



## AGENDA

### NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY REGULAR BOARD MEETING

Tuesday, March 25, 2008  
5:30 P.M.

NORTH MIAMI CITY HALL – COUNCIL CHAMBERS  
776 N.E. 125<sup>TH</sup> STREET, SECOND FLOOR

CALL TO ORDER – Pledge of Allegiance; Roll Call

APPROVAL OF MINUTES - Regular Meeting on Tuesday, February 26, 2008  
Special Meeting on Thursday, March 6, 2008

#### ITEMS FOR REVIEW AND/OR ACTION

- I. TAB 1  
Report on the Final Draft CRA FY 2006-07 Annual Activity Report and Independent Audited Financial Statements (Attachment)
- II. TAB 2 (Note: This item was discussed on 1/22/08 with further information pending presentation regarding loan terms #3 and #4)  
Action Item: Proposed Loan Terms on CRA Subsidies for Home Purchase Assistance and Single-Family Home Rehabilitation Assistance (Attachment)

**Note: The CRAAC discussed this item during its meeting on January 7, 2008 and adopted the following motion for the CRA Board's consideration:**

**To recommend that the CRA Board approve the proposed loan terms for CRA subsidies.**

**Approved 7-1 with Mr. Wolin against**

- III. REPORTS
  - A. Board Members Report
    - Chair Kevin A. Burns
    - Member Michael R. Blynn
    - Member Jacques Despinosse
    - Member Scott Galvin
    - Member Marie Erlande Steril
  - B. CRA Attorney

C. Executive Director

D. Next Regular Board Meeting – Tuesday, April 8, 2008 at 5:30 p.m. at  
City Council Chambers

Next Advisory Committee Meeting – Monday, April 7, 2008 at 6:00 p.m.  
at City Council Chambers

IV. ADJOURNMENT

**Note:** Two or more members of the City Council/CRA Board of Commissioners and/or other elected or appointed public officials may be present at this meeting. If any person decides to appeal any decision made with respect to any matter considered at this public meeting or hearing, he/she will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. If you desire auxiliary services to assist in viewing or hearing the meetings, or reading meeting agendas and minutes, please contact the Office of the CRA Secretary at (305) 895-9817.

NMCRA Board Agenda for 032508 tecsr 031908

## SUMMARY MINUTES

### REGULAR COMMUNITY REDEVELOPMENT AGENCY MEETING

February 26, 2008

A regular meeting of the Chairman and Members of the Community Redevelopment Agency (CRA) Board was held in the North Miami Council Chambers of City Hall on Tuesday, February 26, 2008, beginning at 5:30 p.m.

(Phonetic spelling of each speaker's name may be used throughout the minutes unless correct spelling is known.)

Note: The actual agenda and all backup materials for each CRA Board meeting and CRA Advisory Committee meeting can be found at: [www.NorthMiamiCRA.org](http://www.NorthMiamiCRA.org)

Flag salute

#### ROLL CALL

Marie Erlande Steril	Here
Scott Galvin	Here
Chairman Kevin A. Burns	Here
Jacques Despinosse	Here
Michael R. Blynn	Here

Approval of Minutes: Regular Meeting – Tuesday, February 12, 2008, approved by Board

#### ITEMS FOR REVIEW AND/OR ACTION

I. **TAB 1 – STATUS UPDATE REGARDING THE PROPOSED BEL HOUSE APARTMENTS MANAGEMENT AGREEMENT BETWEEN THE CRA AND NORTH MIAMI HOUSING**

The Executive Director and the CRA Attorney gave brief reports to the CRA Board. The CRA Attorney advised he had discussions with North Miami Housing representatives and stated North Miami Housing does not have any issues with using current owners as managers of the property until the Munisport agreement has been renegotiated. The CRA Attorney further advised his concern was, that the CRA is required to use North Miami Housing as property

management, as listed in the Munisport agreement, but since North Miami Housing agreed to forebear any default with the CRA and/or the City, until such time as the Munisport agreement has been renegotiated, he is comfortable with the agreement and recommended moving forward.

The Executive Director confirmed with the owners, that they would continue to provide management services.

The Board expects the Munisport agreement would be finalized in approximately 60 days.

Ms. Nadine Pierre-Louis, North Miami Housing representative, confirmed there wouldn't be any negative recourse with the continuation of using current property owners as management of the Bel House Apartments.

Board Member Despinosse requested the Executive Director take Board Members to visit the Bel House Apartments to see the apartments before and after rehabilitation takes place.

**II. TAB 2 – STATUS UPDATE REGARDING THE ONGOING REMEDIATION OF PIONEER GARDENS SITE/ENVIRONMENTAL CONDITIONS; AND A RESOLUTION OF THE CHAIRMAN AND BOARD MEMBERS OF THE NORTH MIAMI CRA REQUESTING AN ADVANCE OF FUNDS FROM THE CITY OF NORTH MIAMI TO FACILITATE THE IMPLEMENTATION OF THE ASBESTOS REMEDIAL ACTION PLAN (RAP) AS APPROVED BY THE MIAMI-DADE COUNTY DEPARTMENT OF ENVIRONMENTAL RESOURCES MANAGEMENT (DERM) FOR THE REMEDIATION OF ENVIRONMENTAL AND UNFORESEEN SITE CONDITIONS AT THE PIONEER GARDENS AT NORTH MIAMI HOUSING DEVELOPMENT PROJECT SITE**

The Executive Director gave a brief report to the CRA Board advising that the Phase I work in accordance with the Asbestos Remedial Action Plan (RAP) is complete and a meeting with DERM is scheduled for Thursday, February 28, 2008. Subsequently the Phase II work will begin once a field visit is conducted and a scope of work is approved by DERM.

The Executive Director presented the proposed Resolution from the CRA requesting an advance of funds from the City of North Miami to cover expenses for Phase I and subsequently for Phase II of the RAP implementation. Board Member Galvin moved the Resolution, seconded by Board Member Steril; passed unanimously.

## **REPORTS**

### A. Board Members

Various items of interest were presented by Board members.

### B. CRA Attorney

(NONE)

### C. Executive Director

The Executive Director reported that the CRA FY 2007-08 Budget was approved by the Miami-Dade County Board of County Commissioners on February 19, 2008. Previously, on February 13, 2008 the Economic Development and Human Services Committee of the Board of County Commissioners, chaired by Commissioner Audrey Edmonson, supported the CRA Budget request and recommended the item be heard by the County Commission on February 19, 2008.

The Executive Director advised of an upcoming Town Hall meeting regarding mortgage foreclosures on Thursday, February 28<sup>th</sup>, 2008 at Sunkist Community Center at 6:30 pm and invited Board Members and residents to attend. The Town Hall was being jointly sponsored by the CRA and the City.

The Executive Director noted that the CRA Commercial Grant program would be accepting applications beginning on March 3<sup>rd</sup> and closing on March 31<sup>st</sup>.

Upon the recommendation of the Executive Director, the CRA Board scheduled a Special Meeting on March 6<sup>th</sup>, 2008, at 5:30 pm, to discuss a proposed first amendment to the Pioneer Gardens Development Agreement and to hear an update to the Board on the purchase of two duplexes adjacent to the Pioneer Gardens site, due

to the cancellation of the regularly scheduled meeting on March 11<sup>th</sup>, 2008.

- D. Next Regular Board Meeting: Tuesday, March 25, 2008 at 5:30 p.m. at North Miami City Council Chambers

Next Advisory Committee Meeting – Monday, March 3, 2008 at 6:00 p.m. at North Miami City Council Chambers

## **ADJOURNMENT**

Meeting adjourned at 6:06 p.m.

## SUMMARY MINUTES

### SPECIAL COMMUNITY REDEVELOPMENT AGENCY MEETING

**March 6, 2008**

A special meeting of the Chairman and Members of the Community Redevelopment Agency (CRA) Board was held in the North Miami Council Chambers of City Hall on Thursday, March 6, 2008, beginning at 5:30 p.m.

