bond payable	(50,000,000)
Unamortized bond premium	<u>(2,236,769)</u>
	(52,236,769)
Lease payable	<u>(141,509)</u>
Net position of governmental activities	\$ 3,522,147

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	General	Special Revenue	Total Governmental Funds
REVENUES			
Tax increment revenue	\$ 19,781,649	\$ -	\$ 19,781,649
Tax increment revenues refunded to taxing authorities (Note 6)	<u>(5,376,967)</u>	<u>-</u>	<u>(5,376,967)</u>
Tax increment revenues, net	14,404,682	-	14,404,682
Interest and other	<u>375,157</u>	<u>-</u>	<u>375,157</u>
Total revenues	<u>14,779,839</u>	<u>-</u>	<u>14,779,839</u>
EXPENDITURES			
General government	2,351,268	-	2,351,268
Community redevelopment		9,026,161	9,026,161
Debt service:			
Principal	-	-	-
Interest and fiscal charges	997,544	-	997,544
Capital outlay	<u>6,600</u>	<u>-</u>	<u>6,600</u>
Total expenditures	<u>3,355,412</u>	<u>9,026,161</u>	<u>12,381,573</u>
Excess (deficit) of revenues over expenditures	<u>11,424,427</u>	<u>(9,026,161)</u>	<u>2,398,266</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	50,000,000	-	50,000,000
Premium on debt issued	2,236,769	-	
Transfers in	-	58,616,501	58,616,501
Transfers out	<u>(58,616,501)</u>	<u>-</u>	<u>(58,616,501)</u>
Contribution	<u>(5,000,000)</u>	<u>-</u>	<u>(5,000,000)</u>
Total other financing sources (uses)	<u>(11,379,732)</u>	<u>58,616,501</u>	<u>47,236,769</u>
Net change in fund balances	44,695	49,590,340	49,635,035
Fund balances - beginning	<u>253,954</u>	<u>5,461,990</u>	<u>5,715,944</u>
Fund balances, ending	<u>\$ 298,649</u>	<u>\$ 55,052,330</u>	<u>\$ 55,350,979</u>

See notes to the basic financial statements.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds \$ 49,635,035

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives:

Expenditures for capital assets	6,600
Less current year depreciation	<u>(55,902)</u>
	<u>(49,302)</u>

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal is an expenditure in the governmental funds. The issuance increases long-term liabilities while the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts and similar items when debt is first issued whereas in the statement of activities, those amounts are deferred and amortized over time:

Bond issued	(50,000,000)
Amortization of bond premium	(2,236,769)
Principal paid on bond and leases	<u>39,862</u>
	<u>(52,196,907)</u>

Change in net position of governmental activities \$ (2,611,174)

**Notes to the Basic
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, 2024

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.

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency’s accounting policies are described below.

a. Financial Reporting Entity

The Agency is an independent government agency that was fully established in 2005 by the City of North Miami (the “City”) 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 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, the North Miami Community Redevelopment Agency Redevelopment Plan, and the terms and conditions of the Inter-local Cooperation Agreement. On December 6, 2016, the Miami-Dade County Board of County Commissioners approved the 2016 NMCRA Plan Amendment and a Second Amendment Inter-local Cooperation Agreement, which, among other things, extended the life of the Agency to July 2044.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 position and the statement of activities) report information on all 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 specific 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.

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 available when they are collectable 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.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of North Miami, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures generally are recorded when a liability is incurred, as under the accrual accounting basis. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Compensated absences are accrued as a liability as benefits are earned by employees.

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 for those required to be accounted for in another fund; and,
- The **Special Revenue Fund** accounts for the acquisition and/or construction of major capital assets 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.

e. Capital Assets

Capital assets, which currently include lands, 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 and an estimated useful life of more than one year. Property 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 and depreciated over the remaining useful lives of the related assets, as applicable.

Capital assets of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and other outdoor equipment	3-10
Computer equipment	3-4
Buildings and improvements	20-40
Right-to-use leased building	5-20

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Cash and Cash Equivalents

The Agency's cash and cash equivalents include 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").

