

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
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 SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT



Accountants
Advisors

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
North Miami Beach Community Redevelopment Agency
(a Component Unit of the City of North Miami Beach,
Florida)
North Miami Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the North Miami Beach Community Redevelopment Agency (a component unit of the City of North Miami Beach, Florida) (the "NMB CRA") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the NMB CRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the NMB CRA as of September 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NMB CRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule and related notes on pages 3 - 5 and 17 -18, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the NMBBCRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 effectiveness of the NMBBCRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NMBBCRA's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Our discussion and analysis of North Miami Beach Community Redevelopment Agency's (the "NMB CRA") financial performance provides an overview of the NMB CRA 's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the NMB CRA 's financial statements, which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the fiscal year ended September 30, 2023:

- The NMB CRA's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at September 30, 2023, by \$ 8,889,103 (net position).
- The governmental activities revenues totaled \$ 3,682,476, including \$ 3,483,970 from incremental tax receipts and \$199,183 from interest income. Expenses, including transfers to the City of North Miami Beach, Florida were \$ 2,700,038.
- At the end of the year, the NMB CRA reported a fund balance of \$ 5,170,372, an increase of \$386,061 from the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the NMB CRA 's basic financial statements. The basic financial statements are comprised of three components: 1) governmentwide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the NMB CRA's finances, in a manner similar to a private sector business.

The statement of net position presents information on all the NMB CRA 's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the NMB CRA's financial position. The NMB CRA 's mission is not to collect assets, but to eliminate blighted conditions and increase the tax base; thus, while assets can provide an indicator of stability, the NMB CRA 's intent is not to hold assets over a significant time period.

The statement of activities presents information showing how the NMB CRA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 6 and 7 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The NMB CRA is comprised of only one governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the NMB CRA's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

The governmental fund financial statements can be found on pages 8 through 11 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 12 through 16 of this report.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Overview of the Financial Statements (Continued)

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the NMBCRA's annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. This required supplementary information is on pages 17 and 18 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time to be a useful indicator of the NMBCRA's financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2023, and 2022:

	Governmental Activities	
	2023	2022
Current and other assets	\$ 5,170,372	\$ 4,821,262
Capital assets (net)	3,827,883	4,003,340
Total assets	8,998,255	8,824,602
Current and other liabilities	109,152	300,570
Long term liabilities	-	617,367
Total liabilities	109,152	917,937
Net position:		
Investment in capital assets	3,827,883	3,111,206
Unrestricted	5,061,220	4,795,459
Total net position	\$ 8,889,103	\$ 7,906,665

Governmental Activities: Governmental activities for the year ended September 30, 2023, increased the NMBCRA's net position by \$ 982,438 as reflected in the table below:

	Government Activities	
	2023	2022
Revenues:		
General revenues:		
Incremental tax receipts	\$ 3,483,970	\$ 3,160,161
Interest income	199,183	(3,285)
Other	(677)	-
Total Revenues	3,682,476	3,156,876
Expenses:		
General Government	2,675,773	2,897,682
Interest on long-term debt	24,265	-
Total Expenses	2,700,038	2,897,682
Change in net position	982,438	259,194
Net position, October 1	7,906,665	7,647,471
Net position, September 30	\$ 8,889,103	\$ 7,906,665

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2023

Governmental Fund Budgetary Highlights

The NMB CRA's Governmental Fund revenues were \$159,183 more than the final budget projections. Expenditures were \$3,911,540 less than final appropriations.

Capital Assets

Capital assets held by the NMB CRA are summarized as follows:

	Government Activities	
	2023	2022
Capital assets, non - depreciable	\$ 3,635,591	\$ 3,631,296
Capital assets, net of accumulated depreciation	192,292	372,044
	\$ 3,827,883	\$ 4,003,340

Additional information on the NMB CRA's capital assets can be found in Note 3 on page 15 of this report.

Long Term Liabilities

The following chart provides information on the changes in long-term liabilities with comparative balances between the current and last fiscal year.

	Government Activities	
	2023	2022
Notes payable \$	-	\$ 749,999
Leased liability \$	-	\$ 142,135

Additional information on the NMB CRA's long term liabilities can be found in Note 4 on page 16 of this report.