(Phonetic spelling of each speaker's name may be used throughout the minutes unless correct spelling is known.)

Note: The actual agenda and all backup materials for each CRA Board meeting and CRA Advisory Committee meeting can be found at: [www.NorthMiamiCRA.org](http://www.NorthMiamiCRA.org)

Flag salute

ROLL CALL

Marie Erlande Steril	Here
Scott Galvin	Here
Chairman Kevin A. Burns	Here
Jacques Despinosse	Arrived @ 5:41 pm
Michael R. Blynn	Here

#### ITEMS FOR REVIEW AND/OR ACTION

**I. TAB 1 – PROPOSED FIRST AMENDMENT TO THE PIONEER GARDENS DEVELOPMENT AGREEMENT BETWEEN THE CRA AND NORTH MIAMI HOUSING**

The Executive Director reviewed the proposed First Amendment to the Pioneer Gardens Development Agreement. The Executive Director advised the item was presented at the CRA Advisory Committee meeting on March 3, 2008, and the CRA Advisory Committee recommended approval by a 9-1 vote. Mr. Wolin denied.

Board Member Galvin moved to approve the Amended and Restated Development Agreement with such non-material changes as may be approved by the CRA Executive Director and the CRA Attorney;

authorization for the Chairman and the Executive Director to execute and deliver the Amended and Restated Development Agreement; and authorization for the Executive Director to implement terms and conditions of the Amended and Restated Development Agreement, Board Member Steril seconded; no public discussion, passed 4-0. Board Member Despinosse absent.

**II. TAB 2 – STATUS UPDATE AND RECOMMENDATION REGARDING THE PURCHASE OF TWO (2) DUPLEX PROPERTIES ADJACENT TO THE PIONEER GARDENS DEVELOPMENT SITE**

The Executive Director gave a brief report to the Board regarding the acquisition of two duplex properties adjacent to the Pioneer Gardens development site. The Executive Director obtained two appraisals on each of the properties.

The Executive Director advised the owner of the duplex property located at 13890 NE 5<sup>th</sup> Avenue, accepted the offer of the highest appraised value of \$260,000 and is proceeding forward with a closing date to obtain the property.

The Executive Director advised the owner of the duplex property located at 13850 NE 5<sup>th</sup> Avenue, did not accept the offer of the highest appraised value of \$325,000 because at this time, she owes approximately \$320,000 on the property and would not be able to purchase another property. The Executive Director requested approval from the CRA Board to offer the owner the highest appraised value of \$325,000 plus an amount up to approximately 10%.

Board discussion. The Executive Director advised the item was presented at the CRA Advisory Committee meeting on March 3, 2008, and the CRA Advisory Committee recommended approval by an 8-1 vote. Mr. Wolin denied. The Executive Director explained obtaining this property is critical as it is located in the middle of the two other properties; one obtained earlier by the CRA and the other in the process.

Board Member Galvin moved to authorize the Executive Director to offer the highest appraised value of \$325,000 and an additional up to 10%, seconded by Board Member Steril; passed unanimously.

## **REPORTS**

A. Board Members

(NONE)

B. CRA Attorney

(NONE)

C. Executive Director

(NONE)

D. Next Regular Board Meeting: Tuesday, March 25, 2008 at 5:30 p.m.  
at North Miami City Council Chambers

Next Advisory Committee Meeting – Monday, April 7, 2008 at 6:00  
p.m. at North Miami City Council Chambers

## **ADJOURNMENT**

Meeting adjourned at 5:44 p.m.



## ATTACHMENT I

### NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

*CRA Board*  
Kevin A. Burns, Chair  
Michael R. Blynn  
Jacques Despinosse  
Scott Galvin  
Marie Erlande Steril

*Executive Director*  
Tony E. Crapp, Sr.

*CRA Attorney*  
Steven W. Zelkowitz

Date: March 20, 2008

To: Honorable Chairman and Members  
CRA Board of Commissioners

From: Tony E. Crapp, Sr.  
Executive Director

Subject: Final Draft CRA FY 2006-07 Annual Activity Report and  
Independent Audited Financial Statements

Pursuant to the requirements of Florida Statutes and the Interlocal Agreement among the CRA, City of North Miami and Miami-Dade County, the North Miami CRA is required to prepare and submit by March 31st of each year an Annual Activity Report and Independent Financial Audit for the preceding fiscal year. In compliance with these requirements the attached final draft of the **FY 2006-07 Annual Activity Report and Independent Audited Financial Statements** has been prepared by the CRA staff for submission as required by March 31, 2008.

Please note that a prior draft of this proposed annual activity report was presented to the CRA Board during the meeting that was held on February 12, 2008.

NMCRA board memo for 032508 re FY 200607 Annual Activity Report and Independent Audit 031708

615 NE 124th Street  
North Miami, FL 33161  
P: 305.899.0272  
F: 305.899.9376

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

*Helping Build  
North Miami's  
Tomorrow!*



**North Miami  
Community Redevelopment Agency**

**FY 2006 – 07 Annual Activity Report**

**And**

**Independent Audited Financial Statements  
For The Year Ended September 30, 2007**

2007 Annual Rpt - Cover 013008

**Prepared: March 17, 2008**

# **NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

## **FY 2006 – 07 Annual Activity Report And Independent Audited Financial Statements For the Year Ended September 30, 2007**

### **ACKNOWLEDGEMENTS**

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

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

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

Clark Reynolds	Committee Chair	Michael McDearmaid	Committee Vice-Chair
Blanca Cobo	Committee Member	David Rosemond	Committee Member
Inez Couch	Committee Member	Duke Sorey	Committee Member
Judy Feldman	Committee Member	Armando Vidal	Committee Member
Dr. Smith Joseph	Committee Member	Mark Wolin	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 Frank Wolland	CRA Board Secretary

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

# **NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

## **Annual Activity Report And Independent Audited Financial Statements For the Year Ended September 30, 2007**

### **TABLE OF CONTENTS**

	<u>Cumulative Starting Page</u>
<b>SECTION I: FY 2006 – 07 ANNUAL ACTIVITY REPORT.....</b>	<b>01</b>
<b>Agency Purpose and Mission.....</b>	<b>02</b>
<b>Organizational Development.....</b>	<b>04</b>
<b>Programs, Objectives and Accomplishments.....</b>	<b>06</b>
<b>Tax Increment Schedule.....</b>	<b>11</b>
<b>SECTION 2: FY 2006 – 07 INDEPENDENT AUDITED FINANCIAL STATEMENTS.....</b>	<b>12</b>
<b>Financial Statements with Independent Auditors Report.....</b>	<b>13</b>
<b>Management Letter.....</b>	<b>31</b>

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

FY 2006-07 Annual Activity Report

and

Independent Audited Financial Statements  
for the Year Ended September 30, 2007

**SECTION I:**

**FY2006-07  
ANNUAL ACTIVITY REPORT**

NMCRA 2007 Annual Report - cover for Annual Activity Report section 030808

## Agency Purpose and Mission

Pursuant to Florida Statutes, Chapter 163 Part III, The Community Redevelopment Act of 1969 as amended (hereinafter referred to as the "Act"), the North Miami Community Redevelopment Agency (hereinafter referred to as the "CRA") was created for the purpose of facilitating the revitalization of designated "slum" and/or "blighted" areas within the City of North Miami.

In accordance with Section 163.355 (5) of the Act, the principal mission of the CRA is declared as the preservation or enlargement of the community redevelopment area's tax base from which taxing authorities (i.e. City of North Miami and Miami-Dade County) receive tax revenues to carry out public initiatives that stimulate the rehabilitation or redevelopment of the community redevelopment area mainly by private enterprises. The Tax Increment Financing (TIF) mechanism, unique to community redevelopment agencies, is intended to serve as a stable, recurring source of funds to jumpstart and catalyze redevelopment within the community redevelopment area during the period in which the tax base of a designated slum and blighted area is increasing.

