

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF SUNNY ISLES BEACH, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

Prepared by the
Finance Department

CITY OF SUNNY ISLES BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended September 30, 2013

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INTRODUCTORY SECTION



City Commission

Norman S. Edelcup
Mayor

Isaac Aelion
Vice Mayor

Jeanette Gatto
Commissioner

Jennifer Levin
Commissioner

George "Bud" Scholl
Commissioner

Christopher J. Russo
City Manager

Hans Ottinot
City Attorney

Jane A. Hines
City Clerk, MMC

January 8, 2014

Honorable Mayor
Members of the City Commission
Citizens of the City of Sunny Isles Beach, Florida

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Sunny Isles Beach, Florida (the City), for the fiscal year ended September 30, 2013. State law requires that all general-purpose local governments annually publish a complete set of financial statements within nine months of the close of each fiscal year. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an external auditing firm. We believe that this report complies with these requirements and continues to present the City's strong tradition of full financial disclosure. The philosophy is reflected by the informative financial analysis provided by the City's Finance Department and the statistical tables included herein.

The CAFR's role is to assist in making good decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of City operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of



operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

Keefe, McCullough & Co., LLP, our independent auditors, has issued an unmodified opinion on the City of Sunny Isles Beach's financial statements for the fiscal year ended September 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

An unmodified opinion is issued when an auditor believes that the financial statements are free from material misstatement. Information is considered material if the omission or misstatement can influence the economic decision of users of the financial statements.

The City's financial statements have been prepared using the reporting model in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis (MD&A). MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments the letter of transmittal and should be read in conjunction with it.

THE CITY OF SUNNY ISLES BEACH

Profile

The City of Sunny Isles Beach occupies 1.78 square miles in the northeastern corner of Miami-Dade County, the most populated county in the State of Florida. With an estimated population of 21,331 people, the City ranks 15th in population amongst the 35 municipalities in the County. The City is located on a barrier island bounded by the Atlantic Ocean on the east and the Atlantic Intracoastal Waterways on the west. The City has been developed primarily for residential and tourism purposes.

The City was incorporated in 1997 and operates under a mayor-commission-manager form of government. Policy-making and legislative authority are vested in the governing commission, which consists of a mayor and a four member Commission. The City Commission is vested with policy setting authority, adopting the annual budget, approving general purchases and services of the governmental operations, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for recommending and carrying out the policies and ordinances of the City Commission, appointing the directors of the City's departments, submitting a proposed annual budget, advising the Commission



as to the financial condition of the City, and overseeing the day-to-day operations of the City.

The City is divided into four districts with one Commissioner required to reside in each district. Each Commissioner is elected “at large” and is elected for a four-year term. The Mayor is elected “at large” and is elected for a four-year term.

Services Provided

The City of Sunny Isles Beach provides a full range of municipal services: public safety (police, building and zoning, and ocean rescue), transportation, maintenance of roads and parks, 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.

Accounting and Internal Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state, and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs. This internal control structure is subject to periodic evaluation by management.

The City is required to undergo an annual single audit performed under the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General, State of Florida if the City incurs aggregate expenditures of at least \$500,000 in federal or state funds. The information related to the Single Audit, including the schedule of expenditures of federal awards and state financial



assistance, findings and questioned costs, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in the compliance section of this report. This report disclosed no instances of significant deficiencies in internal control over financial reporting or significant violations of applicable laws and regulations.

Budgetary Controls

In addition, the City maintains budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. In accordance with state laws the Adopted Budget is posted on the City's website within 30 days of adoption. Activities of the General Fund, Special Revenue Funds, and Capital Project Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget. All expenditures for other than personal services are controlled by a procurement system, which encumbers purchase orders against budgets prior to issuance to the vendors. Purchase orders are not issued until appropriations are made available.

Transfers between line items or department accounts within departmental budget or decreases in line items or department accounts not amounting to more than 20% of the total budget of each department may be made by the City Manager. All other budgetary transfers shall be approved by resolution of the City Commission. Budget amendments are submitted quarterly, or as needed, to the City Commission for their consideration and approval by ordinance.

LOCAL ECONOMY

Since its origin, the City has been developed mostly for residential and tourism purposes. Today, accommodations and food services are the primary industry, followed by its luxury residential component. After the City's incorporation and the adoption of its Comprehensive Plan, allowing for a strategic revitalization of its greater assets - the beach and waterfronts - the City experienced significant growth in its tax base. This is mostly attributable to the replacement of old motels with the redevelopment of luxurious high rise residential condominiums and hotels. However, due to the burst in the real estate bubble in 2008, new construction halted where some projects were abandoned and/or not completed and other planned projects did not come to fruition. Recently, the City has been experiencing a



rebound in the redevelopment, and many developers have submitted site plans for new residential and commercial developments. The development community is obtaining a high rate of commitments from prospective buyers securing the viability of new projects. In addition, projects that have been left uncompleted from the past have resumed. There is approximately \$900 million in estimated construction work for all planned projects that are currently in progress or anticipated to be started in the coming years and approximately 1,180 household units to be added.

As presented in the table below, the 2011 fiscal year ended with taxable value at its lowest point in years. During the years of decline, the City experienced new construction which helped minimize the impact of the devaluation of the property values. Property values started to appreciate again in 2012, and the continuing increase in property values in 2013 and 2014 is primarily attributed to the turnover of long-term owned properties to new buyers. This allows for the property taxable valuation to “reset” to the current fair market value compared to the long-term owned property that was protected at the fair market value at time of purchase with annual increases equal to the lesser of CPI or 3%.

Since the City experienced a significant decline in property values in 2011, the millage rate was increased from 2.65 to 2.886 for FY 2011 and FY 2012. The millage rate was reduced by approximately 3.0% to 2.8 in 2013. Since property tax values are projected to increase for fiscal year 2014, the millage rate was reduced by approximately 3.5% to 2.7 with a projected collection of \$17.7 million in ad-valorem revenues.

| | FISCAL YEAR | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 (Estimated) | 2013 | 2012 | 2011 | 2010 |
| Current Year Adjusted Values | 6,900,843,377 | 6,184,144,720 | 5,624,026,354 | 5,175,875,235 | 5,185,213,431 |
| Plus New Construction | 3,242,515 | 74,139,611 | 224,053,924 | 454,360,612 | 946,428,214 |
| Total Estimated Taxable Values | 6,904,085,892 | 6,258,284,331 | 5,848,080,278 | 5,630,235,847 | 6,131,641,645 |
| Adjustments | N/A | (149,228,754) | (197,002,891) | (231,024,556) | (269,317,625) |
| Total Final Taxable Values | 6,904,085,892 | 6,109,055,577 | 5,651,077,387 | 5,399,211,291 | 5,862,324,020 |
| Change from Prior Year | 13.0% | 8.1% | 4.7% | -7.9% | |



MAJOR INITIATIVES

For the Year

With goals and priorities of a financially sound City government, top quality municipal services, sustainable city and a strong partnership with our stakeholders, the City continues to demonstrate its ability to be one of the most financially secure local governments in Florida. While maintaining its strong fiscal health, the City has continued to focus on the redevelopment of commercial areas, improving our service delivery, completing our capital projects, and planning for world class maintenance. We want to make Sunny Isles Beach number one in quality of life in South Florida.

In April 2013, the City refinanced two of its existing debt obligations through the issuance of the 2013 Stormwater Utility Revenue Refunding Bonds. The City refunded the 2002 Stormwater Revenue Bonds which had a principal balance of \$1,500,000 with an interest rate of 4.23%, and the 2010 Stormwater Revenue Bonds which had a principal balance of \$3,141,944 and an interest rate of 4.02%. The interest savings on this refunding is approximately \$688,267 over the remaining 10 years of the term of the debt – a significant savings for the City.

As part of the redevelopment and enhancement effort, the City has embarked on a number of capital projects. The most significant project completed this year was the reconstruction of the historic Newport Fishing Pier, the only fishing pier in Miami-Dade County. Also completed was the expansion of the Norman Edelcup K-8 School. Significant improvements were made to the City's parks, including Pelican Community Park, Gwen Margolis Park, Town Center Park, Samson Park, and Heritage Park.

For the Future

Several large capital projects are planned for fiscal year 2014 and beyond.

The City continues its efforts to undertake the construction of an emergency bridge over a canal, which will connect North Bay Road from 172nd Street to 174th Street and is located in the west part of the City. The bridge will allow connectivity for pedestrians and cyclists in addition to providing access for emergency vehicles going north and south. Currently, the City has one available road that connects north and south to the east/west roads of the barrier island. This project will create another viable road to leave the barrier island.

The City entered into an agreement for a turnkey park and parking garage to be



known as Gateway Park. The project is currently in the final planning and design stages, and construction shall commence shortly. The project is envisioned to have an estimated 300 car parking garage and an enhanced park area (green space) close to the south end of the City adjacent to one of the two major east/west roadways that connects the City with the mainland. The project is expected to be completed at the end of 2014.

Additional capital projects planned include utility undergrounding, further enhancements to existing parks, streetscaping, sidewalks and drainage projects.

The City expects a period of growth following fiscal year ending September 30, 2013 with the planning and construction of private condominium residences and commercial buildings on both the east and west side of the City.

The significant projects currently under way include the following:

- Regalia which is a luxury condominium project in the north end of the City will generate an additional 40 units with approximately 219,558 square feet of designated residential space. The project is anticipated to be completed in 2014.
- Mansions at Acqualina which is a luxury condominium project will provide 79 units with approximately 426,663 square feet of designated residential space. This project is anticipated to be completed in mid 2016.
- Chateau Beach is an oceanfront 35 story condominium project that will accommodate 84 units. The project is anticipated to be completed in early 2016.
- Porsche Design Tower is a “futuristic” 57 story tower with 132 residential units and a uniquely designed elevator system featuring robotics that will take residents and their vehicles to their respective unit’s floor. Construction is anticipated to be completed late 2015.
- One Netanya is a commercial building located at 323 Sunny Isles Boulevard. This commercial building is one of the first commercial buildings being developed on the west side of the City providing approximately 43,772 of office/commercial space. The project is anticipated to be completed in late 2014.



- 400 Sunny Isles Marina is a mixed-use project on the west side of the City, incorporating a marina, 230 condominium units, and retail. Construction is anticipated to be completed in 2016.
- Jade Signature is a high-rise encompassing a 55-story and 223 unit condominium with approximately 646,978 square feet. The design of this tower is by the renowned architect firm Herzog & De Meuron. Construction is anticipated to be completed in 2017.

Projects expected to start in the 2014 year include the following:

- St Tropez Towers IV and V is a luxury condominium project that will enhance their existing buildings; Towers I, II and III. These two towers will provide for 329 residential units. Construction is anticipated to start 2014 and be completed late 2016.
- Atlantic 15 is a single-family community encompassing 15 single family homes. Construction is anticipated to start in 2014.
- Dezer Office Tower is a 17-story office/commercial building with a total of 146,250 square feet. This tower will be located next to City Hall and will provide much needed office/commercial space for the City. The project is anticipated to start construction in 2014.

The City expects a modest steady growth in the tax base to continue for the next several years resulting from reassessments of existing property that turnover to new buyers and also significant spikes in new construction additions for FY 2014 through 2017 as highlighted above.

The City is closely monitoring state legislative proposals and their potential impacts and limitations to Florida municipalities. The consequences of a combination of several of the proposals could have a significant impact on the City's ability to maintain and/or improve services to residents.

LONG RANGE FINANCIAL PLANNING

The City Commission has adopted financial policies for operating, capital and debt management. Management has made every effort to comply with these policies and we believe that we are in compliance with the adopted policies. Annually, a long-range financial plan is presented by the City Manager in the spring. This document forecasts the General Fund operations for the next five years and is used to guide the



development of the annual operating budget.

The Capital Improvements Program (CIP) is prepared and presented to the City Commission as part of the annual budget process. The projects represent the City's plan for new park development and infrastructure improvements and replacement.

OTHER INFORMATION

Independent Audit

The City Charter, Section 4.10, requires an annual audit of the City's financial statements by independent accountants selected by the City Commission. This requirement has been complied with and the independent auditor's report is included in the financial section of this report.

Awards and Acknowledgements

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sunny Isles Beach, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the third consecutive year the City received the award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awarded the Distinguished Budget Presentation Award for the annual budget document for the fiscal year ended September 30, 2013. This was the sixth consecutive year the City received this award. This award is the highest form of recognition in governmental budgeting and represents a significant achievement by the City. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the award, the City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as: a policy document, a financial plan, an operations guide and a communications device.



The preparation of this report would not have been possible without the hard work and dedication of the members of the new Finance Department and our department heads. We would like to express our appreciation to the finance team who led the way and contributed to the preparation of this report. We are grateful for the support of the Mayor and Commission for maintaining the highest standards of professionalism in the management of the City of Sunny Isles Beach.