Economic Factors and Next Year's Budget

The North Miami Beach Community Redevelopment area known as "the NMB CRA Area" is bounded by the major East/West highway, State Road 826/NE 163rd Street/North Miami Beach Boulevard. The NMB CRA Area has become a vibrant business and residential district through substantive capital investment and close cooperation between the City and the local business community. Redevelopment decisions are guided by the NMB CRA Board of Directors which consists of the North Miami Beach City Commission. Funding for redevelopment is obtained through the process of the tax increment financing. Through this process, any increases in the City of North Miami Beach and Miami-Dade County property tax base directly resulting from redevelopment in the NMB CRA Area are set aside and re-used for additional redevelopment. Each year the NMB CRA's annual budget is approved by both the City of North Miami Beach and by Miami-Dade County.

The taxable value is only one component in the computation of incremental taxes; the other component is the millage rate. The NMB CRA received more in incremental tax receipts for the fiscal year ending September 30, 2023, than it did in fiscal year ending September 30, 2022.

The economic redevelopment of the NMB CRA is based on a productive partnership between the City and the business community to achieve positive results in attracting new businesses and residential development to the area. The NMB CRA will sunset on October 11, 2028 in accordance with Miami-Dade County Resolution R-1427-06 unless renewed.

Requests for Information

This financial report is designed to provide a general overview of NMB CRA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Marcia Fennell, Chief Financial Officer for the City of North Miami Beach, 17011 NE 19th Avenue, North Miami Beach, Florida 33162.

BASIC FINANCIAL STATEMENTS

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Pooled cash and investments	\$ 5,161,158
Prepaid costs	9,214
Total current assets	5,170,372
Non-current assets	2,460,001
Land	1,175,590
Construction in progress	458,575
Building	485,942
Improvements other than buildings	124,862
Infrastructure	16,558
Furniture and equipment	(893,645)
Less: accumulated depreciation	3,827,883
Total capital assets	8,998,255
Total assets	
LIABILITIES	
Accounts payable and accrued liabilities	109,152
Total liabilities	109,152
NET POSITION	
Investment in capital assets	3,827,883
Unrestricted	5,061,220
Total net position	\$ 8,889,103

See notes to basic financial statements.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Governmental Activities	Net Revenue (Expense) and Changes in Net Position
Governmental activities			
General government	\$ 2,675,773	\$ (2,675,773)	
Interest on long-term debt	24,265	(24,265)	
Total governmental activities	\$ 2,700,038	(2,700,038)	
General revenues:			
Intergovernmental (unrestricted)		3,483,970	
Investment income (unrestricted)		199,183	
Loss on sale of capital asset		(677)	
Total general revenues		3,682,476	
Change in net position		982,438	
Net position - beginning		7,895,517	
Prior period adjustment (Note 7)		11,148	
Net position—beginning as restated		7,906,665	
Net position - ending		\$ 8,889,103	

See notes to basic financial statements.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

ASSETS	
Pooled cash and investments	\$ 5,161,158 ^{7/21}
Prepaid costs	<u>9,214</u>
Total assets	<u>\$ 5,170,372</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ <u>109,152</u> ^{5/16}
Total liabilities	<u>109,152</u>
Fund balances:	
Nonspendable	9,214
Prepaid costs	<u>5,052,006</u> ^{7/21}
Unassigned	<u>5,061,220</u>
Total fund balances	<u>5,061,220</u>
Total liabilities and fund balances	<u>\$ 5,170,372</u>

See notes to basic financial statements.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund balances - total governmental funds (see page 8) **\$ 5,061,220**

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds

	4,721,528	
Governmental capital assets	(893,645)	
Less accumulated depreciation and amortization	3,827,883	
Net position of governmental activities (see page 6)		\$ 8,889,103

See notes to basic financial statements.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

REVENUES

Intergovernmental revenue	\$	3,483,970
Investment income (loss)		199,183
		3,683,153
Total revenues		3,683,153

EXPENDITURES

Current:		
General government		2,133,424
Debt Service:		
Principal		836,307
Interest and other charges		20,849
Capital outlay		38,440
		3,029,020
Total expenditures		3,029,020
Excess of revenues over expenditures		654,133

OTHER FINANCING SOURCES (USES)

Transfers out		(388,372)
		(388,372)
Total other financing sources (uses)		(388,372)
Net change in fund balances		265,761
Fund balances - beginning		4,784,311
Prior period adjustment (See Note 7)		11,148
Fund balances - beginning as restated		4,795,459
Fund balances - ending	\$	5,061,220

See notes to basic financial statements.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total government funds (see page 10) \$ 265,761