The North Miami Community Redevelopment Agency (CRA) is an independent governmental agency that was fully established in accordance with Chapter 163 of Florida Statutes in June 2005 by the City of North Miami and Miami-Dade County. The CRA is charged with the responsibility of eliminating conditions of blight that were found to exist within the designated CRA area and helping to improve the quality of life by revitalizing the area's physical, economic, educational and social resources. The Community Redevelopment Area comprises some 3,250 acres, approximately 60% of the City as shown in the map which follows.



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

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



*Artist rendering of Biscayne Landing*

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

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

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

proposed land use patterns and improves the level of mobility of the areas within the CRA boundaries.

- To encourage diversified commercial and light industrial land uses that will provide for a more constant level of employment activity.
- To increase the quantity and enhance the quality of commercial, industrial and housing development adding substantially to the tax base of Miami-Dade County, the City of North Miami and the Redevelopment Area.

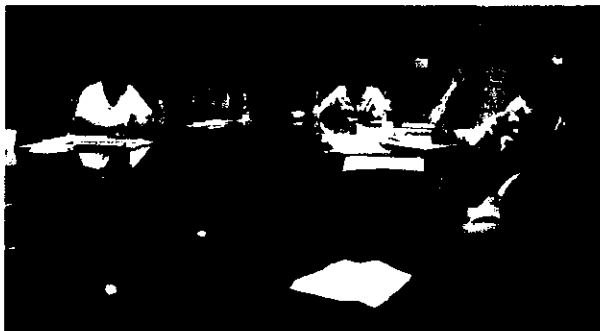
### ***Organizational Development***

The CRA was fully created through appropriate City and County legislation in June 2005 and started its operations in August 2005, led by a consulting Executive Director, assisted by two full-time staff members (i.e. Assistant Director and Special Projects Manager), two consultants, and a “launch team” including the CRA Board Attorney, Bond Counsel and Financial Advisor. After several months sharing space with the City of North Miami’s Purchasing Department, the CRA secured its own office location. The first task for CRA staff was to organize the process and procedures for the CRA Board meetings which 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. After an extensive process involving review, initial adoption on September 27, 2005, and modification on November 1, 2005 by the CRA Board and the CRA Advisory Committee the CRA’s adopted 2005-06 budget in the amount of \$4,265,325 was approved by the Miami-Dade Board of County Commissioners on January 24, 2006. In May 2006, pursuant to the recommendation of the CRA staff, the CRA Advisory Committee and the CRA Board reviewed and adopted an amended 2005-06 budget in the amount of \$3,015,325 for submission to Miami-Dade County for review and approval which occurred on December 19, 2006.



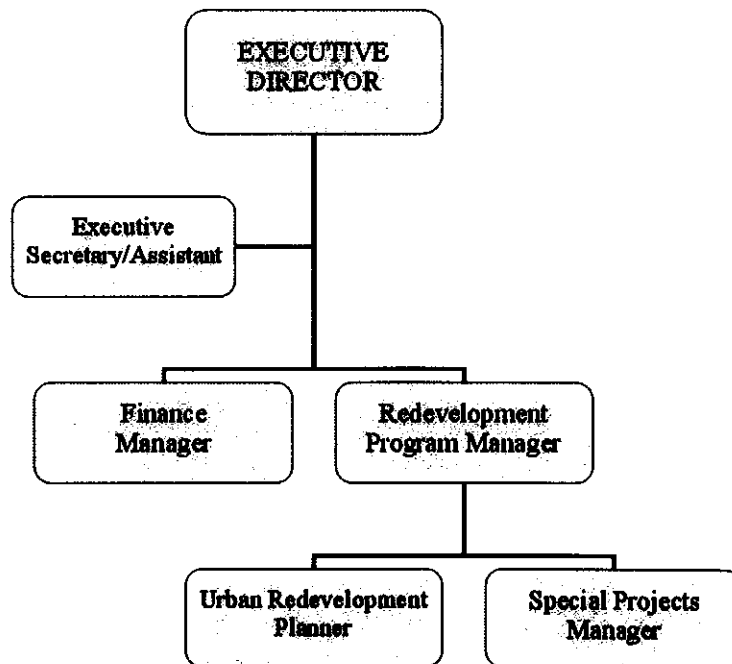
The CRA Board and Executive Staff at a regular monthly CRA Board Meeting

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 July 2006 with the discussion and determination of 2006-07 budget priorities with the CRA Advisory Committee and the CRA Board, the CRA's 2006-07 budget in the amount of \$9,155,314 was adopted on September 26, 2006 for submission to Miami-Dade County for review and approval which occurred on December 19, 2006. In adopting the 2006-07 budget the CRA Board endorsed the Executive Director's staffing plan for implementation that would create the following organizational structure for the CRA's staff:



As of September 2007 the staffing of the CRA includes an Executive Director, Finance Manager, Special Projects Manager and Executive Secretary/Assistant. The recruitment process to fill the positions of Redevelopment Program Manager and Urban Redevelopment Planner will be resumed with the start of the FY 2007-08 fiscal year.

During FY 2006-07 there were twelve (12) meetings of the CRA Advisory Committee and some sixteen (16) meetings of the CRA Board through September 30, 2007.

**North Miami Community Redevelopment Agency Advisory Committee Members  
Serving during FY 2006-07**

Clark Reynolds	Committee Chair	Michael McDearmaid	Committee Vice-Chair
Blanca Cobo	Committee Member	Jesus Remon	Committee Member
Inez Couch	Committee Member	David Rosemond	Committee Member
Judy Feldman	Committee Member	Duke Sorey	Committee Member
Dr. Smith Joseph	Committee Member	Bill Valentine	Committee Member
Guy Laurenceau	Committee Member	Armando Vidal	Committee Member
Jean Monestime	Committee Member	Mark Wolin	Committee Member
Roseline Philippe	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. At the August 22, 2006 CRA Board meeting, the affordable housing development known until then as "Ruck's Park" was officially renamed Pioneer Gardens, reflecting the rich history of the area. 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 rehabilitation of existing homes, making apartments available for purchase or rent, 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 was conveyed to the CRA by the City and was cleared of debris and trees and fenced off. For several months, the CRA worked diligently with the City's designated affordable housing developer to ensure that all site and environmental requirements are taken care of. The development agreement was signed by the North Miami CRA and the project's developer, North Miami Housing on October 17, 2006. The CRA anticipates that the Pioneer Gardens development will be completed by the end of 2009 subject to the resolution of unforeseen site and environmental conditions.



*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 agree-

ment 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 2006-07. The CRA budget for FY 2007-08 will include a proposed draw down of funds to facilitate the development of the project.

In an effort to facilitate the availability of land for a future second phase of the Pioneer Gardens housing development, the CRA executed a strategic land acquisition through the purchase a duplex property located at 13810-12 NE 5<sup>th</sup> Avenue. In addition, two additional adjacent parcels are under consideration for possible future acquisition through willing seller transactions.

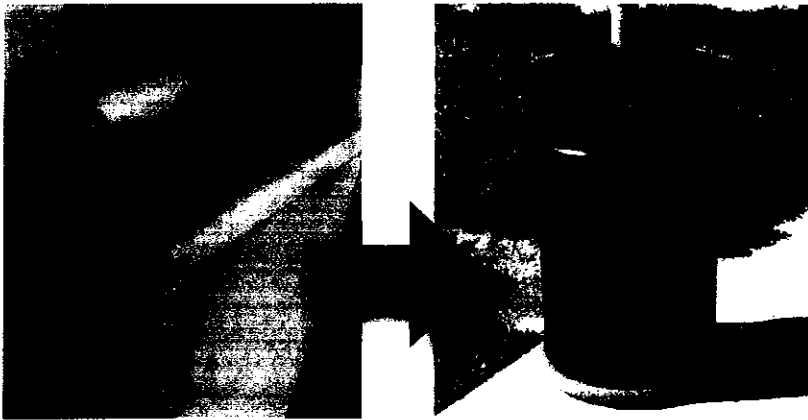
In addition to the Pioneer Gardens affordable housing development, the CRA is offering affordable assistance for First-Time Home Purchase, Single Family Home Rehabilitation and Affordable Rental Housing. The CRA conducted an open registration period for its affordable housing programs during the period 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 by in November 2007.