Respectfully submitted,

Christopher J. Russo
City Manager

Audra K. Curts-Whann, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sunny Isles Beach
Florida**

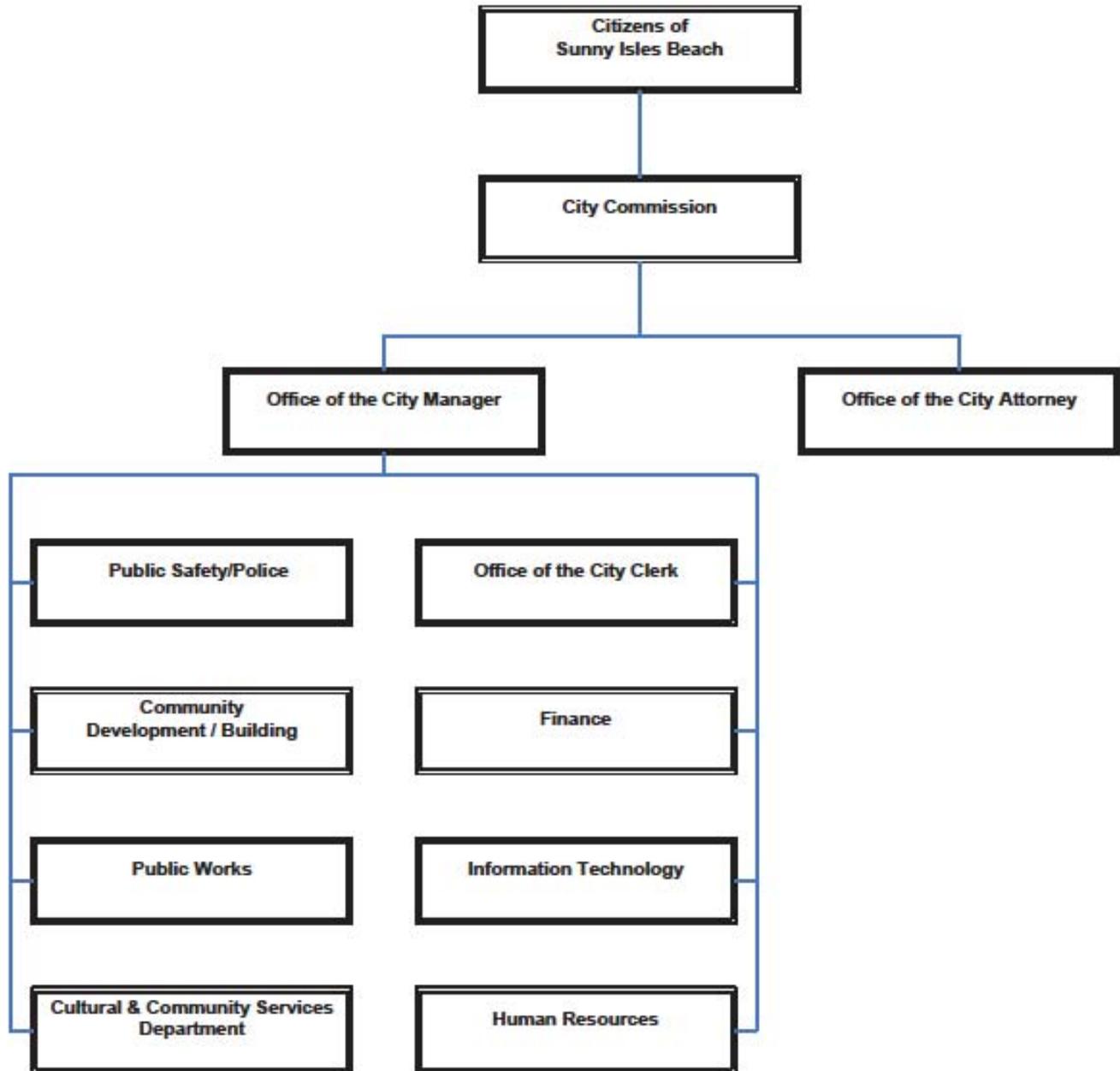
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



Sunny Isles Beach Government Structure



CITY OF SUNNY ISLES BEACH, FLORIDA
CITY OFFICIALS
As of September 30, 2013

CITY COMMISSION

Norman S. Edelcup - Mayor
Isaac Aelion - Vice Mayor
Jeanette Gatto
Jennifer Levin
George "Bud" Scholl

CITY MANAGER

Christopher J. Russo

CITY ATTORNEY

Hans Ottinot

CITY CLERK

Jane A. Hines, M.M.C.

FINANCE DIRECTOR

Audra Curts-Whann, C.P.A.

CITY AUDITORS

Keefe, McCullough & Co., LLP

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Commission and City Manager
City of Sunny Isles Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sunny Isles Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress, other post-employment benefits plan, on pages 4 through 13 and page 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, other financial information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A- 133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, other financial information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison information, other financial information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance them.

City of Sunny Isles Beach, Florida

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2014 on our consideration of the City's internal control over financial reporting and on 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 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 City's internal control over financial reporting and compliance.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 8, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

As management of the City of Sunny Isles Beach, we offer readers of the City of Sunny Isles Beach financial statements this narrative overview and analysis of the financial activities of the City of Sunny Isles Beach for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages i through x of this report. All amounts in this section, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The assets of the City of Sunny Isles Beach exceeded its liabilities at the close of the most recent fiscal year by \$ 176.1 (net position). Of this amount, \$ 38.8 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$ 22.5 during the current fiscal year. Net position of our governmental and business-type activities increased by \$ 22.3 and \$ 0.2, respectively.
- As of the close of the current fiscal year, the City of Sunny Isles Beach governmental funds reported combined ending fund balances of \$ 58.1, an increase of \$ 15.8 in comparison with the prior year. Approximately 8.6% of this balance or, \$ 5.0 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, fund balance for the General Fund was \$ 15.3 or 55.0% of the total General Fund expenditures and other financing uses. Of this balance, \$ 10.0 has been committed to the Hurricane/Emergency and Disaster Recovery Operating Reserves, \$ 0.3 for prepaid assets and \$ 5.0 million was unassigned and available for new spending.
- Interest rates have begun to stabilize. As such, the City's average interest earnings return has increased from 1.30% in 2012 to 1.41% in 2013. In addition, there was an unrealized loss on investments of \$ 1.4 due to market fluctuations. These investments will be held until maturity and are expected to regain their market value by this time.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities.

The *Statement of Net Position* presents information on the assets held, liabilities owed by the City and any deferred inflows and outflows of resources. Assets are reported when the City acquires ownership over the assets and liabilities are reported when they are incurred, regardless of the timing of the related cash flows. For example, the City reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the City. On the other hand, the City reports liabilities even though these liabilities might not be paid until several years into the future.

The difference between the City's total assets, total liabilities and deferred inflows and outflows of resources is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. In general, as this amount increases it indicates that the financial position of the City is improving over time.

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

The *Statement of Activities* presents revenues and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the City of Sunny Isles Beach that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Sunny Isles Beach include general government, public safety, physical environment, transportation, and culture and recreation. The business-type activities of the City of Sunny Isles Beach are the Stormwater operations.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City of Sunny Isles Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sunny Isles Beach can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period of time after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues and expenditures that were collected or paid during the current period or very shortly after the end of the year.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because a different accounting basis is used to prepare the fund financial statements and the government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of the net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City of Sunny Isles Beach maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Capital Projects Fund, the 2010 Capital Projects Fund, the 2011 Capital Projects Fund, and the Law Enforcement Trust Fund which are considered to be major funds. The City presents data from all other non-major funds in a single column (non-major funds). Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

The City of Sunny Isles Beach adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

Proprietary Funds. Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. The City maintains one type of proprietary fund known as an enterprise fund.

The City uses enterprise funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The City of Sunny Isles Beach uses an enterprise fund to account for its stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 43 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Sunny Isles Beach's General Fund budgetary comparison schedule to demonstrate compliance with the budget. Required supplementary information can be found on pages 44 through 48 of this report.

Government-wide Financial Analysis

Summary of net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

- 1) Net results of activities will impact (increase/decrease) current assets and unrestricted net position.
- 2) Borrowing for capital will increase current assets and long-term debt.
- 3) Spending borrowed proceeds on new capital will reduce current assets and increase capital assets. There is a second impact: an increase in invested in capital assets and an increase in related debt will not change the net investment in capital assets.
- 4) Spending of non-borrowed current assets on new capital will reduce current assets, increase capital assets, reduce unrestricted net position, and increase net investment in capital assets.
- 5) Principal payment on debt will reduce current assets, reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets.
- 6) Reduction of capital assets through depreciation will reduce capital assets and net investment in capital assets.

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

The following schedule is a summary of the fiscal year 2013 statement of net position found on page 14 with comparative information for fiscal year 2012.

City of Sunny Isles Beach
Net Position
September 30, 2013 and 2012
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 62,574 | \$ 48,332 | \$ 1,091 | \$ 957 | \$ 63,665 | \$ 49,289 |
| Capital assets | 156,682 | 152,183 | 16,513 | 16,823 | 173,195 | 169,006 |
| Total assets | <u>219,256</u> | <u>200,515</u> | <u>17,604</u> | <u>17,780</u> | <u>236,860</u> | <u>218,295</u> |
| Long-term liabilities outstanding | 49,032 | 51,422 | 3,839 | 4,322 | 52,871 | 55,744 |
| Other liabilities | 6,789 | 7,896 | 480 | 407 | 7,269 | 8,303 |
| Total liabilities | <u>55,821</u> | <u>59,318</u> | <u>4,319</u> | <u>4,729</u> | <u>60,140</u> | <u>64,047</u> |
| Total deferred inflows of resources | <u>575</u> | <u>632</u> | <u>-</u> | <u>-</u> | <u>575</u> | <u>632</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 113,902 | 107,948 | 12,480 | 12,441 | 126,382 | 120,389 |
| Restricted | 10,930 | 7,916 | - | - | 10,930 | 7,916 |
| Unrestricted | <u>38,028</u> | <u>24,701</u> | <u>805</u> | <u>610</u> | <u>38,833</u> | <u>25,311</u> |
| Total net position \$ | <u><u>162,860</u></u> | <u><u>140,565</u></u> | <u><u>13,285</u></u> | <u><u>13,051</u></u> | <u><u>176,145</u></u> | <u><u>153,616</u></u> |

The overall position of the City improved in both the 2013 and 2012 fiscal years. Changes in net position over time can be one of the best and most useful indicators of the financial position. The total net position of the City increased by \$ 22.5 or approximately 14.6% from \$ 153.6 in 2012 to \$ 176.1 in 2013. The increase in net position was primarily a result of operations in the governmental activities.

At the end of the fiscal year, the City reported positive balances in all categories of net position for both governmental and business-type activities.

By far, the largest portion of the City's net position (72%) reflects in its investment in capital assets (such as land, building, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (6%) represents resources that are subject to external restrictions on how they may be used. The balance in restricted net position reflects a net increase of \$ 3.0 from \$ 7.9 in 2012 to \$ 10.9 in 2013.

The fiscal year 2013 balance in unrestricted net position of \$ 38.8 increased by \$ 13.5 or 53.4% from the prior year. This increase is primarily due to income generated from impact fees along with a deferral and reduction of capital outlay and other expenditures, respectively. The balance in unrestricted net assets represents resources that may be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

Summary of changes in net position. The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 1) **Economic Condition** can reflect a declining, stable or growing environment and has an impact on property taxes, non-ad valorem assessments and sales, gas, or other tax revenues as well as consumer spending habits as it relates to building permits, user fees, and other consumption revenues.
- 2) The City Commission has authority to set **increases or decreases in City rates** (Stormwater, permitting, impact fees, user fees, etc.).
- 3) **Changing patterns in intergovernmental and grant revenues** (both recurring and non-recurring) can change and impact the annual comparisons.
- 4) **Market impacts on investment income** may cause investment revenues recorded to fluctuate from the prior year.

Basic impacts on expenses are outlined below:

- 1) **Introduction of new programs** can have an impact on property taxes, non-ad valorem assessments and sales, gas or other tax revenues as well as consumer spending habits as it relates to building permits, user fees, and other consumption revenues.
- 2) **Changes in service demand levels** can cause the City to increase or decrease authorized staffing.
- 3) **Salary increases** such as cost of living, performance increases and pension contributions can impact personal service costs.
- 4) **While inflation** appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals, supplies, fuels, and parts. Some functional expenses may experience unusual commodity specific increases, such as gasoline.

The following schedule is a summary of the fiscal year 2013 statement of activities found on page 15 with comparative information for fiscal year 2012.

City of Sunny Isles Beach
Statement of Activities
Years Ended September 30, 2013 and 2012
(in Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 7,926 | \$ 6,090 | \$ 983 | \$ 966 | \$ 8,909 | \$ 7,056 |
| Operating grants and contributions | 3,650 | 4,003 | 81 | 82 | 3,731 | 4,085 |
| Capital grants and contributions | 1,458 | 771 | 2 | - | 1,460 | 771 |
| General revenues: | | | | | | |
| Property taxes | 16,364 | 15,960 | - | - | 16,364 | 15,960 |
| Utility taxes | 4,195 | 3,971 | - | - | 4,195 | 3,971 |
| Franchise taxes | 1,569 | 1,685 | - | - | 1,569 | 1,685 |
| Impact fees | 16,432 | 2,306 | - | - | 16,432 | 2,306 |
| Intergovernmental | 1,893 | 1,746 | - | - | 1,893 | 1,746 |
| Investment income (loss) | (766) | 480 | (19) | 8 | (785) | 488 |
| Miscellaneous | 432 | 616 | 8 | - | 440 | 616 |
| Gain on sale of capital assets | 31 | 79 | - | - | 31 | 79 |
| Total revenues | 53,184 | 37,707 | 1,055 | 1,056 | 54,239 | 38,763 |

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

City of Sunny Isles Beach
Statement of Activities
Years Ended September 30, 2013 and 2012
(in Thousands)
(continued)

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Expenses: | | | | | | |
| General government | 5,249 | 6,279 | - | - | 5,249 | 6,279 |
| Public safety | 12,732 | 10,764 | - | - | 12,732 | 10,764 |
| Physical environment | 5,403 | 3,906 | - | - | 5,403 | 3,906 |
| Culture and human services | 4,412 | 3,242 | - | - | 4,412 | 3,242 |
| Transportation | 1,447 | 1,139 | - | - | 1,447 | 1,139 |
| Interest on long-term debt | 1,647 | 2,471 | - | - | 1,647 | 2,471 |
| Stormwater | - | - | 820 | 788 | 820 | 788 |
| Total expenses | 30,890 | 27,801 | 820 | 788 | 31,710 | 28,589 |
| Increase in net position | 22,294 | 9,906 | 235 | 268 | 22,529 | 10,174 |
| Net position-beginning as restated | 140,565 | 130,659 | 13,051 | 12,783 | 153,616 | 143,442 |
| Net position-ending | \$ <u>162,859</u> | \$ <u>140,565</u> | \$ <u>13,286</u> | \$ <u>13,051</u> | \$ <u>176,145</u> | \$ <u>153,616</u> |

Governmental activities. Governmental activities increased the City of Sunny Isles Beach's net position by \$ 22.3, thereby accounting for 99.0% of the total growth in the net position of the City of Sunny Isles Beach. Total governmental revenues increased by 41.1% from the prior year when compared to the increase in total expenditures of 11.2% from the prior year. Key elements of this increase are as follows:

- Impact fee revenues increased by \$ 14.1 due to the volume of new condominium developments starting in the City.
- Charges for services increased by \$ 1.8 due mainly to the higher volume of building permits being issued for new condominium developments and construction projects.
- Total property tax revenues increased by \$ 0.4 to \$ 16.4 for fiscal year 2013. The increase is a result of increases to the total taxable property value while reducing the millage rate applied from 2.886 to 2.800.