The types of investments that can be purchased and held by the Agency are governed by the Agency's investment policy and the provisions of Florida Statutes Section 218.415. Under Agency policy and the statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the State Board of Administration Investment Pool, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

g. Nature and Purpose of Classifications of Fund Balance

Governmental funds financial statements report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by, a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or, b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Agency's Commission through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the Agency's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the Agency's management based on Commission direction. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

h. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Agency's management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets and the amortization of the right-of-use assets. Although these estimates as well as others are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ with actual results.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Leases

The Agency is a lessee for non-cancellable lease of building spaces. The Agency recognizes a lease liability and a right-to-use leased asset in the government-wide financial statements. At the commencement of a lease, the Agency measures the lease liability at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is measured as the initial amount of the remaining lease liability, adjusted for lease payments made at lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or the lease period whichever is shorter. Key estimates and judgments related to leases include how the Agency determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Agency uses its estimated incremental borrowing rate of 3.0% as the discount rate for leases.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly alter the amount of the lease liability.

Leased assets are reported under capital assets, and lease liabilities are reported under long-term obligation on the statement of net position. Lease activity is included in **Notes 3 and 4**.

j. Long-term Debt

In the government-wide financial statements, long- term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premium is deferred and amortized over the life of the bond using the straight-line amortization method. The result of using this method does not differ significantly from the effective interest method. All other debt issuance costs are expensed as incurred. Bond payable is reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

k. Impact of Recently Issued Accounting Pronouncements

Issued and Adopted Accounting Pronouncements

For the year ended September 30, 2024, the Agency adopted the following financial accounting standards issued by the GASB:

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Adopted

- **GASB Statement No. 99, *Omnibus* 2022** was issued in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the practice issues related to classification and reporting of derivative instruments within the scope of Statement 53, Accounting and Financial Reporting for Derivative Instruments, became effective in fiscal year 2024 and was implemented without impact for the Agency for the current fiscal year.
- **GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*** was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement became effective in fiscal year 2024 and was implemented without impact for the Agency for the current fiscal year.
- **GASB Statement No. 101, *Compensated Absences***. The primary objective of this Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. The requirements of this Statement became effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Statement was implemented without impact for the Agency for the current fiscal year.

NOTE 2 – CASH AND CASH EQUIVALENTS

All deposits of the Agency are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security or Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or more than, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

The average interest rate earned on investments was approximately 0.95% for fiscal year 2024.

NOTE 3 – CAPITAL ASSETS

Lands, previously classified as assets held for resale, related to three properties which were initially earmarked for development by the Agency. These properties were subsequently leased to Miami-Dade County in March 2009 for 30 years. The County used the properties for construction,

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – CAPITAL ASSETS (continued)

operations and maintenance of the Miami-Dade Fire Rescue North Miami Station Number 18 and for performance work incidental thereto.

At September 30, 2016, the properties were deemed to be impaired and were written down to their recoverable value of \$133,748 and reclassified as capital assets.

Capital assets activities for the year ended September 30, 2024, are as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land - impaired	\$ 133,748	\$ -	\$ -	\$ 133,748
Land	<u>85,606</u>	<u>-</u>	<u>-</u>	<u>85,606</u>
Total capital assets not being depreciated	<u>219,354</u>	<u>-</u>	<u>-</u>	<u>219,354</u>
Capital assets being depreciated:				
Building - right-to-use	215,918	-	-	215,918
Building and improvements	192,400	-	-	192,400
Furniture and equipment	<u>53,266</u>	<u>6,600</u>	<u>-</u>	<u>59,866</u>
Total capital assets being depreciated	<u>461,584</u>	<u>6,600</u>	<u>-</u>	<u>468,184</u>
Less accumulated depreciation:				
Building - right-to-use	(39,862)	(39,862)	-	(79,724)
Building and improvements	(4,810)	(9,620)	-	(14,430)
Furniture and equipment	<u>(37,518)</u>	<u>(6,420)</u>	<u>-</u>	<u>(43,938)</u>
Total accumulated depreciation	<u>(82,190)</u>	<u>(55,902)</u>	<u>-</u>	<u>(138,092)</u>
Total capital assets being depreciated, net	<u>379,394</u>	<u>(49,302)</u>	<u>-</u>	<u>330,092</u>
Capital assets, net	<u>\$ 598,748</u>	<u>\$ (49,302)</u>	<u>\$ -</u>	<u>\$ 549,446</u>

Depreciation expense was adjusted in the current year and the net amount charged to function/program was \$55,902.