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

Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which capital outlays exceeded depreciation in the current period. The details of the difference are as follows:

Expenditures for capital outlay	38,440	
Capital outlays not meeting threshold for capitalization	(34,145)	
Less current year depreciation and amortization	<u>(119,832)</u>	
Net adjustment		(115,537)
Disposal of lease		(677)

The issuance of long-term debt provides current financial resources to governmental funds. Repayment of the principal consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of the difference are as follows:

Principal payments:		
Lease liability	82,892	
Notes payable	<u>749,999</u>	
		832,891

Change in net position of governmental activities (see page 7) \$ 982,438

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies

The Financial Reporting Entity: The North Miami Beach Community Redevelopment Agency (the "NMB CRA") is a dependent special district established by the City of North Miami Beach, Florida (the "City") under the authority granted by Florida Statute 163, Section III. The purpose of the NMB CRA is to prevent the spread of and eliminate the existence of slum and blighted conditions within the redevelopment area. The NMB CRA was established by the City of North Miami Beach Ordinance Number 05-110 on June 7, 2005. The Miami-Dade County Board of County Commissioners (the "Board") approved and adopted the North Miami Beach Redevelopment NMB CRA Plan (the "Plan") on November 30, 2004 with the adoption of Resolution R1345-04. On December 19, 2006 the Board approved Resolution R-1427-06 extending the life of the NMB CRA for 13 years. The Board adopted Resolution R-429-12 amending the NMB CRA Plan to include certain projects and redevelopment strategies, on May 15, 2012. The Agency approved Resolution R2016-7 in acceptance of a second amended plan which did not modify the funding being contribution nor did it extend the life of the NMB CRA past the originally agreed upon 13-year term.

As defined by accounting principles generally accepted in the United States of America ("GAAP"), the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of these criteria, the NMB CRA was evaluated and determined to be a component unit of the City of North Miami Beach, Florida. Although it is legally separate from the City, the NMB CRA's sole purpose is to finance and redevelop the City's designated redevelopment areas, and the tax increment financing allocated to the NMB CRA is considered evidence of the City's obligation to provide continuing financial support to the NMB CRA. Consequently, the NMB CRA is reported in the primary government using the blended method.

Additionally, as a result of evaluating the above criteria, management has determined that no units exist for which the NMB CRA is financially accountable and which would require their inclusion in the NMB CRA's basic financial statements.

Government-wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the NMB CRA. The effect of the 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 NMB CRA had no 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. In 2023, the NMB CRA did not have any program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The NMB CRA utilizes only one fund, the General Fund, which is classified as a governmental fund and accounts for all financial resources of the NMB CRA. Following the governmental fund statements (balance sheet and statement of revenues, expenditures, and change in fund balance) are reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements.

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 recognized when a liability is incurred, regardless of the timing of the related cash flows. Incremental tax receipts are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the NMB CRA considers revenues to be available if they are collected within sixty days of end of the current fiscal period. Incremental tax revenue, when levied for, and interest income, associated with the correct fiscal period, are recorded when earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The NMB CRA's policy is to use restricted amounts first when both restricted and nonrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the NMB CRA would first use committed fund balance followed by assigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications exist and could be used.

Cash and Cash Equivalents: The NMB CRA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

Capital Assets: Capital assets which include land, and buildings and improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the NMB CRA, as assets with an initial, individual cost of more than \$1,000 for tangible assets, \$30,000 for software, and \$75,000 for easements, 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 acquisition value at the date of donation.

Outlays for capital assets and improvements, including design, engineering, installation and similar costs are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Category:	Useful Life:
Building and improvements	30-50 years
Infrastructure	30 years
Improvements other than buildings	20 years
Furniture, fixtures, machinery and equipment	5-10 years

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the governmental fund financial statements, bond premiums, discounts, and bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Equity Classifications:

Government-wide financial statements:

Net position in the government-wide financial statements is displayed in three categories, as applicable: 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net investment in capital assets consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Net position is reported as restricted when constraints are placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. Remaining net position that does not meet the definition of "restricted" or "net investment in capital assets" is reported as unrestricted.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund financial statements:

Fund balance is presented in accordance with adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the NMBBCRA is bound to honor constraints on the specific purposes for which amounts in the respective governmental fund can be spent. The classifications available to the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted into cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the NMBBCRA's Board of Directors, the highest level of decision making authority of the NMBBCRA. These amounts cannot be used for any other purpose unless the NMBBCRA's Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Resources accumulated pursuant to stabilization arrangements are reported in this category. The NMBBCRA had no committed fund balance at year-end.