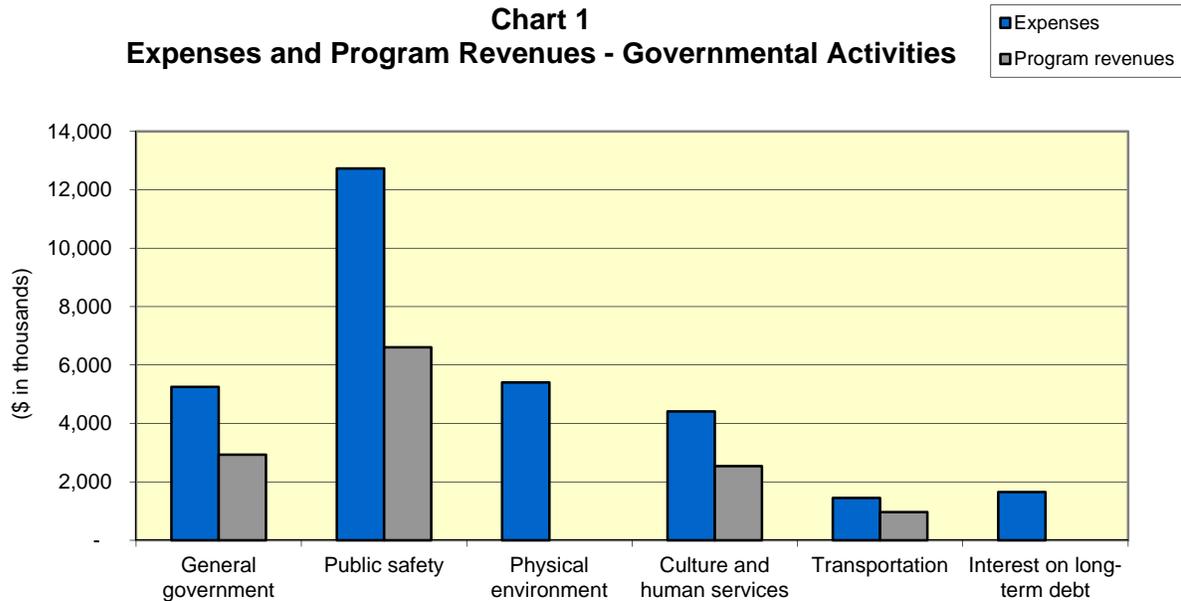
Governmental revenues increased from \$ 37.7 to \$ 53.2. 30.9% of these revenues received come from impact fees, 30.8% from property taxes and 10.8% from utility and franchise taxes. Chart 1 compares program revenues to program expenses for each category of activities. The cost of all governmental activities this year was \$ 30.9. Some of that cost was financed by:

- Those who directly benefited from the programs through charges for services (\$ 7.9), and
- Other governments and organizations that subsidized certain programs through operating and capital grants and contributions (\$ 5.1).

The City financed the remaining \$ 17.9 "public benefit" portion of governmental activities with taxes (property taxes, utility taxes, and franchise fees).

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2013

Chart 1
Expenses and Program Revenues - Governmental Activities



Business-type Activities – Business-type activities increased the City’s net position by \$ 0.2 thereby accounting for 1.0% of the total increase in the government’s net position. Revenues of the City’s business-type activities stayed relatively the same as the previous year, while expenses increased by 4.0%; \$ 0.79 to \$ 0.82. Factors contributing to these results included:

- Operating expenses increased by \$ 0.7 when compared to the previous year, but this was offset by a decrease of \$ 0.4 in interest expense.

Financial Analysis of the City’s Funds

As noted earlier, the City of Sunny Isles Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 16 through 20. The focus of the City’s governmental funds is to provide information regarding near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Sunny Isles Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 5.0. As a measure of the General Fund’s liquidity it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance represents 17.9% of total General Fund expenditures and other financing uses, while total fund balance represents 55.0% of the same amount.

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

The fund balance of the City's General Fund increased by \$ 1.0 during the current fiscal year. When comparing budget to actual, this was due to a \$ 1.0 net decrease in total expenditures and other financing sources (uses). Contributing factors to the decrease in expenditures include \$ 1.0 as a result of vacancies and benefit savings, \$ 1.0 as a result of capital outlay purchases not made or deferred until the next fiscal year, the remaining amount of \$ 1.3 is unspent monies in the operating budget which includes contingency of \$ 0.4 since most departments spend about 90% to 95% of their operating budgets. And finally, there were unused appropriations from prior year reserves which accounted for \$ 2.8 and transfers out of excess reserves were lower than budget by \$ 0.5. This offset the \$ 3.3 increase in fund balance from the decrease in expenditures leaving a total increase of \$ 1.0 in the current fiscal year.

The General Capital Projects Fund had an increase in the fund balance from the prior year of \$ 11.0; the fund balance went from \$ 11.7 in fiscal year 2012 to \$ 22.7 in fiscal year 2013. When comparing budget to actual, this increase is attributed to \$ 7.7 increase in impact fees for new condominium developments. Although expenditures had an increase from the prior year of \$ 4.9, from \$ 2.8 in fiscal year 2012 to \$ 7.7 in fiscal year 2013, the actual expenditures were still much lower than budget by \$ 5.5. The increase is attributable to the progress made on significant projects in the current year which includes the completion of the Newport Pier.

The 2010 Capital Projects Fund had an increase in the fund balance from the prior year of \$ 1.3; the fund balance went from \$ 5.5 in fiscal year 2012 to \$ 6.8 in fiscal year 2013. The increase is due to transfers in of \$ 2.2 that were expected to be spent on expenditures related to significant capital projects. However, actual expenditures were \$ 0.7.

The 2011 Capital Projects Fund had a minimal decrease in fund balance from prior year of \$ 0.04 due to an allocated investment loss. This fund was established in fiscal year 2012 with new issuance proceeds resulting from the 2011 Capital Improvement Revenue and Revenue Refunding Bond net of the refunding for \$ 7.6.

The Law Enforcement Fund has a total fund balance of \$ 9.9 of which most of it is held in cash and investments.

Proprietary Funds

The City of Sunny Isles Beach proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the City's proprietary fund as of the fiscal year end is \$ 0.8. The total increase in net position was \$ 0.2. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Sunny Isles Beach's business-type activities.

General Fund Budgetary Highlights

During the year, there was a \$ 0.4 increase in expenditures between the original and final amended budget. The main component for the increase in expenditures was the increase in Police operating expenditures of \$ 0.2, and the increase in Public Works personnel expenditures of \$ 0.2. In addition, there was an increase of \$ 2.0 from prior year excess reserves in the transfer out to the General Capital Projects Fund for future capital projects.

Capital Asset and Debt Administration

Capital Assets. The City of Sunny Isles Beach investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$ 173.2 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, and streets. The total increase in the City of Sunny Isles Beach investment in capital assets for the current fiscal year was \$ 4.2 (a 2.5% increase in governmental activities and a 1.8% decrease in business-type activities).

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

City of Sunny Isles Beach
Capital Assets, Net of Depreciation
(in thousands)
September 30, 2013 and 2012

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 84,649 | \$ 84,649 | \$ - | \$ - | \$ 84,649 | \$ 84,649 |
| Easements | 488 | 488 | - | - | 488 | 488 |
| Buildings | 17,018 | 17,356 | - | - | 17,018 | 17,356 |
| Improvements | 3,212 | 2,460 | - | - | 3,212 | 2,460 |
| Equipment | 2,314 | 2,449 | - | 5 | 2,314 | 2,454 |
| Infrastructure | 44,346 | 37,360 | 16,316 | 16,672 | 60,662 | 54,032 |
| Construction in progress | 4,654 | 7,421 | 197 | 146 | 4,851 | 7,567 |
| Total | \$ 156,681 | \$ 152,183 | \$ 16,513 | \$ 16,823 | \$ 173,194 | \$ 169,006 |

For governmental activities, this year's major capital asset additions before depreciation totaled \$ 7.2 and include the following:

- \$ 6.3 in new construction in progress, which relates to projects started in the City, but not yet completed, such as the design and construction of a pedestrian and emergency vehicular bridge and the development of Gateway Park and Intracoastal Park.
- \$ 0.8 in new equipment, \$ 0.2 of which are purchases of police and ocean rescue vehicles. The remaining purchases relate to technology equipment purchased as replacement and police safety equipment.

For governmental activities, this year's major capital asset disposals consisted of vehicles, marine patrol watercraft, computers, and miscellaneous equipment that were removed or replaced that have a minimal carrying value.

Capital additions for business-type activities before depreciation totaled \$ 0.05 which consists of new infrastructure related to Bella Vista Bay Park and 174th Street Drainage system.

Additional information on the City of Sunny Isles Beach capital assets can be found in Note 6 on pages 34 and 35 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Sunny Isles Beach had bonded debt outstanding of \$ 36.5 plus notes payable in the amount of \$ 17.2 for total long term debt of \$ 53.7.

City of Sunny Isles Beach
Revenue Notes and Other Debt
(in thousands)
September 30, 2013 and 2012

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenue notes (backed by specific tax and fee revenues) | \$ 32,258 | \$ 33,639 | \$ 4,229 | \$ 4,642 | \$ 36,487 | \$ 38,281 |
| Notes Payable | 17,230 | 17,980 | - | - | 17,230 | 17,980 |
| Total | \$ 49,488 | \$ 51,619 | \$ 4,229 | \$ 4,642 | \$ 53,717 | \$ 56,261 |

CITY OF SUNNY ISLES BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013

The City of Sunny Isles Beach's total debt decreased by \$ 2.6 (4.6%) during the current fiscal year. The reason for the decrease was a reduction of the liability through required debt service. In addition, the City of Sunny Isles Beach issued stormwater revenue refunding bonds to refinance previously issued revenue bonds reported in business-type activities. This refinancing was done to take advantage of favorable interest rates. The result is expected to be a decrease in future debt service payments of \$ 0.7.

Additional information on the City of Sunny Isles Beach long-term debt can be found in Note 8 on pages 35 through 37 of this report.

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, communication, gasoline, utilities services, etc.) and fees (franchise, building permits, recreation, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. For the business-type and certain governmental activities (building inspections, recreation programs, etc.) the user pays a related fee or charge associated with the service.

Unassigned fund balance in the General Fund totals \$ 5.0. Of that amount, the City of Sunny Isles Beach will reappropriate \$ 1.0 for spending in the 2014 fiscal year budget. It is intended that these funds will be used to finance capital projects.

In fiscal year 2014, the City lowered its property tax millage rate to 2.700. This property tax millage rate is calculated 2.38% above the rollback millage rate of 2.6372 and, therefore, is expected to generate more property tax revenue compared to the prior year due to increased property values.

The City continuously evaluates current and potential legislative issues to reduce fiscal impact on the City. Over the past couple of years, the Legislature has sought to reduce the revenues of the local governments while passing laws that are generally unfunded mandates.

All of these factors were considered in preparing the City of Sunny Isles Beach's budget for the 2014 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City of Sunny Isles Beach finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Sunny Isles Beach, 18070 Collins Avenue, Sunny Isles Beach, Florida 33160. Information is also available on the City's website at www.sibfl.net.

BASIC FINANCIAL STATEMENTS

CITY OF SUNNY ISLES BEACH, FLORIDA
STATEMENT OF NET POSITION
September 30, 2013

| | Governmental Activities | Business- Type Activities | Total |
|---------------------------------------|----------------------------|---------------------------------|----------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 24,237,108 | \$ 456,884 | \$ 24,693,992 |
| Investments | 28,614,417 | 539,422 | 29,153,839 |
| Receivables, net | 1,807,474 | 92,178 | 1,899,652 |
| Note receivable | 2,000,000 | - | 2,000,000 |
| Loan receivable | 5,178,128 | - | 5,178,128 |
| Interest receivable | 395,049 | 2,844 | 397,893 |
| Inventory | 3,722 | - | 3,722 |
| Prepays | 338,470 | - | 338,470 |
| Capital assets not being depreciated | 89,791,236 | 196,928 | 89,988,164 |
| Capital assets being depreciated, net | 66,890,449 | 16,316,392 | 83,206,841 |
| Total assets | 219,256,053 | 17,604,648 | 236,860,701 |
| LIABILITIES: | | | |
| Accounts payable | 1,023,591 | 48,665 | 1,072,256 |
| Accrued liabilities | 1,258,229 | 5,199 | 1,263,428 |
| Accrued interest payable | 494,063 | 12,828 | 506,891 |
| Unearned revenue | 570,714 | - | 570,714 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Claims and judgments | 100,000 | - | 100,000 |
| Compensated absences | 221,514 | 1,362 | 222,876 |
| Bonds and notes | 3,120,841 | 411,576 | 3,532,417 |
| Due in more than one year: | | | |
| Compensated absences | 1,993,627 | 12,257 | 2,005,884 |
| Bonds and notes | 46,367,352 | 3,817,281 | 50,184,633 |
| Net OPEB Obligation | 671,000 | 10,000 | 681,000 |
| Total liabilities | 55,820,931 | 4,319,168 | 60,140,099 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred charge on refunding | 575,290 | - | 575,290 |
| Total deferred inflows of resources | 575,290 | - | 575,290 |
| NET POSITION: | | | |
| Net investment in capital assets | 113,901,653 | 12,479,933 | 126,381,586 |
| Restricted for: | | | |
| Law enforcement | 9,905,391 | - | 9,905,391 |
| Building | 951,172 | - | 951,172 |
| Transportation | 73,702 | - | 73,702 |
| Unrestricted | 38,028,479 | 805,547 | 38,834,026 |
| Total net position | \$ 162,859,832 | \$ 13,285,480 | \$ 176,145,312 |