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 this agreement is contingent upon the County's approval of the CRA's budget and the FY 2007-08 budget includes the proposed funding for the first year's lease payment obligations.

*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 is committed to improving the general condition of the City's main commercial corridors within the CRA Boundaries - NE 125<sup>th</sup> Street, NE 6<sup>th</sup> Avenue, West Dixie Highway, and NW 7<sup>th</sup> Avenue. Phase I 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 in downtown North Miami*



*Helping in the effort to keep North Miami clean*

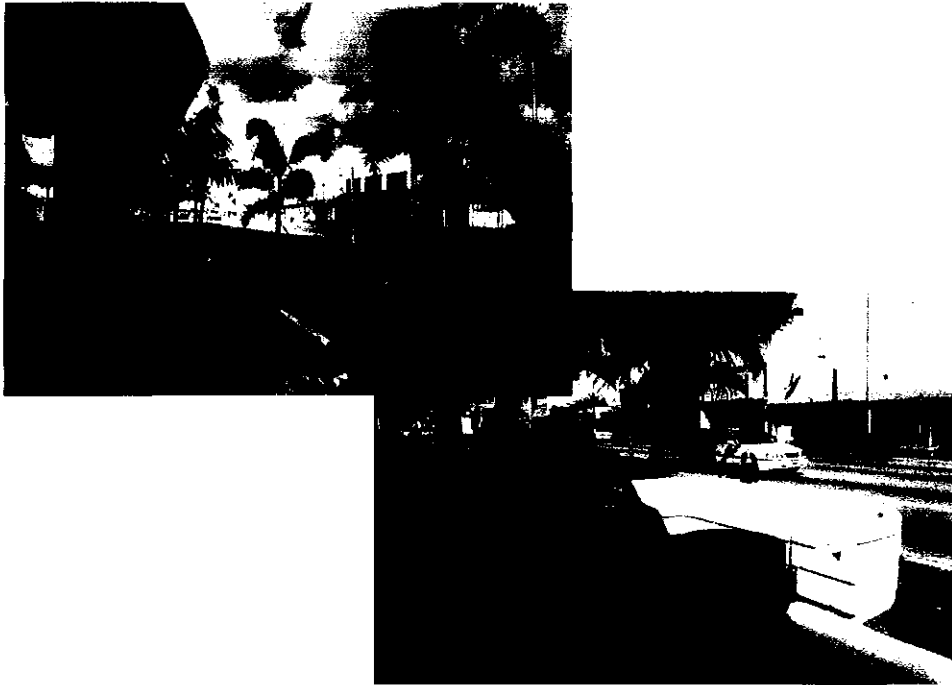
Litter along commercial streets and sidewalks gives a negative impression and can greatly affect the economic development of an area. In North Miami matters were made worse by unsightly litter containers with cracked lids and an old design. In 2005-06 the CRA funded the purchase and installation of 53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

velopment 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.

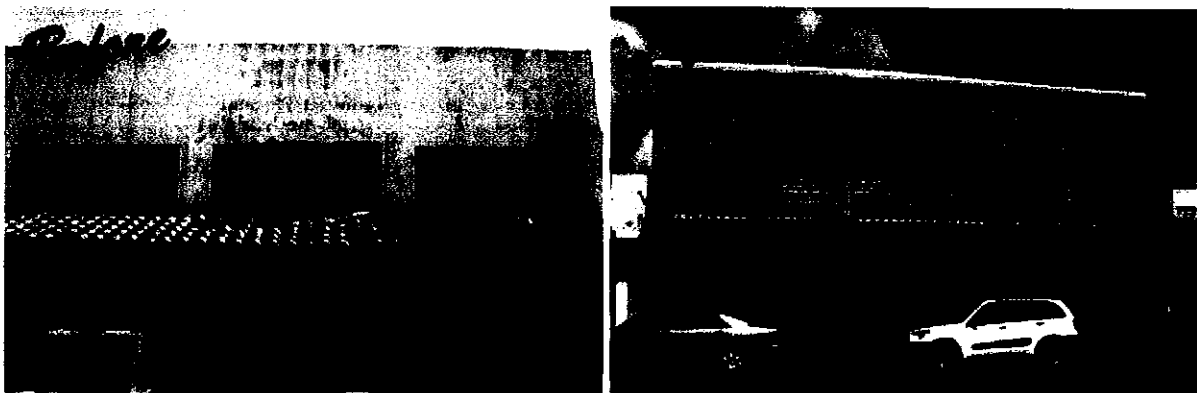


*The North Miami CRA dedicated 'Clean Team'*

The Phase II continuation of the Commercial Corridor Improvement Program is funded in the FY 2006-07 budget in the amount of \$550,000. This funding supports (1) a full-time, three-person Clean Team responsible for pressure cleaning of sidewalks, litter control and other clean-up activities within the CRA district; (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; (3) Tree Replacement and Landscaping concentrated in the downtown area along NE 125<sup>th</sup> Street, and (4) a Streetscape Banner Program including the purchase of banners and hardware to provide gateway and entrance identification for the City and CRA boundaries and to promote the identification of the downtown area with arts and cultural attractions. The banner program is being closely coordinated with the City's ongoing branding project. The CRA FY 2007-08 budget includes funding to continue the Commercial Corridor Improvement Program including the Clean Team and the Enhanced Code Enforcement Program.



*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 2006-07 the CRA budget included total funding in the amount of \$795,000 for these Commercial Grants. Some five (5) Commercial Rehabilitation Grants in the amount of \$381,344 have been approved, and sixteen (16) Commercial Beautification Grants have been approved in the amount of \$220,972.

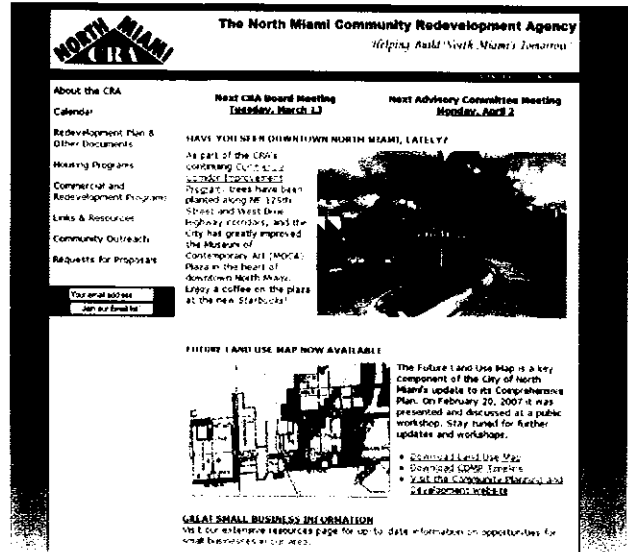


*An example of the commercial beautification project*

*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 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. The City's new Zoning Code is expected to be completed and approved by the spring of 2008.

*Community Outreach* –The Executive Director has made 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.