Assigned: This classification includes amounts that are constrained by the NMBBCRA's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the NMBBCRA's Board of Directors delegating their responsibility to the City's Chief Financial Officer. The NMBBCRA had no assigned fund balance at year-end.

Unassigned: This classification includes amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. Positive amounts are only reported in the General Fund.

Tax Increment Financing Revenue: The NMBBCRA's primary source of revenue is tax-increment financing. The increment is determined annually and is the amount that is approximately 95% of the difference between:

- a) The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of the Redevelopment Area; and
- b) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the Redevelopment Area.

Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations.

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Note 2 – Deposits

The NMBBCRA's deposits must be placed with banks and savings and loans which are qualified as public depositories under Chapter 280, Florida Statutes. All of the NMBBCRA's deposits are insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to *Florida Statutes*, Chapter 280, "Florida Security for Public Deposits Act" (the "Act"). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level. The book value of the NMBBCRA's deposits as of September 30, 2023, was \$5,161,158.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2 – Deposits (Continued)

The NMBBCRA follows the City's deposit and investment policy. This policy was developed in accordance with Florida Statute 218.415 which authorizes investments in certificates of deposit, interest bearing time deposits or savings accounts in qualified public depositories, direct obligations of the U.S. Treasury, its agencies and instrumentalities, prime commercial paper, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, state and local taxable and tax-exempt debt, corporate notes and The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.

Note 3 – Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated nor amortized				
Land	\$ 2,460,001	\$ -	\$ -	\$ 2,460,001
Construction in progress	1,171,295	4,295	-	1,175,590
Total capital assets not being depreciated nor amortized	3,631,296	4,295	-	3,635,591
Capital assets being depreciated and amortized				
Buildings	458,575	-	-	458,575
Improvement other than buildings	485,942	-	-	485,942
Infrastructure	124,862	-	-	124,862
Right-of-use leased assets	170,640	-	(170,640)	-
Furniture, fixtures, machinery and equipment	16,558	-	-	16,558
Total capital assets being depreciated and amortized	1,256,577	-	(170,640)	1,085,937
Less accumulated depreciation and amortization				
Buildings	(372,922)	(15,284)	-	(388,206)
Improvement other than building	(438,200)	(11,155)	-	(449,355)
Infrastructure	(34,836)	(5,761)	-	(40,597)
Right-of-use leased assets	(23,700)	(87,020)	110,720	-
Furniture, fixture machinery and equipment	(14,875)	(612)	-	(15,487)
Total accumulated depreciation and amortization	(884,533)	(119,832)	110,720	(893,645)
Total capital assets being depreciated, net	372,044	(119,832)	(59,920)	192,292
Governmental activities capital assets, net	<u>\$ 4,003,340</u>	<u>\$ (115,537)</u>	<u>\$ (59,920)</u>	<u>\$ 3,827,883</u>

Provision for depreciation was charged to community services function of the NMBBCRA amounting to \$119,832. During the fiscal year ended September 30, 2023, the NMBBCRA had no deletions or transfers occurred.

Note 4 – Long Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2023:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Governmental Activities:					
Notes payable CRA - Nontaxable	\$ 749,999	\$ -	\$ (749,999)	\$ -	\$ -
Lease liability	142,135	-	(142,135)	-	-
Total	<u>\$ 749,999</u>	<u>\$ -</u>	<u>\$ (892,134)</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5 – Deposits and Withdrawals

As required by Florida Statute section 163.387(8), additional description of NMBCRA financial information during fiscal year 2023 is as follows:

Sources of deposits:

Tax increment financing – Miami-Dade County	\$ 1,547,786
Tax increment financing – City	1,936,184
Interest earnings	199,183
Total sources	\$ 3,683,153

Purpose of withdrawals:

Dedicated personnel allocation	\$ 397,017
City administrative cost allocation	387,237
Debt service	857,156
Grants to private organizations	927,340
Operating	810,202
Land and CIP	38,440
Total withdrawals	\$ 3,417,392

Note 6 – Commitments and Contingencies

Construction Projects: As part of its purpose to bring economic revitalization to the depressed area of the City through tax increment financing, the NMBCRA has routinely executed several professional service contracts that provide for various services in relation to the planning, design and construction of various improvement projects.

The NMBCRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The NMBCRA, through the City, purchases commercial insurance for the risks of loss to which it is exposed. Policy limits and deductibles are reviewed by management and established at amounts to provide reasonable protection from significant financial loss. Settled claims have not exceeded the retention and excess coverage in force for each of the past four years.

Note 7 – Prior Period Adjustment

During the fiscal year ended September 30, 2023, the beginning balance on the fund basis financial statements and government-wide were restated due to a correction of an overstatement of expenses.

	Fund Financial Statements CRA Fund	Government- Wide Financial Governmental Activities
Beginning fund balance/net position	\$ 4,784,311	\$ 7,895,517
Adjustment to correct expenses	11,148	11,148
Beginning fund balance/net position, as restated	\$ 4,795,459	\$ 7,906,665

REQUIRED SUPPLEMENTARY INFORMATION

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF NORTH MIAMI BEACH, FLORIDA)
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CRA FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 3,483,971	\$ 3,483,971	\$ 3,483,970	\$ (1)
Investment income (loss)	40,000	40,000	199,183	159,183
Total revenues	<u>3,523,971</u>	<u>3,523,971</u>	<u>3,683,153</u>	<u>159,182</u>
EXPENDITURES				
Current:				
General government	4,150,778	4,258,878	2,133,424	2,125,454
Debt Service:				
Principal	166,700	166,700	836,307	(669,607)
Interest and other charges	20,346	20,346	20,849	(503)
Capital outlay	2,450,000	2,494,636	38,440	2,456,196
Total expenditures	<u>6,787,824</u>	<u>6,940,560</u>	<u>3,029,020</u>	<u>3,911,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,263,853)</u>	<u>(3,416,589)</u>	<u>654,133</u>	<u>4,070,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(575,418)</u>	<u>(575,418)</u>	<u>(388,372)</u>	<u>(187,046)</u>
Total other financing sources (uses)	<u>(575,418)</u>	<u>(575,418)</u>	<u>(388,372)</u>	<u>-</u>
Net change in fund balance	<u>\$ (3,839,271)</u>	<u>\$ (3,992,007)</u>	<u>265,761</u>	<u>\$ 4,070,722</u>
Fund balances - beginning			4,795,459	
Fund balances - ending			<u>\$ 5,061,220</u>	

See notes to basic financial statements.

NORTH MIAMI BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF NORTH MIAMI BEACH, FLORIDA)
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2023

Note 1 – Budgets and Budgetary Accounting

The annual appropriated budget is adopted on a basis consistent with generally accepted accounting principles (“GAAP”).

The following procedures are used by the NMBBCRA in establishing the budgetary data reflected in the financial statements:

- a) Prior to September 8, during a publicly noticed budget workshop, NMBBCRA Director submits to the NMBBCRA Board of Directors a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) During the October meeting of the NMBBCRA Board of Directors, the budget is legally enacted through the adoption of a NMBBCRA budget resolution.
- d) Formal budgetary integration is employed as a management control device during the year for the fund.
- e) In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the schedule represents final authorized amounts. Budgeted amounts are as originally adopted or as amended.

Revisions that alter the total expenditures of the NMBBCRA must be approved by the NMBBCRA Board of Directors. Actual expenditures and transfers out may not exceed budget appropriations. Appropriations that are not expended nor specifically designated to be carried over, lapse at the end of the fiscal year.

Note 2 – Reconciliation of Budgeted and Actual Results

There are transfers in and transfers out to primary government is reported within the Statement of Revenues, Expenditures, and Changes in Fund Balance within Intergovernmental revenues and the General Government, respectively.

COMPLIANCE SECTION



Accountants

Advisors

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

To the Members of the Board of Directors
North Miami Beach Community Redevelopment Agency
(a Component Unit of the City of North Miami Beach,
Florida)
North Miami Beach, Florida

We have audited, 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, the financial statements of the governmental activities and the major fund of the North Miami Beach Community Redevelopment Agency (a component unit of the City of North Miami Beach, Florida) (the "NMB CRA") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the NMB CRA's basic financial statements and have issued our report thereon dated October 10, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify two deficiencies in internal control, as described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. The matters are presented as items 2022-01 and 2023-02.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NMB CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-01.