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

CITY OF SUNNY ISLES BEACH, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | Total |
|---|----------------------|----------------------------|--|--|--|---------------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | |
| FUNCTIONS/PROGRAMS: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 5,248,848 | \$ 2,927,060 | \$ - | \$ - | \$ (2,321,788) | \$ - | \$ (2,321,788) |
| Public safety | 12,731,588 | 3,868,453 | 2,686,792 | 53,500 | (6,122,843) | - | (6,122,843) |
| Physical environment | 5,403,296 | - | - | - | (5,403,296) | - | (5,403,296) |
| Culture and human services | 4,411,787 | 1,130,803 | - | 1,404,563 | (1,876,421) | - | (1,876,421) |
| Transportation | 1,447,288 | - | 962,743 | - | (484,545) | - | (484,545) |
| Interest on long-term debt | 1,646,894 | - | - | - | (1,646,894) | - | (1,646,894) |
| Total governmental activities | 30,889,701 | 7,926,316 | 3,649,535 | 1,458,063 | (17,855,787) | - | (17,855,787) |
| Business-type activities: | | | | | | | |
| Stormwater | 820,295 | 982,532 | 80,938 | 1,895 | - | 245,070 | 245,070 |
| Total business-type activities | 820,295 | 982,532 | 80,938 | 1,895 | - | 245,070 | 245,070 |
| Total primary government | \$ 31,709,996 | \$ 8,908,848 | \$ 3,730,473 | \$ 1,459,958 | (17,855,787) | 245,070 | (17,610,717) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 16,363,602 | - | 16,363,602 |
| Utility taxes | | | | | 4,194,318 | - | 4,194,318 |
| Impact fees | | | | | 16,432,246 | - | 16,432,246 |
| Franchise taxes on gross receipts | | | | | 1,569,242 | - | 1,569,242 |
| Intergovernmental, unrestricted | | | | | 1,893,414 | - | 1,893,414 |
| Unrestricted investment earnings (loss) | | | | | (766,289) | (19,064) | (785,353) |
| Gain on sale of capital assets | | | | | 31,360 | - | 31,360 |
| Miscellaneous | | | | | 432,246 | 8,351 | 440,597 |
| Total general revenues | | | | | 40,150,139 | (10,713) | 40,139,426 |
| Change in net position | | | | | 22,294,352 | 234,357 | 22,528,709 |
| Net position, beginning as restated (Note 15) | | | | | 140,565,480 | 13,051,123 | 153,616,603 |
| Net position, ending | | | | | \$ 162,859,832 | \$ 13,285,480 | \$ 176,145,312 |

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

CITY OF SUNNY ISLES BEACH, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

| | General Fund | General Capital Projects Fund | 2010 Capital Projects Fund |
|--|----------------------|--|-------------------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 7,051,479 | \$ 7,935,711 | \$ 3,174,867 |
| Investments | 8,324,153 | 9,369,321 | 3,748,416 |
| Receivables, net | 938,985 | 652,681 | - |
| Note receivable | - | 5,178,128 | - |
| Loan receivable | - | 2,000,000 | - |
| Interest receivable | 43,907 | 293,576 | 19,772 |
| Inventory | - | - | - |
| Prepays | 338,470 | - | - |
| | <u>16,696,994</u> | <u>25,429,417</u> | <u>6,943,055</u> |
| Total assets | \$ <u>16,696,994</u> | \$ <u>25,429,417</u> | \$ <u>6,943,055</u> |
| LIABILITIES: | | | |
| Accounts payable | \$ 514,659 | \$ 379,028 | \$ - |
| Accrued liabilities | 863,595 | 164,523 | 128,662 |
| Unearned revenue | 15,449 | 555,265 | - |
| | <u>1,393,703</u> | <u>1,098,816</u> | <u>128,662</u> |
| Total liabilities | <u>1,393,703</u> | <u>1,098,816</u> | <u>128,662</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue - transferred development rights | - | 1,359,248 | - |
| Unavailable revenue - interest | - | 141,624 | - |
| Unavailable revenue - grant funding | - | 97,416 | - |
| Unavailable revenue - taxes | - | - | - |
| | <u>-</u> | <u>1,598,288</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>1,598,288</u> | <u>-</u> |
| FUND BALANCES: | | | |
| Nonspendable: | | | |
| Inventory | - | - | - |
| Prepays | 338,470 | - | - |
| Long-term receivables | - | 2,859,248 | - |
| Restricted for: | | | |
| Law enforcement | - | - | - |
| Capital improvements | - | - | 6,814,393 |
| Building | - | - | - |
| Committed to: | | | |
| Hurricane/Emergency and Disaster Recovery | | | |
| Operating Reserves | 10,000,000 | - | - |
| Assigned to: | | | |
| Subsequent year's budget | - | 13,563,608 | - |
| Capital projects | - | 6,309,457 | - |
| Unassigned: | | | |
| General Fund | 4,964,821 | - | - |
| | <u>15,303,291</u> | <u>22,732,313</u> | <u>6,814,393</u> |
| Total fund balances | <u>15,303,291</u> | <u>22,732,313</u> | <u>6,814,393</u> |
| Total liabilities, deferred inflows of resources, and fund balances | \$ <u>16,696,994</u> | \$ <u>25,429,417</u> | \$ <u>6,943,055</u> |

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

| 2011 Capital Projects Fund | Law Enforcement Trust Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| \$ 1,040,276 | \$ 4,520,907 | \$ 513,868 | \$ 24,237,108 |
| 1,228,206 | 5,337,624 | 606,697 | 28,614,417 |
| - | 22,888 | 192,920 | 1,807,474 |
| - | - | - | 5,178,128 |
| - | - | - | 2,000,000 |
| 6,439 | 28,155 | 3,200 | 395,049 |
| - | - | 3,722 | 3,722 |
| - | - | - | 338,470 |
| <u>\$ 2,274,921</u> | <u>\$ 9,909,574</u> | <u>\$ 1,320,407</u> | <u>\$ 62,574,368</u> |
| \$ - | \$ 4,183 | \$ 125,721 | \$ 1,023,591 |
| - | - | 101,449 | 1,258,229 |
| - | - | - | 570,714 |
| <u>-</u> | <u>4,183</u> | <u>227,170</u> | <u>2,852,534</u> |
| - | - | - | 1,359,248 |
| - | - | - | 141,624 |
| - | - | - | 97,416 |
| - | - | 64,641 | 64,641 |
| <u>-</u> | <u>-</u> | <u>64,641</u> | <u>1,662,929</u> |
| - | - | 3,722 | 3,722 |
| - | - | - | 338,470 |
| - | - | - | 2,859,248 |
| - | 9,905,391 | - | 9,905,391 |
| 2,274,921 | - | - | 9,089,314 |
| - | - | 641,532 | 641,532 |
| - | - | - | 10,000,000 |
| - | - | 383,342 | 13,946,950 |
| - | - | - | 6,309,457 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>4,964,821</u> |
| <u>2,274,921</u> | <u>9,905,391</u> | <u>1,028,596</u> | <u>58,058,905</u> |
| <u>\$ 2,274,921</u> | <u>\$ 9,909,574</u> | <u>\$ 1,320,407</u> | <u>\$ 62,574,368</u> |

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

CITY OF SUNNY ISLES BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2013

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 17 \$ 58,058,905

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 governmental funds:

| | | |
|-------------------------------|---------------------|-------------|
| Governmental capital assets | \$ 172,556,434 | |
| Less accumulated depreciation | <u>(15,874,749)</u> | |
| Net capital assets | | 156,681,685 |

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore are not reported in the governmental funds:

| | | |
|--|--------------------|--------------|
| Bonds and notes payable | (49,488,193) | |
| Deferred charge on refunding | (575,290) | |
| Accrued interest payable on long-term debt | (494,063) | |
| Claims and judgments | (100,000) | |
| OPEB obligation | (671,000) | |
| Compensated absences | <u>(2,215,141)</u> | |
| Total long-term liabilities | | (53,543,687) |

| | |
|---|------------------|
| Certain revenues are considered deferred revenues in the governmental funds due to the availability of the funds; under full accrual accounting they are considered revenues. | <u>1,662,929</u> |
|---|------------------|

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 14 \$ 162,859,832

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

CITY OF SUNNY ISLES BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

| | General Fund | General Capital Projects Fund | 2010 Capital Projects Fund | 2011 Capital Projects Fund | Law Enforcement Trust Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | | |
| Real and personal property taxes | \$ 16,363,602 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,363,602 |
| Utility taxes | 4,194,318 | - | - | - | - | - | 4,194,318 |
| Franchise fees | 1,569,242 | - | - | - | - | - | 1,569,242 |
| Impact fees | - | 16,072,998 | - | - | - | - | 16,072,998 |
| Intergovernmental | 1,793,332 | - | - | - | - | 1,068,518 | 2,861,850 |
| Licenses and permits | 597,995 | - | - | - | - | 3,077,593 | 3,675,588 |
| Charges for services | 3,414,129 | 99,788 | - | - | - | - | 3,513,917 |
| Fines and forfeitures | 385,680 | - | - | - | 2,686,792 | - | 3,072,472 |
| Investment income (loss) | (261,933) | (248,146) | (131,943) | (42,483) | (194,832) | (20,243) | (899,580) |
| Miscellaneous | 757,301 | 1,400,000 | - | - | - | - | 2,157,301 |
| Total revenues | 28,813,666 | 17,324,640 | (131,943) | (42,483) | 2,491,960 | 4,125,868 | 52,581,708 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | 4,475,964 | - | - | - | - | - | 4,475,964 |
| Public safety | 9,319,285 | - | - | - | 362,586 | 2,345,546 | 12,027,417 |
| Physical environment | 1,917,104 | - | - | - | - | - | 1,917,104 |
| Culture and human services | 3,833,026 | - | - | - | - | - | 3,833,026 |
| Transportation | - | - | - | - | - | 1,431,878 | 1,431,878 |
| Capital outlay | 577,582 | 7,706,545 | 675,728 | - | 140,008 | 158,544 | 9,258,407 |
| Debt service: | | | | | | | |
| Principal | 2,130,615 | - | - | - | - | - | 2,130,615 |
| Interest | 1,725,808 | - | - | - | - | - | 1,725,808 |
| Total expenditures | 23,979,384 | 7,706,545 | 675,728 | - | 502,594 | 3,935,968 | 36,800,219 |
| Excess (deficiency) of revenues over expenditures | 4,834,282 | 9,618,095 | (807,671) | (42,483) | 1,989,366 | 189,900 | 15,781,489 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Sale of property and equipment | 31,360 | - | - | - | - | - | 31,360 |
| Insurance recoveries | 31,689 | - | - | - | - | - | 31,689 |
| Transfers in | - | 3,500,000 | 2,152,634 | - | - | 393,270 | 6,045,904 |
| Transfers out | (3,893,270) | (2,152,634) | - | - | - | - | (6,045,904) |
| Total other financing sources (uses) | (3,830,221) | 1,347,366 | 2,152,634 | - | - | 393,270 | 63,049 |
| Net change in fund balances | 1,004,061 | 10,965,461 | 1,344,963 | (42,483) | 1,989,366 | 583,170 | 15,844,538 |
| FUND BALANCES, BEGINNING OF YEAR | 14,299,230 | 11,766,852 | 5,469,430 | 2,317,404 | 7,916,025 | 445,426 | 42,214,367 |
| FUND BALANCES, END OF YEAR | \$ 15,303,291 | \$ 22,732,313 | \$ 6,814,393 | \$ 2,274,921 | \$ 9,905,391 | \$ 1,028,596 | \$ 58,058,905 |

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

CITY OF SUNNY ISLES BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

NET CHANGES IN FUND BALANCE - TOTAL
GOVERNMENTAL FUNDS, PAGE 19 \$ 15,844,538

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|---------------------------|--------------------|-----------|
| Capital outlays | \$ 7,135,176 | |
| Less depreciation expense | <u>(2,504,452)</u> | 4,630,724 |

The issuance of long-term debt (e.g. bonds and notes payable) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities.

| | | |
|--|---------------|-----------|
| Principal payments | 2,130,615 | |
| Amortization of deferred gain on refunding | <u>56,758</u> | 2,187,373 |

Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.

| | | |
|--------------------------|------------------|-----------|
| Accrued interest payable | 22,156 | |
| Contingency | 3,204 | |
| OPEB obligation | (110,000) | |
| Compensated absences | <u>(690,691)</u> | (775,331) |

| | | |
|---|--|---------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | 539,296 |
|---|--|---------|

| | | |
|--|--|------------------|
| In the statement of activities, only the gains/(losses) on disposals of capital assets are reported, whereas in the governmental funds, the entire proceeds from the disposal increase financial resources. Thus the change in net assets differs from the change in fund balances by the cost of the capital assets, net. | | <u>(132,248)</u> |
|--|--|------------------|

| | | |
|--|--|-----------------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 15 | | \$ <u><u>22,294,352</u></u> |
|--|--|-----------------------------|

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

CITY OF SUNNY ISLES BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2013

| | <u>Stormwater Fund</u> |
|---|----------------------------|
| ASSETS: | |
| Current assets: | |
| Cash and cash equivalents | \$ 456,884 |
| Investments | 539,422 |
| Accounts receivable, net | 92,178 |
| Interest receivable | 2,844 |
| | <u>1,091,328</u> |
| Total current assets | <u>1,091,328</u> |
| Noncurrent assets: | |
| Capital assets not being depreciated | 196,928 |
| Capital assets, net of accumulated depreciation | 16,316,392 |
| | <u>16,513,320</u> |
| Total noncurrent assets | <u>16,513,320</u> |
| Total assets | <u>17,604,648</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts payable | 48,665 |
| Accrued liabilities | 5,199 |
| Accrued interest payable | 12,828 |
| Compensated absences, current portion | 1,362 |
| Revenue bonds payable, current portion | 411,576 |
| | <u>479,630</u> |
| Total current liabilities | <u>479,630</u> |
| Noncurrent liabilities: | |
| Revenue bonds payable | 3,817,281 |
| Compensated absences | 12,257 |
| OPEB obligation | 10,000 |
| | <u>3,839,538</u> |
| Total noncurrent liabilities | <u>3,839,538</u> |
| Total liabilities | <u>4,319,168</u> |
| NET POSITION: | |
| Net investment in capital assets | 12,479,933 |
| Unrestricted | 805,547 |
| | <u>13,285,480</u> |
| Total net position | <u>\$ 13,285,480</u> |