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the Agency for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bond payable	\$ -	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 1,615,000
Bond premium	-	2,236,769	-	2,236,769	-
Right-to-use operating lease obligation	<u>181,371</u>	<u>-</u>	<u>(39,862)</u>	<u>141,509</u>	<u>39,862</u>
Total debt payable	<u>\$ 181,371</u>	<u>\$ 52,236,769</u>	<u>\$ (39,862)</u>	<u>\$ 52,378,278</u>	<u>\$ 1,654,862</u>

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Bond Payable

On May 30, 2024, the Agency issued a Redevelopment Revenue Bond, Series 2024, with a Par amount of \$50,000,000 and premium of \$2,236,769.10 for a total of \$52,236,769.10, to finance the costs of certain capital improvements projects within the Redevelopment Area and to fund the Reserve Account. The interest rate on the bond is 5%. The bond premium is being amortized over the life of the bond. The total bond cost is funded by specific pledged revenues and is appropriated by the Agency on an annual basis.

The Bond agreement also includes the following additional information:

- **Optional Redemption of Bonds.** The Bonds that mature on or before March 1, 2034, are not subject to optional redemption prior to their maturities. The Bonds that mature on or after March 1, 2035, are subject to redemption beginning March 1, 2034, in whole or in part at any time, in any order of maturities at the option of the Issuer, and by lot within a maturity if less than a full maturity is redeemed, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.
- **Authorizing Acts.** The Bonds shall be issued under the authority of the Community Redevelopment Act of 1969 (Part III of Chapter 163, Florida Statutes), County Resolution No. R-837-04 adopted on July 13, 2004, City Ordinance No. 2004-3 enacted on June 21, 2004, as amended, and other applicable provisions of law, and pursuant to Resolution No. 2024-004 adopted by the Issuer on May 14, 2024 (the "Bond Resolution").
- **Assignment.** This Agreement may not be assigned by the Issuer.

Principal and interest is payable through March 1, 2043. Debt service requirements to maturity on the Bond follows:

Fiscal years ending September 30:	Principal	Interest	Total
2025	\$ 1,615,000	\$ 2,459,625	\$ 4,074,625
2026	1,700,000	2,376,750	4,076,750
2027	1,785,000	2,289,625	4,074,625
2028	1,880,000	2,198,000	4,078,000
2029	1,975,000	2,101,625	4,076,625
2030-2034	11,500,000	8,881,000	20,381,000
2035-2039	14,760,000	5,615,000	20,375,000
2040-2043	14,785,000	1,524,375	16,309,375
Total	\$ 50,000,000	\$ 27,446,000	\$ 77,446,000

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of North Miami, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 4 – LONG-TERM LIABILITIES (Continued)

LEASE OBLIGATION

North Miami CRA entered into a lease agreement for its office location on October 12, 2021. The term of the lease was for seven years with the rental payment increasing by 3% on the anniversary of the lease.

As of September 30, 2024, the minimum principal and interest payment requirement for the leasing activities are as follows:

Fiscal years ending September 30:	Principal
2025	39,862
2026	39,862
2027	39,862
2028	<u>34,164</u>
Total minimum lease payments	153,750
Less amount representing interest	<u>(12,241)</u>
Present value of minimum lease payments	<u>\$ 141,509</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

As of September 30, 2024, the Agency had no outstanding balance due to the City of North Miami.

NOTE 6 – TAX INCREMENT REVENUE

The Agency's primary source of revenues is the 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 area of the Agency, over the base property value, less five percent (administrative fee). Both the City and the County are required to fund the Agency on an annual basis with this amount without regard to tax collections or other obligations.

In accordance with the Inter-Local Cooperation Agreement, the Agency is required to provide an annual refund to the City and County equal to the amount of tax the 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 the redevelopment activities including the bonds debt service and related payments. In fiscal year 2024, the Agency refunded \$5,376,957 to the taxing authorities (\$1,879,103 to the County and \$3,479,854 to the City).