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 10, 2024

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

SIGNIFICANT DEFICIENCY

2022-01 Bank Reconciliations *KS, NIA*

Criteria:

Best practices dictate that bank reconciliations are preferably prepared and reviewed within 45 days from period end with the appropriate sign off as evidence of the completeness, the accuracy, and timeliness of the reconciliation. Bank reconciliations should be prepared by one individual and reviewed by a separate individual in management. Properly reviewed bank reconciliations reduce the risk of errors, fraud, or possible misappropriations of assets.

Condition:

During the performance of our audit planning procedures for the fiscal year ended September 30, 2023, we noted three bank reconciliations were not prepared and reviewed timely as evidenced by dated signatures.

Cause:

Lack of internal controls in place to ensure that bank reconciliations are prepared and reviewed in a timely manner. Additionally, during the year, there was turnover in management in finance.

Effect:

Without bank reconciliations being reviewed timely for accuracy and completeness, NMBBCRA would not know if the cash position at a point in time is accurate and whether or not there are errors, fraud, or misuse of funds. In addition, unreconciled transactions could cause accounts to be over/understated.

Recommendation:

We recommend NMBBCRA implement internal controls associated with the review of bank reconciliations that will ensure reconciliations are prepared and reviewed within 45 days subsequent to the month end to ensure the accuracy and completeness of cash balances reported by NMBBCRA.

View of Responsible Officials and Planned Corrective Actions:

Management accepts the Auditors' recommendation to NMBBCRA to implement internal controls associated with the review of bank reconciliation that will ensure reconciliations are prepared and reviewed within 45 days after the month end to ensure the accuracy and completeness of cash balances reported by NMBBCRA.

For more than half of FY2023, NMBBCRA continued to the experience system issues resulting from the Tyler EnerGov Implementation that severely impacted the timeliness of cash/bank reconciliations during the fiscal year. As of August 1, 2023, management implemented a work-around process, which included adding a part-time staff to assist with certain aspects of the reconciliation process. NMBBCRA has since been completing the reconciliations within the 45-days timeframe after month-end.

2023-02 Financial Close and Reporting *1/4/2024, 3D, 1/1/2024*

Criteria:

Timely preparation and accurate account reconciliations are key to maintaining adequate control over financial reporting. During the performance of our fieldwork procedures, we noted several misstatements in the areas of revenues, accounts receivable, debt, and capital assets suggesting the financial information provided was not complete and not fully adjusted.

Condition:

Prudent timely completion and review of account reconciliations and closure of accounting periods provides the ability to apply proper fiscal management/oversight. Municipalities should have adequate staffing to provide for a formal review of general ledger activity and account balances periodically to identify potential concerns and imbalances throughout fund activity.

Cause:

Insufficient controls in place to ensure appropriate review of financial reporting and timely closure of accounting periods. NMBBCRA currently lacks personnel to allow for an appropriate and adequate review of accounting data and financial information.

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2023-02 Financial Close and Reporting

Effect:

We identified several misstatements during the course of our audit and provided them to management, who made the corrections to the appropriate accounts and reconciliations. Without the presence of an appropriate review, the effects may lead to misappropriation of assets, delays in financial reporting, and material misstatements.

Recommendation:

We recommend NMBCRA evaluate manpower needs in the finance department to provide for timely accounting period closure and proper review of account activity.

View of Responsible Officials and Planned Corrective Actions:

Management accepts the Auditors' recommendation to NMBCRA to implement internal controls associated with the year-end close process. As with many other departments within NMBCRA, the Finance Department experienced attrition with staffing at critical time in the fiscal year; and around the FY2023 fiscal year-end. In addition to limited staffing, there were multiple issues that impacted the review and timeliness of the year-end close process, namely, multiple items in the General Ledger that were never addressed or adjusted in prior years as well as delays in closing out A/P and P-CARDS. The Finance Department has since hired additional staff that will be assisting to ensure proper review, and timely closure with the accounting and year-end close processes.

NONCOMPLIANCE

2023-01 Annual Financial Audit Report

IS, 1/10/2023, 10-1-2023

Criteria:

Florida Statutes section 218.39 states that local government entity shall have an annual financial audit of its account and records completed within 9 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds.

Cause:

NMBCRA did not complete its annual financial audit for the fiscal year ended 2023 within 9 months after year end.

Effect:

Delays in the financial close and reporting procedures of NMBCRA.

Recommendation:

We recommend that, in the future, NMBCRA completes its annual financial audits within 9 months after its fiscal year end.