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

CITY OF SUNNY ISLES BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
For the Year Ended September 30, 2013

| | <u>Stormwater Fund</u> |
|--|----------------------------|
| Operating revenues: | |
| Charges for services | \$ 982,532 |
| Miscellaneous | 8,351 |
| Total operating revenues | <u>990,883</u> |
| Operating expenses: | |
| Personnel services | 134,594 |
| Operating expenses | 174,287 |
| Depreciation | 360,323 |
| Total operating expenses | <u>669,204</u> |
| Operating income | <u>321,679</u> |
| Nonoperating revenues (expenses): | |
| Intergovernmental | 82,833 |
| Investment income (loss) | (19,064) |
| Interest expense | (151,091) |
| Total nonoperating revenues (expenses) | <u>(87,322)</u> |
| Change in net assets | 234,357 |
| Net position, beginning, as restated (Note 15) | <u>13,051,123</u> |
| Net position, ending | <u>\$ 13,285,480</u> |

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

CITY OF SUNNY ISLES BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
September 30, 2013

| | <u>Stormwater Fund</u> |
|---|----------------------------|
| Cash flows from operating activities: | |
| Cash received from customers and users | \$ 975,928 |
| Cash paid to suppliers | (150,700) |
| Cash paid to employees | (130,543) |
| Other receipts | <u>8,351</u> |
| Net cash provided by operating activities | <u>703,036</u> |
| Cash flows from noncapital financing activities: | |
| Intergovernmental | <u>82,833</u> |
| Net cash provided by noncapital financing activities | <u>82,833</u> |
| Cash flows from capital and related financing activities: | |
| Interest paid on capital debt | (175,255) |
| Principal paid on capital debt | (413,087) |
| Acquisition of capital assets | <u>(50,584)</u> |
| Net cash used in capital and related financing activities | <u>(638,926)</u> |
| Cash flows from investing activities: | |
| Proceeds from sales and maturities of investments | 75,590 |
| Interest received | 6,356 |
| Purchase of investments | <u>(546,567)</u> |
| Net cash used in investing activities | <u>(464,621)</u> |
| Net decrease in cash and cash equivalents | (317,678) |
| Cash and cash equivalents, beginning | <u>774,562</u> |
| Cash and cash equivalents, ending | <u>\$ 456,884</u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 321,679 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 360,323 |
| Changes in operating assets and liabilities: | |
| Increase in accounts receivable | (6,604) |
| Increase in accounts payable | 23,191 |
| Increase in accrued liabilities | 396 |
| Increase in OPEB obligation | 2,000 |
| Increase in compensated absences | <u>2,051</u> |
| Net cash provided by operating activities | <u>\$ 703,036</u> |
| Noncash investing activities: | |
| Decrease in fair value of investments that are not cash equivalents: | |
| Unrealized loss on investments | <u>\$ 27,746</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sunny Isles Beach, Florida (the “City”) was incorporated on June 16, 1997. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, culture and recreation, public works and stormwater management. The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The following is a summary of the City’s more significant policies.

a. Financial Reporting Entity

The financial statements were prepared in accordance with Government Accounting Standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financials statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City of Sunny Isles Beach. Based upon the application of these criteria, there were no organizations that met the criteria described above.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. 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 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 governmental funds and the proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as is used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 City 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses 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. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Sunny Isles Beach reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The General Capital Projects Fund accounts for the acquisition of equipment and construction of major capital projects not being financed by proprietary funds.
- The 2010 Capital Projects Fund accounts for the acquisition of equipment and construction of major capital projects that are being financed with the proceeds from the 2010 Series Capital Improvement Revenue Bond.
- The 2011 Capital Projects Fund accounts for the acquisition of equipment and construction of major capital projects that are being financed with the proceeds from the 2011 Series Capital Improvement Revenue and Revenue Refunding Bond.
- The Law Enforcement Trust Fund is used to account for revenues received from federal, state and local law enforcement forfeitures and seizures which are restricted for use for law enforcement purposes.

The City reports the following major proprietary fund:

- The Stormwater Fund is used to account for the provision of stormwater maintenance and capital improvements to the residents and commerce of the City.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utilities function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, whose purpose has not been restricted to a specific program.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Stormwater Fund are charges to business and residential customers for stormwater system maintenance. Operating expenses report on the costs to maintain the stormwater system, the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

d. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the Miami-Dade County Property Appraiser and Miami-Dade County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$ 1,000 of assessed taxable valuation). The millage rate assessed by the City for the year ended September 30, 2013 was 2.8000 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of state statutes.

All real and tangible personal property taxes become payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and Miami-Dade County also collects the taxes for the City. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes at September 30, 2013.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and investments in money market funds. Income from investments is recorded as earned.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash and cash equivalents.

All investments are reported at fair value, which is based on quoted market prices.

f. Receivables

Receivables include amounts due from other governments and others for services provided by the City. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred based on the accounting basis required for that fund. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

g. Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portions of interfund loans). Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.”

h. Capital Assets

Capital assets, which include property, land, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 1,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost if actual cost is not available. 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 City are depreciated using the straight line method over the following estimated useful lives:

| Capital asset classes | Life |
|-------------------------|----------------|
| Buildings | 50 years |
| Improvements | 20 years |
| Machinery and equipment | 3 - 20 years |
| Infrastructure | 15 - 100 years |

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Compensated Absences

The City's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums, based on length of service. For certain employees, the City also grants compensatory time. All vacation, sick and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

j. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Discounts and premiums on bonds payable are presented as an adjustment of the face amount of bonds payable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

k. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting of in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has 2 types of items that qualify for reporting in this category. The first type arises only under a modified accrual basis of accounting. Accordingly, this item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from transferred development rights, interest, grants and taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

l. Net Position

Net positions in the government-wide and proprietary funds are categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets, is the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted indicates that portion of net position that is available to fund future operations.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

m. Fund Balance

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which 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 City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in 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 to 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: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Commission has by resolution authorized the City Manager to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

n. Minimum Fund Balance Policy

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flow and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. The City Commission has adopted a financial standard to maintain a Hurricane/Emergency and Disaster Recovery Operating Reserve at a minimum level of \$ 10,000,000 and a Fiscal Stability Reserve of 25% of the General Fund operating expenditures to be implemented by September 30, 2017.

o. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

p. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids.

q. Inventory

All inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

r. Date of Management Review

Subsequent events were evaluated by management through January 8, 2014, which is the date the financial statements were available to be issued.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are issued or collateralized with securities held by the entity or its agent in the entity's name.

Investments

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City. Investments are made in accordance with provisions of the Florida Statutes and the City's by-laws. The City is authorized to invest in U.S. Government Securities, U.S. Government Agencies, interest bearing time deposit or savings accounts, the Florida Local Government Surplus Funds Trust Fund, intergovernmental investment pools authorized by Florida Statutes and registered money market mutual funds. Investments are carried at fair value as determined by quoted market prices.

As of September 30, 2013, the City had the following investments:

| <u>Investment Type</u> | <u>Investment Maturities</u> | | | |
|--------------------------|------------------------------|---------------------------|---------------------|----------------------|
| | <u>Fair Value</u> | <u>Less Than One Year</u> | <u>1 to 5 Years</u> | <u>6 to 10 Years</u> |
| Certificates of deposit | \$ 6,297,280 | \$ 2,000,000 | \$ 4,297,280 | \$ - |
| U.S. Government Agencies | <u>22,856,559</u> | <u>-</u> | <u>1,998,160</u> | <u>20,858,399</u> |
| Total | <u>\$ 29,153,839</u> | <u>\$ 2,000,000</u> | <u>\$ 6,295,440</u> | <u>\$ 20,858,399</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy minimizes interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing funds only in authorized securities. In addition, the City limits the length to maturity of any U.S. Government Security, U.S. Government Agency or certificate of deposit to a maximum of ten (10) years.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. In accordance with the City's investment policy, the City minimizes credit risk by limiting investments to authorized securities and diversifying the portfolio on any investment below an AAA rating so that potential losses on individual securities will be minimized. All U.S. Government Securities are explicitly guaranteed by the U.S. government and are not subject to credit risk. The U.S. Government Agency investments are rated AA+ by Standard and Poor's. Investments in certificate of deposits are held in qualified public depositories pursuant to Chapter 280.03 of the Florida Statutes, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level.

Concentration Credit Risk

The City's investment policy does not limit its investments in any one issuer for U.S. Government Securities or Agencies or registered money market mutual funds except for Treasury Strips which are limited to 10% of available funds. The City's investment policy does limit its investments in certificates of deposits, the Florida Local Government Surplus Funds Trust Funds and intergovernmental investment pools to 50% in any one issuer. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. Given the City's restrictions, the following concentrations are not viewed to be an additional risk to the City.

| <u>Investment Issuer</u> | <u>Fair Value</u> | <u>Issuer Percentage</u> |
|---------------------------------------|----------------------|--------------------------|
| Certificates of deposit: | | |
| Sabadell United Bank | \$ 4,000,000 | 13.72% |
| Coconut Grove Bank | 2,000,000 | 6.86% |
| Various issuers, none over 5% | 297,280 | 1.02% |
| United States Government Agencies: | | |
| Federal Home Loan Bank | 9,095,036 | 31.20% |
| Federal Home Loan Mortgage Corp. | 6,616,430 | 22.69% |
| Federal National Mortgage Association | 3,719,240 | 12.76% |
| Federal Farm Credit Bank | 3,425,853 | 11.75% |
| | <u>\$ 29,153,839</u> | <u>100.00%</u> |

Custodial Credit Risk

GASB Statement No. 40 requires governments to disclose deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy requires all securities, with the exception of certificates of deposit, to be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. Certificates of deposit issued by a local bank or savings and loan association may be held in safekeeping at that institution.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 - RECEIVABLES

Receivables at September 30, 2013, were as follows:

| | <u>Accounts</u> | <u>Taxes</u> | <u>Grants</u> | <u>Other</u> | <u>Total</u> |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| General Fund | \$ 112,663 | \$ 655,812 | \$ 3,625 | \$ 166,885 | \$ 938,985 |
| General Capital Projects Fund | - | - | 97,416 | 555,265 | 652,681 |
| Street Maintenance and Construction Fund | - | 188,964 | - | - | 188,964 |
| Building | 3,313 | - | - | 643 | 3,956 |
| Stormwater Fund | 83,142 | 7,141 | 1,895 | - | 92,178 |
| Law Enforcement Trust Fund | - | - | 22,888 | - | 22,888 |
| Total | <u>\$ 199,118</u> | <u>\$ 851,917</u> | <u>\$ 125,824</u> | <u>\$ 722,793</u> | <u>\$ 1,899,652</u> |

NOTE 4 – NOTE RECEIVABLE

In fiscal year 2012, the City entered into a promissory note with a developer for the release of a use restriction of transfer development rights. As consideration for deleting the use restriction, the developer agreed to pay the City the sum of \$ 1,484,940 in three installment payments. As of September 30, 2013, the first two payments have been made. The final payment of \$ 500,000 is due within one year of the second payment. The \$ 500,000 recorded as a note receivable has also been recorded as unavailable revenue on the balance sheet – governmental funds due to availability. On the statement of activities the \$ 500,000 has been previously recognized as revenue.

In fiscal year 2012, the City entered into a promissory note with a developer for transfer development rights. As consideration for the transfer development rights, the developer has agreed to pay \$ 859,248 together with interest at 4% per annum. The \$ 859,248 recorded as a note receivable has also been recorded as unavailable revenue on the balance sheet – governmental funds due to availability. On the statement of activities the \$ 859,248 has been recognized as revenue.

During the year, the City entered into a promissory note with a developer for transfer development rights. As consideration for the transfer development rights, the developer has agreed to pay \$ 3,818,880 together with interest at 5% per annum. The promissory note including interest was paid in October 2013.