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

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

- The CRA staffed an exhibit booth and CRA Board and Advisory Committee members attended the 2006 Annual Conference of the Florida Redevelopment Association in October, 2006.
- Members of the CRA Board attended the Spring Convention of the International Council of Shopping Centers (ICSC) from May 20-23, 2007.
- The CRA Board adopted a Policy and Procedures Manual on October 23, 2007 to serve as the authoritative reference source and guide for the North Miami CRA in the areas of accounting, purchasing and personnel.
- The CRA is planning to pursue amendments to the adopted Redevelopment Plan to (1) modify the Affordable Housing Policy, (2) add an element to the plan to support the implementation of community policing innovations, and (3) conform the plan to the City's anticipated new Comprehensive Development Master Plan.
- The CRA is planning to prepare a proposal for the issuance of TIF Revenue Bonds in the approximate amount of up to \$70 million to facilitate the implementation of catalytic capital

improvement projects and to provide funding for strategic land and property acquisitions to promote redevelopment and the construction of affordable housing. The CRA's strategy for the proposed bond issuance will take into account development related to the recent State Supreme Court decision in the case of Strand vs. Escambia County that was issued on September 6, 2007 regarding referendum requirements for the approval of TIF pledged long-term debt.

- Members of the CRA Board and the Advisory Committee attended the 2007 Annual Conference of the Florida Redevelopment Association in October, 2007.

NMCRA Annual Activity Report narrative for FY 200607 030708

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

FY 2006-07 Annual Activity Report

and

Independent Audited Financial Statements  
for the Year Ended September 30, 2007

**SECTION II:**

**FY2006-07**

**INDEPENDENT AUDITED FINANCIAL STATEMENTS**

NMCRA 2007 Annual Report - cover for Independent Audited Financial Statements section 030808

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

Basic Financial Statements

Fiscal year ended September 30, 2007

(With Independent Auditors' Report Thereon)

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

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1
Basic Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Notes to Basic Financial Statements	6
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund	12
Budgetary Comparison Schedule – Capital Projects Fund	13
Note to Required Supplementary Information	14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	15



Sanson, Kline, Jacomino  
& Company, LLP  
Certified Public Accountants

LeJeune Centre - 782 N.W. LeJeune Road - Suite 650 - Miami, Florida 33126

Tel. (305) 442-2470  
Fax (305) 442-2850  
[www.skjnet.com](http://www.skjnet.com)

**Independent Auditors' Report**

The Board of Directors  
North Miami Community Redevelopment Agency:

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the North Miami Community Redevelopment Agency (the Agency), a component unit of the City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2007, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2007, and the respective changes in financial position thereof for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated January 11, 2008 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 12 through 14 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Sanson, Kline, Jacomino & Company LLP*

January 11, 2008

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

Statement of Net Assets

September 30, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in pooled cash	\$ 2,761,202
Assets held for resale	830,298
Due from other	287,177
Other assets	5,738
Capital assets (net of accumulated depreciation):	
Furniture and equipment	<u>9,834</u>
Total assets	<u>3,894,249</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	39,400
Non-current liabilities:	
Due in more than one year:	
Compensated absences	<u>16,249</u>
Total liabilities	<u>55,649</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	9,834
Unrestricted	<u>3,828,766</u>
Total net assets	<u>\$ 3,838,600</u>

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

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

Statement of Activities

Fiscal year ended September 30, 2007

	<b>Governmental Activities</b>
Expenses:	
General government	\$ 484,711
Community redevelopment	237,328
Capital outlay	696,411
Total program expenses	<u>1,418,450</u>
General revenues:	
Tax increment revenue, net	4,166,200
Interest	209,536
Other	249
Total general revenues	<u>4,375,985</u>
Increase in net assets	2,957,535
Net assets - beginning of the year	<u>881,065</u>
Net assets - end of the year	<u>\$ 3,838,600</u>

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

(7)

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

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

Governmental Funds

September 30, 2007

<b>Assets</b>	<u>General</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
Equity in pooled cash	\$ 18,620	2,742,582	2,761,202
Assets held for resale	-	830,298	830,298
Due from other	-	287,177	287,177
Other assets	<u>5,738</u>	<u>-</u>	<u>5,738</u>
<b>Total assets</b>	<b><u>\$ 24,358</u></b>	<b><u>3,860,057</u></b>	<b><u>3,884,415</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	<u>\$ 18,620</u>	<u>20,780</u>	<u>39,400</u>
<b>Total liabilities</b>	<b><u>18,620</u></b>	<b><u>20,780</u></b>	<b><u>39,400</u></b>
<b>Fund Balances:</b>			
<b>Reserved for:</b>			
Prepays and deposits	5,738	-	5,738
Encumbrances	-	553,428	553,428
Asset held for resale	-	830,298	830,298
<b>Unreserved:</b>			
Designated	-	1,572,500	1,572,500
Undesignated	<u>-</u>	<u>883,051</u>	<u>883,051</u>
<b>Total fund balances</b>	<b><u>5,738</u></b>	<b><u>3,839,277</u></b>	<b><u>3,845,015</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 24,358</u></b>	<b><u>3,860,057</u></b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,834
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(16,249)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 3,838,600</u></b>

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

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

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

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

Governmental Funds

Fiscal year ended September 30, 2007

	<u>General</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
<b>Revenues:</b>			
Tax increment revenues	\$ 6,643,650	-	6,643,650
County administrative fee	(39,770)	-	(39,770)
Tax increment revenues refunded to County	<u>(2,437,680)</u>	-	<u>(2,437,680)</u>
Tax increment revenues, net	4,166,200	-	4,166,200
Interest	209,536	-	209,536
Other	<u>249</u>	-	<u>249</u>
<b>Total revenues</b>	<u>4,375,985</u>	-	<u>4,375,985</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Personal services	196,044	-	196,044
Other professional services	187,556	-	187,556
Other operating	93,693	-	93,693
<b>Community redevelopment:</b>			
Personal services	-	170,328	170,328
Other professional services	-	54,566	54,566
Other operating	-	12,434	12,434
<b>Capital outlay</b>	<u>4,147</u>	<u>695,840</u>	<u>699,987</u>
<b>Total expenditures</b>	<u>481,440</u>	<u>933,168</u>	<u>1,414,608</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>3,894,545</u>	<u>(933,168)</u>	<u>2,961,377</u>
<b>Other financing sources (uses):</b>			
Transfers in	1,545,600	5,559,298	7,104,898
Transfers out	<u>(5,559,298)</u>	<u>(1,545,600)</u>	<u>(7,104,898)</u>
<b>Total other financing sources (uses)</b>	<u>(4,013,698)</u>	<u>4,013,698</u>	-
<b>Net change in fund balances</b>	<u>(119,153)</u>	<u>3,080,530</u>	<u>2,961,377</u>
Fund balances - beginning	<u>124,891</u>	<u>758,747</u>	<u>883,638</u>
Fund balances - ending	<u>\$ 5,738</u>	<u>3,839,277</u>	<u>3,845,015</u>
<b>Net change in fund balances - total governmental funds</b>			<u>2,961,377</u>

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

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

Expenditures for capital assets	3,576	
Depreciation expense	<u>(3,614)</u>	(38)

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

Increase in compensated absences		<u>(3,804)</u>
Change in net assets of governmental activities		<u>\$ 2,957,535</u>

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

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

Notes to Basic Financial Statements

September 30, 2007

**1. Summary of Significant Accounting Policies**

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

The accounting policies of the Agency conform to U.S. generally accepted accounting principles applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**A. Reporting Entity**

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

The Agency entered into an Interlocal Cooperation Agreement, dated September 1, 2005, with the City and County and related ordinances of the City and County whereby tax increment revenue collected by the parties would be paid to the Agency and used in accordance with the approved budget of the redevelopment plan and terms and conditions of the Interlocal Cooperation Agreement for the benefit of the Agency.

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Agency does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

Notes to Basic Financial Statements

September 30, 2007

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

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

Governmental fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, where applicable, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

- The **General Fund** is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund; and
- The **Capital Projects Fund** accounts for the acquisition and/or construction of major capital facilities.

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

**D. Equity in pooled cash**

The Agency's equity in pooled cash includes cash on hand, time and demand deposits, and money market funds.