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of North Miami, Florida)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 7 – INTERFUND TRANSFERS

During the fiscal year 2024, interfund transfers comprised of the General Fund transfers of \$58,616,501 to the Special Revenue Fund to cover community redevelopment costs and other on-going capital projects.

NOTE 8 – RISK MANAGEMENT

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

There were no settlements that exceeded the insurance coverage during the fiscal year 2024. In addition, the Agency employees have the option to participate in the City's health, dental, life and disability insurance plans. Under an agreement with the City, the Agency reimburses the City quarterly for the participating employees.

NOTE 9 – SUBSEQUENT EVENTS

The Agency's management has evaluated subsequent events through February 12, 2025, the date which the financial statements were available for issue.

Required Supplementary Information

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of North Miami, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with final budget - positive (negative)
	Original	Final	Actual results - budgetary basis	
Revenues:				
Tax increment revenue	\$ 19,781,649	\$ 19,781,649	\$ 19,781,649	\$ -
Return of tax increment revenues refunded to taxing authorities	-	-	(5,376,967)	(5,376,967)
Tax increment revenues, net	19,781,649	19,781,649	14,404,682	(5,376,967)
Interest and other	176,099	176,099	375,157	199,058
Carry over surplus	6,495,918	11,566,820	-	(11,566,820)
Total revenues	26,453,666	31,524,568	14,779,839	(16,744,729)
Expenditures:				
General government	3,070,397	2,924,720	2,351,268	573,452
Return of tax increment revenues refunded to taxing authorities	5,376,967	5,376,967	-	5,376,967
Debt service	-	997,544	997,544	-
Capital outlay	-	6,600	6,600	-
Community redevelopment:				
Capital Projects Infrastructure	14,900,268	57,596,157	6,721,919	50,874,238
Capital Projects Grants	3,106,034	6,859,349	2,304,242	4,555,107
Total expenditures	26,453,666	73,761,337	12,381,573	61,379,764
Excess of revenues over expenditures	-	(42,236,769)	2,398,266	44,635,035
OTHER FINANCING SOURCES (USES)				
Debt issued	-	52,236,769	52,236,769	-
Contribution	-	(5,000,000)	(5,000,000)	
Total other financing sources (uses)	-	47,236,769	47,236,769	-
Net change in fund balances	\$ -	\$ -	49,635,035	
Fund balances - beginning			5,715,944	
Fund balances - ending			\$ 55,350,979	

See note to budgetary comparison schedule.

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of North Miami, Florida)
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Budgets for the general fund 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, and revised on November 14, 2023, 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 from 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 10 days prior to the beginning of the fiscal year. Should 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 15th day of the beginning of the fiscal year. The budget is then legally enacted through the passage of a resolution. The legal level of control, the level at which expenditures may not exceed the budget, is at the fund level.

There was one end of year amendment to the budget for the fiscal year ended September 30, 2024.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities 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, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated February 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

February 12, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

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, 2024, and have issued our report thereon dated February 12, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Schedule of Findings and Questioned Costs; the Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General, and the management letter in accordance with the rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated February 12, 2025, should be considered in conjunction with this report.

Local Government Investment Policies

We have examined the Agency's compliance with the requirements of Section 218.415, Florida Statutes, regarding the investment of public funds and Sections 163.387(6) and (7), Florida Statutes, regarding community redevelopment agencies, during the year ended September 30, 2024. Management is responsible for Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024. This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
February 12, 2025

MANAGEMENT LETTER 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

Report on the Financial Statements

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 fiscal year ended September 30, 2024, and have issued our report thereon dated February 12, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our 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*. Disclosures in those reports and schedule, which are dated February 12, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no such findings identified.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The pertinent details of the Agency are disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *Agency has* met one or more of the conditions described in Section 218.503(1), Florida Statutes,

and to identify the specific condition(s) met. In connection with our audit, we determined that the *Agency* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Agency. 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 review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Status, and Section 10.554(1)(i)6., Rules of the Auditor General, The Agency reported:

- a. The total number of district employees compensated in the last period of the district's fiscal year as - seven (7).
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as - four (4).
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$695,057.86.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$222,575.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as - \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Status, as \$26,453,666 vs. \$31,524,568 resulting in an unfavorable variance of \$16,744,729.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, pass-through entities, the City, members of the City Council, and applicable and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
February 12, 2025