NOTE 5 – LOAN RECEIVABLE

In fiscal year 2012, the City entered into an interlocal agreement with the School Board of Miami-Dade County, Florida (the “School Board”) to provide financing and cost share in the design and construction of classroom additions for the Norman S. Edelcup/Sunny Isles Beach K-8 facility. As part of this agreement the City advanced the School Board \$ 400,000 during fiscal year 2012 and an additional \$ 1,600,000 during fiscal year 2013. The total advances of \$ 2,000,000 earn interest at 5% per annum. Annual principal and interest payments begin on November 30, 2018 through November 30, 2022. In addition to the financing, the City contributed \$ 2,000,000 during the year ended September 30, 2013.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

| | Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|--|-----------------------|---------------------|---------------------|--------------------|-----------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 84,648,686 | \$ - | \$ - | \$ - | \$ 84,648,686 |
| Easements | 488,130 | - | - | - | 488,130 |
| Construction in progress | <u>7,420,633</u> | <u>6,279,523</u> | <u>-</u> | <u>(9,045,736)</u> | <u>4,654,420</u> |
| Total capital assets not being depreciated | <u>92,557,449</u> | <u>6,279,523</u> | <u>-</u> | <u>(9,045,736)</u> | <u>89,791,236</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 19,644,280 | - | - | 199,058 | 19,843,338 |
| Improvements | 3,995,485 | - | - | 979,076 | 4,974,561 |
| Machinery and equipment | 7,269,176 | 809,440 | (993,688) | - | 7,084,928 |
| Infrastructure | <u>42,948,556</u> | <u>46,213</u> | <u>-</u> | <u>7,867,602</u> | <u>50,862,371</u> |
| Total capital assets being depreciated | <u>73,857,497</u> | <u>855,653</u> | <u>(993,688)</u> | <u>9,045,736</u> | <u>82,765,198</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (2,288,334) | (536,699) | - | - | (2,825,033) |
| Improvements | (1,535,327) | (227,369) | - | - | (1,762,696) |
| Machinery and equipment | (4,819,938) | (812,253) | 861,440 | - | (4,770,751) |
| Infrastructure | <u>(5,588,138)</u> | <u>(928,131)</u> | <u>-</u> | <u>-</u> | <u>(6,516,269)</u> |
| Total accumulated depreciation | <u>(14,231,737)</u> | <u>(2,504,452)</u> | <u>861,440</u> | <u>-</u> | <u>(15,874,749)</u> |
| Total capital assets being depreciated, net | <u>59,625,760</u> | <u>(1,648,799)</u> | <u>(132,248)</u> | <u>9,045,736</u> | <u>66,890,449</u> |
| Governmental activities capital assets, net | <u>\$ 152,183,209</u> | <u>\$ 4,630,724</u> | <u>\$ (132,248)</u> | <u>\$ -</u> | <u>\$ 156,681,685</u> |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | \$ 146,344 | \$ 50,584 | \$ - | \$ - | \$ 196,928 |
| Total capital assets not being depreciated | <u>146,344</u> | <u>50,584</u> | <u>-</u> | <u>-</u> | <u>196,928</u> |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 17,771,409 | - | - | - | 17,771,409 |
| Machinery and equipment | <u>24,475</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,475</u> |
| Total capital assets being depreciated | <u>17,795,884</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,795,884</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (1,099,605) | (355,428) | - | - | (1,455,033) |
| Machinery and equipment | <u>(19,564)</u> | <u>(4,895)</u> | <u>-</u> | <u>-</u> | <u>(24,459)</u> |
| Total accumulated depreciation | <u>(1,119,169)</u> | <u>(360,323)</u> | <u>-</u> | <u>-</u> | <u>(1,479,492)</u> |
| Total capital assets being depreciated, net | <u>16,676,715</u> | <u>(360,323)</u> | <u>-</u> | <u>-</u> | <u>16,316,392</u> |
| Business-type activities capital assets, net | <u>\$ 16,823,059</u> | <u>\$ (309,739)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,513,320</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the City as follows:

| | | |
|---|----|-------------------------|
| General government | \$ | 538,311 |
| Public safety | | 92,179 |
| Physical environment | | 1,364,654 |
| Culture recreation | | <u>509,308</u> |
| Total depreciation expense - governmental activities | \$ | <u><u>2,504,452</u></u> |
| Business-type activities: | | |
| Stormwater | \$ | <u>360,323</u> |
| Total depreciation expense - business-type activities | \$ | <u><u>360,323</u></u> |

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers at September 30, 2013 consisted of the following:

| Transfer Out | Transfer In | Amount |
|--------------------------|--|----------------------------|
| General | General Capital Projects | \$ 3,500,000 |
| General Capital Projects | 2010 Capital Projects | 2,152,634 |
| General | Street Maintenance and Construction | <u>393,270</u> |
| | Total Transfers | <u><u>\$ 6,045,904</u></u> |

The transfer out from the General Fund to the General Capital Projects Fund is to fund one-time capital expenditures from the excess of the unassigned General Fund balance. The transfer out from the General Capital Projects Fund to the 2010 Capital Projects Fund is to fund one-time capital expenditures from the excess of the unassigned General Fund balance that was originally transferred to the General Capital Projects Fund. The transfer out from the General Fund to the Street Maintenance and Construction Fund is to cover fund expenditures and increased costs related to grounds work, utility and maintenance costs.

NOTE 8 - LONG-TERM LIABILITIES

Governmental Activities

Bank of America Promissory Note - On June 8, 2009, the City entered into a \$ 20,000,000 promissory note agreement with Bank of America to finance the purchase of land located within the City limits to convert the land into public parks. Principal and interest payments are due in equal quarterly installments of \$ 368,145 through July 1, 2029. The promissory note bears interest at a rate of 4.03%. The City covenants to budget and appropriate non-ad valorem revenues in amounts sufficient to pay the principal of and interest on the note. Total principal and interest remaining on the note is \$ 23,563,096. For the current year, principal and interest paid was \$ 1,472,582.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 8 - LONG-TERM LIABILITIES (continued)

2010 Series Capital Improvement Revenue Bond – On March 24, 2010, the City issued the Series 2010 Capital Improvement Revenue Bond of \$ 15,000,000. The bonds were issued for the purpose of financing a portion of the costs of development of City property for City parks to be located on Collins Avenue and Sunny Isles Boulevard, financing architectural, engineering, environmental, legal and other planning costs related thereto, and paying costs of issuance of the Bond. Principal and interest payments are due in equal quarterly installments of \$ 346,227 through March 23, 2025 with an interest rate of 4.20%. The City covenants to budget and appropriate non-ad valorem revenues in amounts sufficient to pay the principal of and interest on the Bond. Total principal and interest remaining is \$ 16,393,611. For the current year, principal and interest paid was \$ 1,384,909. The Bond indenture also requires the maintenance of a minimum debt service coverage ratio of 1.50:1.00.

2011 Series Capital Improvement Revenue and Revenue Refunding Bond - On November 10, 2011, the City issued the Capital Improvement Revenue and Revenue Refunding Bond, Series 2011, for \$ 10,000,000. The Bonds bear interest at 2.38% and mature in November 2026. Interest is payable semi-annually on the first date of May and November. The Bond was issued to (1) finance a portion of the costs of development of City parklands, municipal garage and improvements to existing parks; (2) refund \$ 7,575,000 of outstanding 2001A Series Florida Municipal Loan Council Revenue; and (3) pay costs of issuance of the Bond. The City covenants to budget and appropriate non-ad valorem revenues in amounts sufficient to pay the principal of and interest on the Bond and the Bond is further secured by a pledge of the half-cent sales tax. Total principal and interest remaining on the Bonds is \$ 11,118,142. For the current year, principal and interest paid was \$ 798,932. The Bond indenture also requires the maintenance of a minimum debt service coverage ratio of 1.50:1.00.

Total pledged revenues for the 2011 Series Bond was approximately \$ 1,441,000 for the year ended September 30, 2013.

2012 Series Capital Improvement Revenue Refunding Bond - On April 20, 2012, the City issued the Capital Improvement Revenue Refunding Bond, Series 2012, for \$ 10,000,000. The Bonds bear interest at 2.00% and mature in November 2022. Interest is payable semi-annually on the first date of May and November. The proceeds plus \$ 2,211,150 of City funds were used to refund \$ 11,510,000 of outstanding 2002C Series Florida Municipal Loan Council Revenue Bonds. The City covenants to budget and appropriate non-ad valorem revenues in amounts sufficient to pay the principal of and interest on the Bond. Total principal and interest remaining on the Bonds is \$ 11,032,979. For the current year, principal and interest paid was \$ 200,000.

Business-Type Activities

2013 Series Stormwater Utility Revenue Refunding Bond - On April 22, 2013, the City issued the 2013 Series Stormwater Utility Revenue Refunding Bonds for \$ 4,450,000. The Bonds bear interest at 1.82% and mature in February 2023. Interest is payable quarterly on the first date of February, May, August and November. The proceeds were used to refund \$ 1,500,000 of outstanding 2002 Series Stormwater Revenue Bonds which had an interest rate of 4.23% and \$ 3,141,944 of outstanding 2010 Series Stormwater Revenue Bonds which had an interest rate of 4.02%. The refunding of the Series 2002 and 2010 Bonds will reduce the City's debt service payments over the next 10 years by \$ 688,267 with an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 558,410. The principal and interest are secured by a pledge of and lien on the stormwater utility fees. Total principal and interest remaining on the Bonds is \$ 4,614,562. For the current year, principal and interest paid was \$ 242,872. The Bond indenture also requires the maintenance of a minimum debt service coverage ratio of 1.35:1.00.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 8 - LONG-TERM LIABILITIES (continued)

Total pledged revenues for the Series 2013 Bond was \$ 982,532 for the year ended September 30, 2013.

Annual debt service requirements to maturity for revenue bonds and notes payable are as follows:

| Year Ending September 30, | Governmental Activities | | Business-Type Activities | |
|------------------------------|-------------------------|----------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$ 3,120,841 | \$ 1,636,574 | \$ 411,576 | \$ 74,167 |
| 2015 | 3,222,529 | 1,534,827 | 419,118 | 66,625 |
| 2016 | 3,324,282 | 1,432,914 | 426,799 | 58,945 |
| 2017 | 3,435,934 | 1,320,384 | 434,620 | 51,124 |
| 2018 | 3,548,657 | 1,207,283 | 442,584 | 43,160 |
| 2019-2023 | 19,580,011 | 4,193,992 | 2,094,160 | 91,684 |
| 2024-2028 | 11,818,604 | 1,256,639 | - | - |
| 2029 | 1,437,335 | 37,022 | - | - |
| Total | \$ 49,488,193 | \$ 12,619,635 | \$ 4,228,857 | \$ 385,705 |

Changes in Long-Term Liabilities

The following is a summary of changes in the long-term liabilities for the year ended September 30, 2013:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------|----------------------|--------------|----------------|-------------------|---------------------------|
| Governmental activities: | | | | | |
| Bonds and notes payable: | | | | | |
| Revenue bonds | \$ 33,639,306 | \$ - | \$ (1,381,388) | \$ 32,257,918 | \$ 2,340,530 |
| Notes payable | 17,979,502 | - | (749,227) | 17,230,275 | 780,311 |
| Total bonds and notes payable | 51,618,808 | - | (2,130,615) | 49,488,193 | 3,120,841 |
| Other liabilities: | | | | | |
| Claims and judgments | 103,204 | - | 3,204 | 100,000 | - |
| Compensated absences | 1,524,450 | 1,883,514 | (1,192,823) | 2,215,141 | 221,514 |
| Total other liabilities | 1,627,654 | 1,883,514 | (1,189,619) | 2,315,141 | 221,514 |
| Long-term liabilities | \$ 53,246,462 | \$ 1,883,514 | \$ (3,320,234) | \$ 51,803,334 | \$ 3,342,355 |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | \$ 4,641,944 | \$ 4,450,000 | \$ (4,863,087) | \$ 4,228,857 | \$ 411,576 |
| Total bonds and notes payable | 4,641,944 | 4,450,000 | (4,863,087) | 4,228,857 | 411,576 |
| Other liabilities: | | | | | |
| Compensated absences | 11,568 | 15,850 | (13,799) | 13,619 | 1,362 |
| Total other liabilities | 11,568 | 15,850 | (13,799) | 13,619 | 1,362 |
| Long-term liabilities | \$ 4,653,512 | \$ 4,465,850 | \$ (4,876,886) | \$ 4,242,476 | \$ 412,938 |

The liability for claims and judgments and compensated absences are liquidated by the General Fund.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 9 - EMPLOYMENT RETIREMENT SYSTEMS

All regular full-time employees are covered by: (1) the City of Sunny Isles Beach 401(a) Plan, a defined contribution pension plan, administered by an independent agent, ICMA Retirement Corporation, and authorized by resolution or (2) the Florida Retirement System (“FRS”), a non-contributory, cost sharing, multi-employer, public employee Pension Plan, through either a defined benefit or a defined contribution pension plan administered by the Florida Division of Retirement. All part-time employees and elected officials are covered by the FRS Pension Plan. The City’s policy is to fund the annual pension costs in the annual budget. The City has no fiduciary responsibility for the plans.

Under the City of Sunny Isles Beach 401(a) Plan, City and mandatory employee contributions, as a percentage of employee gross wages, were as follows for each employee group: General Employees – 11% and 4%; Management Officers – 11% and 6%, City Attorney and City Manager – 12% and 6%, respectively. Vesting schedules for each employee group range from immediate vesting (100%) for Management Officers to full vesting over various periods of time through 3 years for general employees. Under the 401(a) Plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The total number of employees for each employee group under the 401(a) Plan as of September 30, 2013 was as follows: General Employees – 8, Management Officers – 4 and City Attorney - 1.

On September 29, 2002, the City joined the FRS to provide retirement and survivor benefits to all eligible City employees. On this date, the employees had the option of making a one-time election of remaining in the 401(a) Plan or choosing the FRS Plan. All eligible employees hired on or after September 30, 2002 were included in the FRS Plan. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the State of Florida Department of Management Services, Division of Retirement, Research, Education and Policy Section, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560 or by calling (850) 488-5706.