**E. Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	3-5

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

Notes to Basic Financial Statements

September 30, 2007

**F. Compensated Absences**

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

The changes in the compensated absences for the fiscal year ended September 30, 2007 are as follows:

	Beginning balance	Additions	Deletions	Ending balance	Amount due within one year
Compensated absences	\$ <u>12,445</u>	<u>3,804</u>	<u>-</u>	<u>16,249</u>	<u>-</u>

**G. Fund Balance / Net Assets**

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

The Agency has designated unreserved fund balance for use as follows:

Economic Development Specialist	\$ 62,500
Re-write of City Zoning Code	100,000
Master Plan	50,000
Developer/Owner Incentives	160,000
Home Buyers Assistance	200,000
Residential Rehab	500,000
Commercial Rehab	250,000
Commercial Beautification	<u>250,000</u>
Total	<u>\$ 1,572,500</u>

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**2. Equity in Pooled Cash**

At September 30, 2007, the carrying amount of the Agency's equity in pooled cash was \$2,761,202, and the bank balance was \$3,019,360.

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



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

Notes to Basic Financial Statements

September 30, 2007

In addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC), all time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to a determined percentage of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all cash held by banks are fully collateralized or insured.

**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, the Agency purchased additional property intended for the construction and selling of affordable housing, which was recorded at cost. In addition, assets held for resale includes costs incurred to prepare the property for development, such as closing fees, surveys, lot clearing, demolition, costs of construction, permits, and other related project costs.

Assets held for resale activity for the fiscal year ended September 30, 2007 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Assets held for resale	\$ <u>199,297</u>	<u>631,001</u>	<u>-</u>	<u>830,298</u>

**4. Capital Assets**

Capital assets activity for the fiscal year ended September 30, 2007 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 10,393	3,576	-	13,969
Less accumulated depreciation for:				
Furniture and equipment	<u>521</u>	<u>3,614</u>	<u>-</u>	<u>4,135</u>
Total capital assets (net of accumulated depreciation)	\$ <u>9,872</u>	<u>(38)</u>	<u>-</u>	<u>9,834</u>

Depreciation expense was charged to function/program as follows:

General Government	\$ <u>3,614</u>
--------------------	-----------------

**5. Line of credit**

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

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

Notes to Basic Financial Statements

September 30, 2007

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

**6. Tax Increment Revenue**

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

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

**7. Interfund Transfers**

During the fiscal year 2007, the General Fund transferred \$5,565,036 to the Capital Projects Fund to cover the costs of community redevelopment expenditures and on-going capital projects. In addition, the Capital Projects Fund transferred \$1,545,600 to the General Fund for an amount originally transferred by the General Fund in anticipation of drawing down on the line-of-credit, but which draw down never occurred. As result, the Capital Projects Fund transferred back such funds to the General Fund.

**8. Risk Management**

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

As of September 30, 2007, the Agency's risk retention for certain types of risk is as follows:

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

24

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

Notes to Basic Financial Statements

September 30, 2007

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

**9. Deferred Compensation Plan**

Certain employees of the Agency are eligible, in accordance with their employment agreement, to enroll in the City's 401(a) Deferred Compensation Plan (the Plan). In accordance with the employment agreement of those eligible employees, the Agency is required to contribute amounts ranging from 10% to 15% of the employee's annual base salary. Contributions by employees are not required. Participants may withdraw funds at retirement or upon separation based on a variety of payout options. During fiscal year 2007, the Agency contributed \$27,386 to the Plan.

**10. Commitments**

The Agency is contractually obligated for approximately \$4,800,000 at September 30, 2007, for construction projects.

**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, 2007

	Budgeted amounts		Actual budgetary basis	Variance with final budget - positive (negative)
	Original	Final		
<b>Revenues:</b>				
Tax increment revenues	\$ 6,643,650	6,643,650	6,643,650	-
County administrative fee	(39,770)	(39,770)	(39,770)	-
Tax increment revenues refunded to County	<u>(2,437,680)</u>	<u>(2,437,680)</u>	<u>(2,437,680)</u>	-
Tax increment revenues, net	4,166,200	4,166,200	4,166,200	-
Interest	105,204	265,000	209,536	(55,464)
Other	-	240	249	9
Total revenues	<u>4,271,404</u>	<u>4,431,440</u>	<u>4,375,985</u>	<u>(55,455)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Personal services	302,115	302,115	196,044	106,071
Other professional services	200,000	200,000	187,556	12,444
Other operating	185,910	152,486	93,693	58,793
Capital outlay	<u>25,000</u>	<u>5,000</u>	<u>4,147</u>	<u>853</u>
Total expenditures	<u>713,025</u>	<u>659,601</u>	<u>481,440</u>	<u>178,161</u>
Excess of revenues over expenditures	3,558,379	3,771,839	3,894,545	122,706
<b>Other financing sources (uses):</b>				
Proceeds from advance	250,000	218,500	218,500	-
Repayments on advance	(250,000)	(218,500)	(218,500)	-
Proceeds from line of credit	1,545,600	-	-	-
Transfers in	-	-	1,545,600	1,545,600
Transfers out	<u>(5,103,979)</u>	<u>(3,771,839)</u>	<u>(5,559,298)</u>	<u>(1,787,459)</u>
Total other financing sources (uses)	<u>(3,558,379)</u>	<u>(3,771,839)</u>	<u>(4,013,698)</u>	<u>(241,859)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(119,153)</u>	<u>(119,153)</u>
Fund balances - beginning			121,491	
Fund balances - ending			<u>\$ 2,338</u>	

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

**NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY**

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

Budgetary Comparison Schedule - Capital Projects Fund

(Required Supplementary Information - Unaudited)

Fiscal year ended September 30, 2007

	<u>Budgeted amounts</u>		<u>Actual budgetary basis</u>	<u>Variance with final budget - positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	-	-	-
Expenditures:				
Current:				
Community Development:				
Personal services	\$ 396,318	\$ 396,318	170,328	225,990
Other professional services	125,000	150,000	54,566	95,434
Other operating	-	15,000	12,434	2,566
Capital outlay	5,087,788	3,797,374	1,834,435	1,962,939
Debt service:				
Borrowing costs	50,000	30,000	45,834	(15,834)
Interest	55,733	-	-	-
Total expenditures	<u>5,714,839</u>	<u>4,388,692</u>	<u>2,117,597</u>	<u>2,271,095</u>
Deficiency of revenues under expenditures	(5,714,839)	(4,388,692)	(2,117,597)	(2,271,095)
Other financing sources (uses):				
Carryover and budget reserve	610,860	616,853	-	(616,853)
Transfers in	5,103,979	3,771,839	5,559,298	1,787,459
Transfers out	-	-	(1,545,600)	(1,545,600)
Total other financing sources (uses)	<u>5,714,839</u>	<u>4,388,692</u>	<u>4,013,698</u>	<u>(374,994)</u>
Net change in fund balance	\$ -	-	1,896,101	1,896,101
Fund balances - beginning			495,362	
Fund balances - ending			<u>\$ 2,391,463</u>	

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

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

Note to Required Supplementary Information

September 30, 2007

**1. Budgetary Information**

The Agency adopts an annual budget for the operations of the General Fund and Capital Projects Fund. The budgets are adopted on a basis consistent with U.S. generally accepted accounting principles, with a budgetary comparison schedule presented for each fund. Budgetary control is maintained at the fund level.