View of Responsible Officials and Planned Corrective Actions:

Management accepts the Auditors' recommendation to NMBCRA to implement internal controls associated with the timely completion of the of the audit and financial reporting within nine (9) months after the end of the fiscal year. For the FY2024 fiscal year, NMBCRA implemented an automation tool to allow for timely preparation of the financial statements. In addition, NMBCRA will work with the external auditors to schedule the year-end audit timeline and ensure that we are strictly adhering to milestones and timelines as scheduled.



Accountants

Advisors

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF
THE STATE OF FLORIDA**

To the Members of the Board of Directors
North Miami Beach Community Redevelopment Agency
(a Component Unit of the City of North Miami Beach,
Florida)
North Miami Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and the major fund of the North Miami Beach Community Redevelopment Agency (a component unit of the City of North Miami Beach, Florida) (the "NMBCRA") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 10, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Schedule of Findings and Responses, and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 10, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the NMBCRA 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 NMBCRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the NMBCRA.

Financial Condition and Management (Continued)

It is management's responsibility to monitor the NMBBCRA'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 assessment was performed as of the fiscal year end.

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

Special District Component Units

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

As required by Section 218.39(3)(b), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the NMBBCRA reported:

- The total number of NMBBCRA employees compensated in the last pay period of the NMBBCRA's fiscal year was 2.
- The total number of independent contractors to whom non-employee compensation was paid in the last month of the NMBBCRA's fiscal year was 2.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$397,015.
- All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued regardless of contingency as \$492,464.
- Each construction project with a total cost of at least \$65,000 approved by the NMBBCRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as:
 - Snake Creek Canal Improvements – has commenced, and approximately \$74,110 in expenditures were incurred during the fiscal year.
 - Land Banking and Redevelopment Opportunities – scheduled, however, no expenditures were incurred during the fiscal year.
 - West Dixie Highway Streetscape Improvements – scheduled, however, no expenditures were incurred during the fiscal year.
 - Taylor Park Project – scheduled, however, no expenditures were incurred during the fiscal year.
- A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the NMBBCRA amends final adopted budget under Section 189.016(4), Florida Statutes, as shown on the budgetary comparison schedule on page 17 of the financial report.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Additional Matters (Continued)

In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 10, 2024



Accountants

Advisors

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES

To the Members of the Board of Directors
North Miami Beach Community Redevelopment Agency
(a Component Unit of the City of North Miami Beach,
Florida)
North Miami Beach, Florida

We have examined the North Miami Beach Community Redevelopment Agency (a component unit of the City of North Miami Beach, Florida) (the "NMBCRA") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies and Sections 163.387(6) and 163.387(7), Florida Statutes during the period of October 1, 2022, to September 30, 2023. Management is responsible for the NMBCRA's compliance with the specified requirements. Our responsibility is to express an opinion on the NMBCRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the NMBCRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the NMBCRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the NMBCRA's compliance with specified requirements.

In our opinion, the NMBCRA complied, in all material respects, with the requirements of Section 218.415, 163.387(6), and 163.387(7), Florida Statutes during the period of October 1, 2022, to September 30, 2023.

This report is intended solely for the information and use of management, the NMBCRA's Board, and others within the NMBCRA and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 10, 2024



Accountants

Advisors

October 10, 2024

Honorable Mayor and Members of the Board
North Miami Beach Community Redevelopment Agency
(a component unit of the City of North Miami Beach, Florida)
17011 NE 19 Avenue
North Miami Beach, FL 33162

We have audited the financial statements of the governmental activities and the major fund of the North Miami Beach Community Redevelopment Agency (a component unit of the City of North Miami Beach, Florida) (the "NMBCRA") for the fiscal year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 24, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NMBCRA are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. We noted no transactions entered into by NMBCRA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the NMBCRA's financial statements was:

Management's estimate of the accumulated depreciation is based on a valuation of assets on a historical cost basis. We evaluated the key factors and assumptions used to develop the accumulated depreciation and net book value of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit other than some delays in receiving some of the information due to turnover and vacancies in the finance department.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 10, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the NMBCRA's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the NMBCRA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As a result of this year's audit, we reported two (2) significant deficiency and one (1) noncompliance. These matters are further discussed in the Schedule of Findings and Responses.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the NMBCRA Board of Directors and management of the NMBCRA and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Caballero Fierman Llerena & Garcia, LLP