Funding Policy – The required employee contribution rate is 3%. The employer contribution rates to the FRS plan during the year ended September 30, 2013 were as follows:

| Employees | Contribution Rates | |
|-------------------|-------------------------------|------------------------------|
| | 10/1/12 Through 6/30/13 | 7/1/13 Through 9/30/13 |
| Senior management | 6.30% | 18.31% |
| Special risk | 14.90% | 19.06% |
| Regular employees | 5.18% | 6.95% |

The City’s contributions to the FRS amounted to \$ 1,013,245 for the year ended September 30, 2013, which represented 100% of the City’s required contribution. The contribution requirements of covered payroll and actual contributions made for fiscal year 2013 and the two preceding fiscal years were as follows:

| | Fiscal Year 2013 | Fiscal Year 2012 | Fiscal Year 2011 |
|---------------------------|---------------------|---------------------|---------------------|
| Contribution requirements | \$ <u>1,513,563</u> | \$ <u>1,260,542</u> | \$ <u>1,357,499</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 9 - EMPLOYMENT RETIREMENT SYSTEMS (continued)

| | <u>Fiscal Year 2013</u> | <u>Fiscal Year 2012</u> | <u>Fiscal Year 2011</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Contributions made by employer (100%): | | | |
| 401(a) Plan | \$ 132,792 | \$ 116,615 | \$ 142,445 |
| FRS Plan | 1,013,245 | 815,692 | 1,099,193 |
| Contributions made by employee (100%) | <u>367,526</u> | <u>328,235</u> | <u>115,861</u> |
| Total contributions made | <u>\$ 1,513,563</u> | <u>\$ 1,260,542</u> | <u>\$ 1,357,499</u> |
| Total covered payroll | <u>\$ 11,297,073</u> | <u>\$ 10,052,928</u> | <u>\$ 9,026,788</u> |
| Percent of contributions to total covered payroll | 13.40% | 12.54% | 15.04% |

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides a single employer defined benefit post-employment health insurance plan for employees and sworn officers. The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 62, to continue to obtain health, dental and vision insurance benefits upon retirement. The benefits of the plan conform with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Funding Policy and Annual OPEB Cost

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City for its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 15 years.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (continued)

The annual OPEB cost for the City for the current year and the related information is as follows:

| | |
|--|--------------------------|
| Required contribution rates: | |
| Employer | Pay-as-you-go |
| Plan members | N/A |
| Annual required contribution | \$ 193,000 |
| Interest on net OPEB obligation | 23,000 |
| Adjustment to annual required contribution | (49,000) |
| Annual OPEB cost | <u>167,000</u> |
| Contributions made | (54,000) |
| Interest on contributions made | <u>(1,000)</u> |
| Increase in net OPEB obligation | 112,000 |
| Net OPEB obligation - beginning of year | 569,000 |
| Net OPEB obligation - end of year | <u><u>\$ 681,000</u></u> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the two preceding years were as follows:

| Fiscal year ended | 9/30/2013 | 9/30/2012 | 9/30/2011 |
|-------------------------------------|------------|------------|------------|
| Annual OPEB cost | \$ 167,000 | \$ 187,000 | \$ 183,000 |
| Percentage of OPEB cost contributed | 33% | 20% | 19% |
| Net OPEB obligation | \$ 681,000 | \$ 569,000 | \$ 419,000 |

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2013 was as follows:

| | |
|---|--------------|
| Actuarial accrued liability | \$ 1,035,000 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | \$ 1,035,000 |
| Funded ratio | - |
| Covered payroll | \$ 9,353,000 |
| UAAL as a percentage of covered payroll | 11.1% |

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the City has not contributed assets to the plan at this time.

CITY OF SUNNY ISLES BEACH, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2013

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

| | |
|-----------------------------|--|
| Actuarial valuation date | 10/1/13 |
| Actuarial cost method | Projected unit credit |
| Amortization method | 15-year open period; level-dollar payment |
| Actuarial assumptions: | |
| Investment rate of return | 4.00% per annum* |
| Healthcare cost trend rates | |
| Select rates | 9.00% for 2013/2014 graded to 5.50% for 2020/2021 |
| Ultimate rate | 5% per annum |

* Includes inflation at 2.75% per annum

NOTE 11 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service (“IRS”) Code Section 457. The plan, administered by the ICMA Retirement Corporation, available to all City employees, permits them to defer a portion of their salaries until future years. Participation in the plan is optional. The deferred compensation is generally not available to employees until termination, retirement, death or the hardship distribution criteria as defined in IRS Code Section 457. The assets of the plan are held in trust and are the sole property of the participants; therefore, no balances or financial information is reported in the basic financial statements.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have material adverse effect on the financial position of the City.

Risk Management

The City 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 City purchases commercial insurance to cover the various risks. There were no reductions in insurance coverages from coverages in the prior year. There were no settled claims that have exceeded insurance coverage for each of the past three years.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

Construction Commitments

The City has various pending, ongoing and future capital improvement projects. These projects consist primarily of Gateway Park and Parking Garage and other minor capital projects. The remaining commitments on these projects are approximately \$ 16.64 million and \$ 248 thousand respectively in remaining commitments.

Grants

Grant monies received and disbursed by the City are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other action by grantor agencies. The City does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the City.

NOTE 13 - LEASES

Operating Leases, City as Lessor

The City has several lease agreements with private entities at locations within the City limits. The lease terms range between 10 months and 16 years. Under the terms of the leases, the tenants are responsible for all expenses associated with the leased location.

The following is a schedule of approximate minimum rent revenue under the lease agreements.

| <u>Year Ending September 30,</u> | |
|--------------------------------------|---------------------|
| 2014 | \$ 661,000 |
| 2015 | 591,000 |
| 2016 | 605,000 |
| 2017 | 654,000 |
| 2018 | 655,000 |
| Thereafter | <u>5,650,000</u> |
| | <u>\$ 8,816,000</u> |

As of September 30, 2013, leased assets consist of the following:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|----------|---------------------|-------------------------------------|---------------------------|
| Land | \$ 4,342,723 | \$ - | \$ 4,342,723 |
| Building | <u>945,000</u> | <u>203,175</u> | <u>741,825</u> |
| Total | <u>\$ 5,287,723</u> | <u>\$ 203,175</u> | <u>\$ 5,084,548</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 14 – JOINT VENTURE

On or about November 25, 2008, the City entered into a public/private partnership agreement with Dr. Robert Cornfeld, the owner of the Newport Hotel, to share design and construction costs to rebuild the entire Historic Newport Pier (the “Pier”), which was severely damaged by Hurricane Wilma in 2005. In accordance with the agreement, the City accepted ownership of the Pier by entering into the submerged land lease with the State of Florida to facilitate the construction of the Pier. The partnership agreement further provided that Dr. Cornfeld was required to contribute \$ 2 million dollars for the design and construction costs of the Pier. Similarly, the City was required to contribute \$ 2 million dollars for the design and construction costs of the Pier. Further, the agreement provides that the City would be responsible for any cost overruns that exceed the total contribution of \$ 4 million dollars from both parties. The City and Dr. Cornfeld also agreed to split revenues on a 50/50 basis from leasing the restaurant to be constructed on the Pier. The 50/50 split would occur after the City was able to deduct operational expenses from the revenues.

On or about July 26, 2013, the City entered into a management agreement with American Federated Title Corp., (the “Corp”) a corporate entity affiliated with Dr. Cornfeld, to manage the Pier as it relates to admission of residents and visitors to the Pier. The management agreement provided the City with the right to determine Pier admission fees. The City and the Corp agreed that any funds received from admission to the Pier would be used to cover expenses. Any remaining funds after payment of expenses would be shared 50/50 between the parties. The agreement was for five (5) years with the option to renew the agreement for three (3) additional five (5) year terms, provided the Corp is not in default at the time of the renewal of the terms. The City has the right to terminate the management agreement at will.

Subsequent to year end, the management agreement with the Corp described above was amended. The City and the Corp agreed that any funds received from admission to the Pier would not be used to cover expenses, but would simply be split 50/50 between the parties. Each entity would be responsible for their own operational expenses.

In addition, subsequent to year end, the City entered into a sublease agreement with the Corp and Beach Bar @ Newport Pier, LLC (“Beach Bar”) whereby Beach Bar will sublease the entire leased premises consisting of the restaurant facility, bait shop, second floor of restaurant facility and additional outdoor dining area in the premises. The initial term of the sublease is a ten (10) year term, with Beach Bar reserving the right to renew for four (4) additional terms of five (5) years. Beach Bar shall pay the City a base monthly rent of fifteen thousand dollars (\$ 15,000.00), plus all applicable sales tax, with the base rent being subject to increase in the consumer price index (“CPI”). In addition to the base monthly rent, Beach Bar shall pay to Corp for each year of the sublease term, as percentage rent, an amount equal to the amount by which ten percent (10%) times all gross sales, resulting from business conducted by Beach Bar in the prime lease premises each month exceeds the base rent, plus applicable sales tax.

The foregoing agreements may be modified by the parties based on change in circumstances.

NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION

For the year ended September 30, 2013 the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in a decrease to the beginning net position on the statement of activities of \$ 335,129 for governmental activities and \$ 12,486 for business-type activities to remove bond issuance costs in accordance with GASB 65. The beginning net position on the statement of revenues, expenses and changes in net position – proprietary fund was also decreased by \$ 12,486 in accordance with GASB 65.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|----------------------------|-------------------------|----------------------|---------------------------|--------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Real and personal property | \$ 16,657,030 | 16,657,030 | \$ 16,363,602 | \$ (293,428) |
| Utility taxes: | | | | |
| Electric | 2,200,000 | 2,200,000 | 2,322,488 | 122,488 |
| Telecommunication | 1,100,000 | 1,100,000 | 1,081,314 | (18,686) |
| Water | 700,000 | 700,000 | 762,423 | 62,423 |
| Gas | 18,000 | 18,000 | 28,093 | 10,093 |
| Total utility taxes | <u>4,018,000</u> | <u>4,018,000</u> | <u>4,194,318</u> | <u>176,318</u> |
| Total taxes | <u>20,675,030</u> | <u>20,675,030</u> | <u>20,557,920</u> | <u>(117,110)</u> |
| Franchise fees | <u>1,734,000</u> | <u>1,734,000</u> | <u>1,569,242</u> | <u>(164,758)</u> |
| Intergovernmental: | | | | |
| State revenue sharing | 284,080 | 284,080 | 319,996 | 35,916 |
| Grants | - | 90,020 | 14,569 | (75,451) |
| Other state taxes | 18,000 | 18,000 | 17,354 | (646) |
| Half cent sales tax | <u>1,357,760</u> | <u>1,357,760</u> | <u>1,441,413</u> | <u>83,653</u> |
| Total intergovernmental | <u>1,659,840</u> | <u>1,749,860</u> | <u>1,793,332</u> | <u>43,472</u> |
| Licenses and permits | <u>447,950</u> | <u>447,950</u> | <u>597,995</u> | <u>150,045</u> |
| Charges for services | <u>2,853,230</u> | <u>3,045,730</u> | <u>3,414,129</u> | <u>368,399</u> |
| Fines and forfeitures | <u>401,450</u> | <u>401,450</u> | <u>385,680</u> | <u>(15,770)</u> |
| Investment income (loss) | <u>200,000</u> | <u>200,000</u> | <u>(261,933)</u> | <u>(461,933)</u> |
| Miscellaneous | <u>619,260</u> | <u>644,260</u> | <u>757,301</u> | <u>113,041</u> |
| Total revenues | <u>\$ 28,590,760</u> | <u>\$ 28,898,280</u> | <u>\$ 28,813,666</u> | <u>\$ (84,614)</u> |

See notes to budgetary comparison schedule.

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
GENERAL FUND

(continued)

For the Year Ended September 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| City commission | \$ 251,280 | \$ 276,778 | \$ 276,679 | \$ 99 |
| City manager | 454,180 | 497,732 | 381,511 | 116,221 |
| Finance | 816,240 | 770,852 | 700,243 | 70,609 |
| Legal | 624,620 | 634,800 | 591,404 | 43,396 |
| City clerk | 383,980 | 386,894 | 359,451 | 27,443 |
| Human resources | 881,210 | 694,999 | 617,563 | 77,436 |
| Information technology | 972,190 | 1,045,335 | 904,863 | 140,472 |
| Risk management | 788,000 | 770,000 | 644,250 | 125,750 |
| Total general government | <u>5,171,700</u> | <u>5,077,390</u> | <u>4,475,964</u> | <u>601,426</u> |
| Public safety: | | | | |
| Police | 6,643,850 | 6,791,825 | 6,791,770 | 55 |
| Ocean Rescue | 1,649,590 | 1,648,754 | 1,494,929 | 153,825 |
| Community development | 1,124,050 | 1,163,529 | 1,032,586 | 130,943 |
| Total public safety | <u>9,417,490</u> | <u>9,604,108</u> | <u>9,319,285</u> | <u>284,823</u> |
| Community services: | | | | |
| Physical environment | 1,897,370 | 2,202,475 | 1,917,104 | 285,371 |
| Cultural and human services | 4,560,770 | 4,590,596 | 3,833,026 | 757,570 |
| Total community services | <u>6,458,140</u> | <u>6,793,071</u> | <u>5,750,130</u> | <u>1,042,941</u> |
| Debt service: | | | | |
| Principal | 2,139,460 | 2,130,630 | 2,130,615 | 15 |
| Interest and fiscal charges | 1,727,710 | 1,736,540 | 1,725,808 | 10,732 |
| Total debt service | <u>3,867,170</u> | <u>3,867,170</u> | <u>3,856,423</u> | <u>10,747</u> |
| Contingency | 400,000 | 385,000 | - | 385,000 |
| Capital outlay | 1,664,250 | 1,601,508 | 577,582 | 1,023,926 |
| Total expenditures | <u>26,978,750</u> | <u>27,328,247</u> | <u>23,979,384</u> | <u>3,348,863</u> |
| Excess of revenues over expenditures | <u>1,612,010</u> | <u>1,570,033</u> | <u>4,834,282</u> | <u>3,264,249</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of property and equipment | 5,000 | 5,000 | 31,360 | 26,360 |
| Insurance recoveries | - | - | 31,689 | 31,689 |
| Appropriations of prior year reserves | 776,260 | 2,818,237 | - | (2,818,237) |
| Transfers out | (2,393,270) | (4,393,270) | (3,893,270) | 500,000 |
| Total other financing sources (uses) | <u>(1,612,010)</u> | <u>(1,570,033)</u> | <u>(3,830,221)</u> | <u>(2,260,188)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,004,061</u> | <u>\$ 1,004,061</u> |

See notes to budgetary comparison schedule.

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
LAW ENFORCEMENT TRUST FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|---|-------------------------|---------------------|---------------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Fines and forfeitures | \$ 2,686,792 | \$ 2,686,792 | \$ 2,686,792 | \$ - |
| Investment income (loss) | <u>(194,832)</u> | <u>(194,832)</u> | <u>(194,832)</u> | <u>-</u> |
| Total revenues | <u>\$ 2,491,960</u> | <u>\$ 2,491,960</u> | <u>\$ 2,491,960</u> | <u>\$ -</u> |
| EXPENDITURES: | | | | |
| Public safety | \$ 362,586 | \$ 362,586 | \$ 362,586 | \$ - |
| Capital outlay | <u>140,008</u> | <u>140,008</u> | <u>140,008</u> | <u>-</u> |
| Total expenditures | <u>502,594</u> | <u>502,594</u> | <u>502,594</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>1,989,366</u> | <u>1,989,366</u> | <u>1,989,366</u> | <u>-</u> |
| OTHER FINANCING SOURCES: | | | | |
| Appropriation of prior year reserves | <u>(1,989,366)</u> | <u>(1,989,366)</u> | <u>-</u> | <u>1,989,366</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,989,366</u> | <u>\$ 1,989,366</u> |

See notes to budgetary comparison schedule.

