

**CITY OF SUNNY ISLES BEACH, FLORIDA**

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

# CITY OF SUNNY ISLES BEACH, FLORIDA

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## INTRODUCTORY SECTION

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## City Commission

Norman S. Edelcup  
Mayor

April 2, 2010

Lewis J. Thaler  
Vice Mayor

Roslyn Brezin  
Commissioner

Gerry Goodman  
Commissioner

George "Bud" Scholl  
Commissioner

Rick Conner  
City Manager

Hans Ottinot  
City Attorney

Jane A. Hines  
City Clerk

To the Honorable Mayor Norman Edelcup, Members of the City Commission and Citizens of the City of Sunny Isles Beach:

State law requires that all general purpose local governments publish within one year of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by licensed certified public accountants. In addition, Section 4.10 of the City Charter requires that qualified public accountants shall make an independent audit of accounts for submission to the City Commission. In fulfillment of these requirements, the City's Comprehensive Annual Financial Report for the year ended September 30, 2009 is presented for your consideration and review.

Responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with the City. We believe the information as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City and that all disclosures necessary to enable the reader to gain a general understanding of the City's financial activity have been included. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Sunny Isles Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

MarcumRachlin LLP, a division of Marcum LLP, a licensed certified public accounting firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sunny Isles Beach for the year ended September 30, 2009, are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement



presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended September 30, 2009 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis provided by management accompanying the basic financial statements. This letter of transmittal is complementary to the MD&A and should be read in conjunction with it. The City of Sunny Isles Beach's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Sunny Isles Beach has 19,540 residents, according to the State of Florida's 2009 population estimate. It is located in northeastern Miami-Dade County. As might be expected from the name, it consists of a barrier island between the Atlantic Ocean and the Intracoastal Waterway. The William Lehman Causeway and Sunny Isles Boulevard provide access from the City to the mainland and to the beaches of the barrier island.

The City was incorporated in 1997 and operates under a council-manager form of government. The Mayor and four-member City Commission establishes policy, enacts legislation and adopts budgets. The City provides a full range of services: public safety (police, building and zoning), transportation and the construction and maintenance of roads, infrastructure, recreation facilities, operation and maintenance of parking facilities, general government and administrative services. Fire protection, water and sewer utilities, education and welfare services are provided by other units of local government whose activities are not included in the accompanying financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents a proposed budget to the City Commission, after having reviewed and revised budget requests from all departments. The Commission holds two public hearings to receive public comment prior to adopting the final budget and tax millage. The budget must be adopted prior to September 30<sup>th</sup>. The department is the legal level of budgetary control. The City Commission must approve all supplemental appropriations and any transfers of appropriations between departments. The total taxable value for the city was \$6.1 billion, which included over \$946 million in new construction in CY 2008. The millage rate was set at 2.4842, increased slightly from 2.3979 mills the previous year. Budget-to-actual comparisons are provided for the General Fund in the Required Supplementary Information section following the notes to the financial statements.



## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City of Sunny Isles Beach operates.

### **Local Economy**

The City's ideal location makes it a wonderful place in which to live and work. The City is conveniently located within easy driving distance of the cities of Miami, Miami Beach and Fort Lauderdale, along with all their commercial and employment opportunities, cultural, recreational and other amenities. The Miami and Fort Lauderdale airports, Port Everglades and the Port of Miami are all easily accessible.

Property tax values decreased during the past year as they did throughout the rest of the country. However, with the increased new construction the overall net decrease in taxable value was just 3%.

### **Long-term Financial Planning**

Since the City of Sunny Isles Beach is almost completely built out on the east side, its primary focus related to economic growth in the future will be the redevelopment of commercial and public properties on the west side of the City. The significant development projects that were substantially completed in 2009 included St. Tropez I, II, & III, Trump Tower III and Jade Beach & Ocean.

The General Fund fund balance as of September 30, 2009 was approximately \$17 million while the CIP Fund was \$15.6 million. Approximately \$5.2 million of the General fund balance has been designated for use in hurricane and other disaster related emergencies. The entire CIP fund balance has been designated for existing projects such as the Newport Fishing Pier, pedestrian and emergency vehicular bridge, Heritage Park development, Atlantic Isle improvements and Collins Avenue streetscape. And, the Stormwater fund borrowed \$2.5 million from the CIP Fund for the drainage projects on 172<sup>nd</sup> Street, Atlantic Isle and Central Island. This loan will be repaid at 5% interest from operating proceeds over the next 5 years.

The City was also successful in closing out many of the grants that were awarded last year. These included two grants from Miami-Dade County. The first was the Safe Neighborhood Park grant for \$143,000 and the other was the \$200,000 grant from the Landscaping Committee for the Collins Avenue Streetscape project. There were also two grants from the State of Florida that were closed out:



\$250,000 from the Florida Department of Environmental Protection (DEP) for the Central Island Drainage project and \$135,610 from the Florida Recreation Development Assistance Program (FRDAP) for the Bella Vista Bay Park property acquisition.

The City took advantage of its strong liquidity and borrowing capacity by securing a \$20 million loan from Bank of America for twenty years at 4.03%. These Land Bank funds were then used to acquire several parcels of land to be used to for developing the new gateway park on Sunny Isles Boulevard and The Intracoastal Park system on Collins Avenue. These new parks will provide additional green space needed pursuant to the City's Comprehensive Plan.

### **Cash Management and Investments**

The City invests surplus funds in accordance with its investment policy adopted pursuant to *Florida Statutes Chapter 218.415*. The policy promotes, in order of priority, safety of principal, adequate liquidity, and maximization of total return and allows positions in high-quality U.S. Government or Agency Debt with maturity terms less than ten years.

### **Financial Policies**

As the city continues to grow and diversify, so must the financial framework adapt to support this development. During the past year the City implemented an inventory process with Cultural and Human Services for athletic supplies and concession goods. While the amounts are not considered material, the auditors observed the inventory procedure and had no further changes. A recommendation has been made to centralize the invoicing process citywide. The Finance Department is in the process of reviewing and recommending purchase of an accounts receivable module that interfaces to the existing financial software to accomplish this. The City also completed an agreement to streamline and consolidate all banking services under a single umbrella with Bank of America. This includes the day-to-day banking as well as Purchasing cards, credit card services, bank loan, etc.

### **Major Initiatives**

This past year saw the reopening of Gwen Margolis Park on Bay Road after major renovations to address drainage issues. Beautification projects were completed at the city entrances on Sunny Isles Boulevard and the Lehman Causeway. A new Visitor Center was opened in the Government Center, which also had some amenities added. Pelican Community Park completed its first year of operations and was deemed a resounding success as resident programs have been greatly