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

Adjustments necessary to convert the changes in fund balances as of September 30, 2007 from U.S. generally accepted accounting principles (GAAP) basis of accounting to the budgetary basis are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Net change in fund balance – GAAP basis	\$ (119,153)	3,080,530
Less adjustments:		
Encumbrances budgeted as expenditures	-	553,428
Expenditures transferred to assets held for resale	<u>-</u>	<u>631,001</u>
Net change in fund balance – budgetary basis	\$ <u>(119,153)</u>	<u>1,896,101</u>



**Sanson, Kline, Jacomino**  
**& Company, LLP**  
Certified Public Accountants

LeJeune Centre b- 782 N.W. LeJeune Road - Suite 650 - Miami, Florida 33126

Tel. (305) 442-2470  
Fax (305) 442-2850  
[www.skjnet.com](http://www.skjnet.com)

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

The Board of Directors  
North Miami Community Redevelopment Agency:

We have audited the basic financial statements of the North Miami Community Redevelopment Agency (the Agency), a component unit of the City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated January 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

**Compliance and Other Matters**

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



In addition, we issued a management letter to management of the Agency dated January 11, 2008, as required by the *Rules of the Auditor General* of the State of Florida.

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

*Sanson, Kline, Jacome & Company LLP.*

January 11, 2008

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

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

Fiscal year ended September 30, 2007



**Sanson, Kline, Jacomino**  
**& Company, LLP**

Certified Public Accountants

LeJeune Centre 782 N.W. LeJeune Road - Suite 650 - Miami, Florida 33126

Tel. (305) 442-2470

Fax (305) 442-2850

www.skjnet.com

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

The Board of Directors  
North Miami Community Redevelopment Agency:

We have audited the financial statements of the North Miami Community Redevelopment Agency (the Agency), a Component Unit of the City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2007 and have issued our report thereon dated January 11, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated January 11, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. See the status of the findings and recommendations made in the preceding annual financial audit report at Appendix A to this 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, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations for the current year.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.



- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is made in note 1 to the Agency's financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Agency for the fiscal year ended September 30, 2007, 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, 2007. The Agency does not file a separate report with the State of Florida Department of Banking and Finance. The financial operations of the Agency are included in the basic financial statements of the City of North Miami, Florida for the year ended September 30, 2007.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*Sanson, Kline, Taccone & Company LLP*

January 11, 2008

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**Summary**

<b>No.</b>	<b>Prior Year's Observation</b>	<b>Observation Has Been Resolved*</b>	<b>Observation Has Not Been Resolved *</b>
2006-1	Accounting Policies & Procedures Manual	X	
2006-2	Maintaining a Detailed Capital Assets Listing	X	
2006-3	Encumbrance Accounting		X
2006-4	Budget to Actual Monitoring	X	
2006-5	Accounting/Finance Function	X	
2006-6	Compensated Absences	X	
2006-7	Statement on Auditing Standards (SAS) 70 Report	X	

\* See a detailed status of each observation on the pages following.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-1 ACCOUNTING POLICIES & PROCEDURES MANUAL**

***Prior Year's Condition Found***

We noted that the Agency does not have a comprehensive formalized written accounting policies and procedures manual.

***Prior Year's Recommendation***

Currently, many of the Agency's accounting policies and procedures mirror those of the City. However, we recommend that the Agency develop a formalized written accounting policies and procedures manual that describes its accounting policies with regards to significant accounting areas and the procedures / controls in place over each of those areas. These significant accounting areas should include, but are not limited to, the following:

- Cash receipts, disbursements, and bank reconciliations process
- Investments process
- Capital assets process
- Purchasing / procurement cycle
- Debt administration process
- Payroll cycle
- Budgeting cycle
- Month-end and year-end closing cycle

The manual should also clearly define the objectives, responsibilities and authorizations for all accounting / finance employees.

Employees should use the manual to ensure their understanding and compliance with the Agency's accounting policies and procedures. It should also be used in training new employees, as well as temporary employees, covering functions in the absence of the responsible employee. As such, it should be complete and straightforward, so as to enable the performing of the function, by another similarly skilled individual, with minimum direction and training.

The manual should be reviewed, at a minimum, on an annual basis for any revisions that may be required. Any revisions made to the manual should be communicated in a timely manner to employees responsible for performing the applicable functions.

***Current Year's Status***

This observation has been resolved. Management has formalized a written Accounting Policies and Procedures Manual for the Agency that compiles the policies and procedures that the Agency follows consistent with its bylaws, state statutes, and local laws.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-2 MAINTAINING A DETAILED CAPITAL ASSETS LISTING**

***Prior Year's Condition Found***

During fiscal year 2006, the Agency did not maintain a comprehensive listing of all of its capital assets (i.e. listing of additions, disposals and calculation of depreciation / accumulated depreciation).

***Prior Year's Recommendation***

Although the Agency currently has minimal capital assets, going forward we recommend that the Agency maintain a comprehensive listing of assets capitalized in accordance with its capitalization policy, including the calculation of any applicable depreciation / accumulated depreciation. This listing should be updated as capital assets are purchased or disposed of throughout the year.

In addition, we recommend that the Agency implement a tagging system that will allow the Agency to physically identify those capital assets that are on the comprehensive listing. This will assist the Agency in properly tracking its capital assets as well as facilitate the adjustment of the listing for any disposals of capital assets.

***Current Year's Status***

This observation has been resolved. A listing of all capital assets using the City's capitalization threshold of \$1,000 is being maintained on an on-going basis. In addition, all of the Agency's capital assets is being tagged and tracked on an ongoing basis.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-3 ENCUMBRANCE ACCOUNTING**

***Prior Year's Condition Found***

We noted that the Agency does not currently use a purchase order system to encumber the purchase of goods and services.

***Prior Year's Recommendation***

We recommend that a purchase order (PO) system be implemented, whereby a PO document is created for all purchases of goods and services over a predetermined amount. The PO document should provide information which includes a description of the goods and services being purchased, the name of the authorized vendor, the balance of available budgeted amounts, and the signature of the appropriate personnel authorizing the purchase.

Under the PO system, purchase order contracts and other commitments for the expenditure of monies are encumbered in order to reserve that portion of the applicable appropriation. The encumbrance outstanding should be reported as reservation of funds indicating that portion of fund balance that may not be used for additional appropriations.

***Current Year's Status***

In the prior year, management believed that the cost of purchasing a new financial management and accounting system out weighs the benefits that may be derived at this early stage of the Agency's financial activity. However, based on discussions with management in the current year, and in light of the increased financial activity, management is considering implementing in the near future a new financial management and accounting system that will include a purchase order process.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-4 BUDGET TO ACTUAL MONITORING**

***Prior Year's Condition Found***

The Agency does not perform budget to actual monitoring on a monthly basis.

***Prior Year's Recommendation***

We recommend that the Agency perform budget to actual monitoring on a monthly basis. This information should be included in the financial information provided to the Board, with descriptions of any negative variances between budget and actual amounts. In doing this, the Agency can better track its performance in accordance with its budget, make better informed and appropriate decisions, and can identify any areas of overspending or potential overspending on a timely basis.

***Current Year's Status***

This observation has been resolved. The Agency performs monthly internal reviews and issues formal quarterly financial statements for review by the Board.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-5 ACCOUNTING/FINANCE FUNCTION**

***Prior Year's Condition Found***

The Agency's accounting/finance function is presently outsourced to a third-party consultant.

***Prior Year's Recommendation***

As the Agency continues to grow and the financial transactions become more voluminous, we recommend that the Agency consider hiring a full-time qualified individual who would be responsible for the entire accounting/finance and financial reporting process. This individual's duties would include, but not be limited to, the following:

- The design and implementation of an internal control system that provides for the accurate processing and recording of accounting transactions;
- The preparing, reviewing and approving of all accounting journal entries and maintaining the general ledger;
- The reconciliation of subsidiary accounts and other detail account listings to that of the general ledger;
- Issuing checks and maintaining and performing payroll-related functions;
- The proper maintenance and monitoring of the Agency's operating budget; and
- The preparation of monthly and annual financial reports for both internal and external presentation.

***Current Year's Status***

This observation has been resolved. During the fiscal year, the Agency hired a Finance Manager to administer its accounting/finance function.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-6 COMPENSATED ABSENCES**

***Prior Year's Condition Found***

During fiscal year 2006, the Agency did not maintain a detailed schedule of compensated absences by employee.

***Prior Year's Recommendation***

Although the Agency has very few employees, we recommend that the Agency maintain a detailed schedule of compensated absences by employee. The schedule should include the balance of unused sick leave and vacation at October 1<sup>st</sup>, the sick leave and vacation accrued during the fiscal year, the sick leave and vacation used during the fiscal year, and the balance of unused sick leave and vacation at September 30<sup>th</sup>.

As the Agency grows and hires more employees, this schedule will be very useful for purposes of tracking each employee's vacation and sick leave, and will facilitate the calculation of the liability to be recorded on the government-wide financial statements at year end.

***Current Year's Status***

This observation has been resolved. The leave data, including time earned and used, was maintained and fully reconciled at year end closing. Currently, the leave accounting system is fully compliant with the recommendations.

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

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

Year ended September 30, 2007

**Status of Prior Year's Observations**

**2006-7 STATEMENT ON AUDITING STANDARDS (SAS) 70 REPORT**

***Prior Year's Condition Found***

The Agency currently does not request a SAS 70 report from its payroll service provider.

***Prior Year's Recommendation***

We recommend that the Agency request a SAS 70 report from its payroll service provider, and all other third-party administrators that the Agency uses going forward, at least every two years. Or, if the payroll service provider does not have a SAS 70 audit performed, request that it does. This should be a requirement included in all third-party administrator agreements.

A SAS 70 report would give the Agency and the Agency's external auditors assurance, although not absolute, about whether or not the third-party administrator's internal controls over the services that it provides are operating effectively.

***Current Year's Status***

This observation has been resolved. We have requested a SAS 70 report from the Agency's payroll service provider.



## AGENDA ITEM II

### NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

*CRA Board*  
Kevin A. Burns, Chair  
Michael R. Blynn  
Jacques Despinosse  
Scott Galvin  
Marie Erlande Steril

*Executive Director*  
Tony E. Crapp, Sr.

*CRA Attorney*  
Steven W. Zelkowitz

Date: March 25, 2008

To: Honorable Chairman and Members  
CRA Board of Commissioners

From: Tony E. Crapp, Sr.  
Executive Director

Subject: Proposed Loan Terms on CRA Subsidies for Home  
Purchase Assistance and Single-Family Home  
Rehabilitation Assistance

The CRA's approved Redevelopment Plan contains a section regarding planned implementation that includes an Affordable Housing Policy (copy attached) that provides the parameters for the provision of subsidies for home purchase and home rehabilitation assistance in an amount up to \$50,000. Pursuant to the policy the CRA's subsidies are to be provided to eligible and qualified residents who meet certain delineated criteria in the form of repayable loans. Consistent with the established policy, it is recommended that the CRA provide subsidy loans to the widest number of families needing assistance under the following terms as modified by the suggested rules and regulations as indicated in bold print below:

1. Subsidy Loans – The CRA will make subsidy loans in the form of “soft” mortgages, with payments of principal and interest set within the means of the Resident (e.g. borrower). The term of the loans will be the lesser of ten (10) years or the term of the borrower's primary mortgage loan. If the loan term expires and the borrower still requires assistance the loan may be extended.

**In support of this policy it is recommended that the CRA Board authorize the CRA Executive Director to approve the initial term of subsidy loans provided that the loan term is not less than ten (10) years and does not exceed the term of the borrower's primary mortgage loan. If the loan term expires and the borrower still requires assistance the loan may be extended by the approval of the CRA Board or by the CRA Executive Director upon the delegation of such authority by the Board.**

615 NE 124th Street  
North Miami, FL 33161  
P: 305.899.0272  
F: 305.899.9376

*Helping Build  
North Miami's  
Tomorrow!*



## AGENDA ITEM II

### NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

*CRA Board*

Kevin A. Burns, Chair  
Michael R. Blynn  
Jacques Despinosse  
Scott Galvin  
Marie Erlande Steril

*Executive Director*

Tony E. Crapp, Sr.

*CRA Attorney*

Steven W. Zelkowitz

2. Amount – The loan will be for the amount equal to the residual amount required of the borrower, after all required down payments, mortgages and other assistance is taken into account, not to exceed \$50,000, to close on the home or to complete the home rehabilitation.
3. Monthly Loan Payments – If the total monthly expenses of principal, interest, taxes, insurance, etc. for the home (either acquisition or rehabilitation) including the CRA subsidy loan, are equal to or greater than 30% of the borrower’s income, there will be no initial payment of principal nor interest. An interest and/or principal payment, will be determined by needs assessments.

**In support of the implementation of this policy it is recommended that the CRA Board authorize the Executive Director to require a minimum monthly interest and/or principal payment in the amount of not less than \$10.00 per month after an initial 12-month period with no payment of principal nor interest has been granted to the borrower. Based on an updated needs assessment the Executive Director may waive the minimum payment requirement and extend the period of no payment of principal nor interest for an additional 12-month period. The table below presents the recommended minimum monthly payment along with several other options for the Board’s consideration based on a maximum CRA subsidy loan in the amount of \$50,000:**

Option #	Annual Interest Rate	Maximum Monthly P&I or Interest Only Payment	Maximum Annual P&I or Interest Only Payment
1	N/A	\$ 10.00	\$ 120.00
2		\$ 41.67	\$ 500.00
3		\$ 83.33	\$1,000.00
4		\$125.00	\$1,500.00
5		\$166.67	\$2,000.00
6		\$208.33	\$2,500.00

4. Repayment – A loan for an acquired home will be repaid to the CRA upon the sale of the home by the borrower. If the home is sold at a higher price than the initial purchase price, the CRA will share in any excess funds, in a manner to be determined in the

615 NE 124th Street  
North Miami, FL 33161  
P: 305.899.0272  
F: 305.899.9376

*Helping Build  
North Miami's  
Tomorrow!*



## AGENDA ITEM II

### NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

*CRA Board*

Kevin A. Burns, Chair  
Michael R. Blynn  
Jacques Despinosse  
Scott Galvin  
Marie Erlande Steril

*Executive Director*

Tony E. Crapp, Sr.

*CRA Attorney*

Steven W. Zelkowitz

Rules & Regulations adopted by the CRA, after all original mortgages are retired and all sales costs are deducted.

For a rehabilitation loan to a resident who already owns the home, the loan will be repaid at the sale of the home in a manner to be determined in the Rules & Regulations adopted by the CRA.

**In support of this provision, it is recommended that the CRA Board support and direct the Executive Director to implement procedures that promote the perpetual affordability of all CRA assisted housing units by providing repayment incentives or requiring the owners of assisted units to sale those units to another affordable homebuyer that is referred or assisted by the CRA.**

5. Ability to Pay Principal and Interest – An initial needs assessment and periodic subsequent needs assessments will determine the interest and principal payment of the CRA subsidy loan.

**In support of this policy, it is recommended that the CRA Board authorize the Executive Director to utilize a needs assessment format that is consistent with the evolving credit standards of conventional lending institutions and/or public lending authorities as they pertain to debt/income and other mortgage qualification ratios.**

6. Transferability – The CRA subsidy loan will be in the name of the borrower. In the event of the death of the borrower, the loan may be transferred to a direct descendant.
7. Rules & Regulations – The CRA will adopt Rules & Regulations for all aspects of the Home Ownership/Rehabilitation Policy in the CRA Redevelopment Implementation Plan.

To implement the policy and procedures indicated above, the CRA will utilize a form of loan agreement, promissory note and mortgage to be prepared by the CRA Attorney that incorporates the provisions.

615 NE 124th Street  
North Miami, FL 33161  
P: 305.899.0272  
F: 305.899.9376

NMCRA board memo re CRA Subsidies Loan Terms for 032508 tecsr 031708

*Helping Build  
North Miami's  
Tomorrow!*