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
September 30, 2013

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted for the General Fund, Law Enforcement Trust Fund, Street Maintenance and Construction Fund, Building Fund, General Capital Projects Fund, 2010 Capital Projects Fund, and the 2011 Capital Projects Fund on a basis consistent with accounting principles generally accepted in the United States. The City follows these procedures in establishing the budgetary data reflected in the basic financial statements.

- (a) The City Manager submits to the City Commission a proposed operating and capital budget for the ensuing fiscal year. The budget includes proposed expenditures and the means of financing them.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (d) The City Commission, by ordinance, may make supplemental appropriations for the year.
- (e) Formal budgetary integration is employed as a management control device during the period for the General Fund.
- (f) The City Manager is authorized to transfer part or all of an unencumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department of a fund must be approved by the City Commission. The legal level of control at which expenditures may not legally exceed appropriations is at the department level.
- (g) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are reappropriated in the following year's budget.
- (h) Budgeted amounts are as originally adopted or as amended.

**CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN**

An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the most recent actuarial valuation date available is presented as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c)* | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|----------------------------|---|
| 7/1/2008 | \$ - | \$ 562,000 | \$ 562,000 | 0% | \$ 7,452,000 | 7.5% |
| 7/1/2011 | - | 859,000 | 859,000 | 0% | 7,996,000 | 10.7% |
| 10/1/2013 | - | 1,035,000 | 1,035,000 | 0% | 9,353,000 | 11.1% |

* Covered payroll is for the calendar year period used for the actuarial valuation.

OTHER FINANCIAL INFORMATION

CITY OF SUNNY ISLES BEACH, FLORIDA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

| | <u>Street Maintenance and Construction Fund</u> | <u>Building Fund</u> | <u>Total</u> |
|--|---|--------------------------|---------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 19,276 | \$ 494,592 | \$ 513,868 |
| Investments | 22,757 | 583,940 | 606,697 |
| Receivables, net | 188,964 | 3,956 | 192,920 |
| Interest receivable | 120 | 3,080 | 3,200 |
| Inventory | <u>3,722</u> | <u>-</u> | <u>3,722</u> |
| Total assets | <u>\$ 234,839</u> | <u>\$ 1,085,568</u> | <u>\$ 1,320,407</u> |
| LIABILITIES: | | | |
| Accounts payable | \$ 68,422 | \$ 57,299 | \$ 125,721 |
| Accrued liabilities | <u>24,352</u> | <u>77,097</u> | <u>101,449</u> |
| Total liabilities | <u>92,774</u> | <u>134,396</u> | <u>227,170</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflows of resources: | | | |
| Unavailable revenue - taxes | <u>64,641</u> | <u>-</u> | <u>64,641</u> |
| Total deferred inflows of resources | <u>64,641</u> | <u>-</u> | <u>64,641</u> |
| FUND BALANCES: | | | |
| Nonspendable: | | | |
| Inventory | 3,722 | - | 3,722 |
| Restricted for: | | | |
| Building | - | 641,532 | 641,532 |
| Assigned to: | | | |
| Subsequent year's budget | <u>73,702</u> | <u>309,640</u> | <u>383,342</u> |
| Total fund balances | <u>77,424</u> | <u>951,172</u> | <u>1,028,596</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 234,839</u> | <u>\$ 1,085,568</u> | <u>\$ 1,320,407</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

| | Street Maintenance and Construction Fund | Building Fund | Total |
|--|--|-------------------|---------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 1,068,518 | \$ - | \$ 1,068,518 |
| Licenses and permits | - | 3,077,593 | 3,077,593 |
| Investment income (loss) | (459) | (19,784) | (20,243) |
| | <u>1,068,059</u> | <u>3,057,809</u> | <u>4,125,868</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Public safety | - | 2,345,546 | 2,345,546 |
| Transportation | 1,431,878 | - | 1,431,878 |
| Capital outlay | 156,651 | 1,893 | 158,544 |
| | <u>1,588,529</u> | <u>2,347,439</u> | <u>3,935,968</u> |
| Excess (deficiency) of revenues over expenditures | <u>(520,470)</u> | <u>710,370</u> | <u>189,900</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>393,270</u> | <u>-</u> | <u>393,270</u> |
| Total other financing source | <u>393,270</u> | <u>-</u> | <u>393,270</u> |
| Net change in fund balances | <u>(127,200)</u> | <u>710,370</u> | <u>583,170</u> |
| FUND BALANCES, BEGINNING OF YEAR | <u>204,624</u> | <u>240,802</u> | <u>445,426</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 77,424</u> | <u>\$ 951,172</u> | <u>\$ 1,028,596</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
STREET MAINTENANCE AND CONSTRUCTION FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|--|-------------------------|---------------------|---------------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,013,260 | \$ 1,013,260 | \$ 1,068,518 | \$ 55,258 |
| Investment income (loss) | <u>500</u> | <u>500</u> | <u>(459)</u> | <u>(959)</u> |
| Total revenues | <u>\$ 1,013,760</u> | <u>\$ 1,013,760</u> | <u>\$ 1,068,059</u> | <u>\$ 54,299</u> |
| EXPENDITURES: | | | | |
| Transportation | \$ 1,271,620 | \$ 1,431,408 | \$ 1,431,878 | \$ (470) |
| Capital outlay | <u>135,410</u> | <u>175,738</u> | <u>156,651</u> | <u>19,087</u> |
| Total expenditures | <u>1,407,030</u> | <u>1,607,146</u> | <u>1,588,529</u> | <u>18,617</u> |
| Excess (deficiency) of revenues over expenditures | <u>(393,270)</u> | <u>(593,386)</u> | <u>(520,470)</u> | <u>72,916</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | \$ 393,270 | \$ 393,270 | \$ 393,270 | \$ - |
| Appropriations of prior year reserves | <u>-</u> | <u>200,116</u> | <u>-</u> | <u>(200,116)</u> |
| Total other financing sources | <u>393,270</u> | <u>593,386</u> | <u>393,270</u> | <u>(200,116)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (127,200)</u> | <u>\$ (127,200)</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
BUILDING FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|---|-------------------------|---------------------|---------------------------|--------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 3,136,900 | \$ 3,136,900 | \$ 3,077,593 | \$ (59,307) |
| Investment income (loss) | <u>1,500</u> | <u>1,500</u> | <u>(19,784)</u> | <u>(21,284)</u> |
| Total revenues | <u>\$ 3,138,400</u> | <u>\$ 3,138,400</u> | <u>\$ 3,057,809</u> | <u>\$ (80,591)</u> |
| EXPENDITURES: | | | | |
| Public safety | \$ 2,427,060 | \$ 2,449,392 | \$ 2,345,546 | \$ 103,846 |
| Capital outlay | <u>139,750</u> | <u>58,694</u> | <u>1,893</u> | <u>56,801</u> |
| Total expenditures | <u>2,566,810</u> | <u>2,508,086</u> | <u>2,347,439</u> | <u>160,647</u> |
| Excess of revenues over expenditures | <u>571,590</u> | <u>630,314</u> | <u>710,370</u> | <u>80,056</u> |
| OTHER FINANCING SOURCES: | | | | |
| Appropriations of prior year reserves | <u>(571,590)</u> | <u>(630,314)</u> | <u>-</u> | <u>630,314</u> |
| Total other financing sources | <u>(571,590)</u> | <u>(630,314)</u> | <u>-</u> | <u>630,314</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 710,370</u> | <u>\$ 710,370</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
GENERAL CAPITAL PROJECTS FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|--|-------------------------|----------------------|---------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Impact fees | \$ 8,388,000 | \$ 8,388,000 | \$ 16,072,998 | \$ 7,684,998 |
| Charges for services | - | - | 99,788 | 99,788 |
| Investment income (loss) | 479,600 | 479,600 | (248,146) | (727,746) |
| Intergovernmental | - | 200,000 | - | (200,000) |
| Miscellaneous | 400,000 | 1,400,000 | 1,400,000 | - |
| | <u>9,267,600</u> | <u>10,467,600</u> | <u>17,324,640</u> | <u>6,857,040</u> |
| Total revenues | <u>\$ 9,267,600</u> | <u>\$ 10,467,600</u> | <u>\$ 17,324,640</u> | <u>\$ 6,857,040</u> |
| EXPENDITURES: | | | | |
| Capital outlay | \$ 19,053,000 | \$ 13,157,911 | \$ 7,706,545 | \$ 5,451,366 |
| Total expenditures | <u>19,053,000</u> | <u>13,157,911</u> | <u>7,706,545</u> | <u>5,451,366</u> |
| Excess (deficiency) of revenues over expenditures | <u>(9,785,400)</u> | <u>(2,690,311)</u> | <u>9,618,095</u> | <u>12,308,406</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 2,000,000 | 4,000,000 | 3,500,000 | (500,000) |
| Transfers out | - | (2,152,634) | (2,152,634) | - |
| Appropriations of prior year reserves | 7,785,400 | 842,945 | - | (842,945) |
| Total other financing sources | <u>9,785,400</u> | <u>2,690,311</u> | <u>1,347,366</u> | <u>(1,342,945)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,965,461</u> | <u>\$ 10,965,461</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
2010 CAPITAL PROJECTS FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|--|-------------------------|--------------------|---------------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Investment income (loss) | \$ 35,000 | \$ 35,000 | \$ (131,943) | \$ (166,943) |
| Total revenues | <u>\$ 35,000</u> | <u>\$ 35,000</u> | <u>\$ (131,943)</u> | <u>\$ (166,943)</u> |
| EXPENDITURES: | | | | |
| Capital outlay | \$ 3,205,000 | \$ 1,625,955 | \$ 675,728 | \$ 950,227 |
| Total expenditures | <u>3,205,000</u> | <u>1,625,955</u> | <u>675,728</u> | <u>950,227</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,170,000)</u> | <u>(1,590,955)</u> | <u>(807,671)</u> | <u>783,284</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | 2,152,634 | 2,152,634 | - |
| Appropriations of prior year reserves | <u>3,170,000</u> | <u>(561,679)</u> | <u>-</u> | <u>561,679</u> |
| Total other financing sources | <u>3,170,000</u> | <u>1,590,955</u> | <u>2,152,634</u> | <u>561,679</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,344,963</u> | <u>\$ 1,344,963</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
2011 CAPITAL PROJECTS FUND
For the Year Ended September 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|--|-------------------------|------------------|---------------------------|--------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Investment income (loss) | \$ 10,000 | \$ 10,000 | \$ (42,483) | \$ (52,483) |
| Total revenues | <u>\$ 10,000</u> | <u>\$ 10,000</u> | <u>\$ (42,483)</u> | <u>\$ (52,483)</u> |
| EXPENDITURES: | | | | |
| Capital outlay | \$ 2,320,000 | \$ - | \$ - | \$ - |
| Total expenditures | <u>2,320,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,310,000)</u> | <u>10,000</u> | <u>(42,483)</u> | <u>(52,483)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Appropriations of prior year reserves | <u>2,310,000</u> | <u>(10,000)</u> | <u>-</u> | <u>10,000</u> |
| Total other financing sources (uses) | <u>2,310,000</u> | <u>(10,000)</u> | <u>-</u> | <u>10,000</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (42,483)</u> | <u>\$ (42,483)</u> |

STATISTICAL SECTION

CITY OF SUNNY ISLES BEACH, FLORIDA
STATISTICAL SECTION
September 30, 2013

This part of the City of Sunny Isles Beach, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Position by Component
Changes in Net Position
Fund Balances of Governmental Funds
Changes in Fund Balances of Governmental Funds
General Governmental Tax Revenues by Source

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property
Property Tax Rates
Principal Property Taxpayers
Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and Economic Statistics
Principal Employers

CITY OF SUNNY ISLES BEACH, FLORIDA
STATISTICAL SECTION
September 30, 2013
(continued)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs.

Full-Time Equivalent City Government Employees by Function
Operating Indicators by Function
Capital Asset Statistics by Function

CITY OF SUNNY ISLES BEACH, FLORIDA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 1

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 3,655 | \$ 14,398 | \$ 35,443 | \$ 45,632 | \$ 61,919 | \$ 77,631 | \$ 105,761 | \$ 109,308 | \$ 107,250 | \$ 113,902 |
| Restricted | 15,381 | 25,941 | 27,344 | 25,981 | 19,131 | 25,830 | 5,874 | 5,507 | 7,916 | 10,930 |
| Unrestricted | <u>7,724</u> | <u>11,061</u> | <u>11,132</u> | <u>17,078</u> | <u>18,074</u> | <u>14,960</u> | <u>10,992</u> | <u>16,179</u> | <u>25,734</u> | <u>38,028</u> |
| Total governmental activities, net position | <u>\$ 26,760</u> | <u>\$ 51,400</u> | <u>\$ 73,919</u> | <u>\$ 88,691</u> | <u>\$ 99,124</u> | <u>\$ 118,421</u> | <u>\$ 122,627</u> | <u>\$ 130,994</u> | <u>\$ 140,900</u> | <u>\$ 162,860</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 847 | \$ 948 | \$ 1,017 | \$ 1,505 | \$ 3,146 | \$ 12,583 | \$ 12,264 | \$ 12,471 | \$ 12,441 | \$ 12,480 |
| Restricted | - | - | - | - | - | - | 13 | - | - | - |
| Unrestricted (deficit) | <u>2,057</u> | <u>2,174</u> | <u>2,627</u> | <u>2,971</u> | <u>2,942</u> | <u>(2,209)</u> | <u>51</u> | <u>325</u> | <u>623</u> | <u>806</u> |
| Total business-type activities, net position | <u>\$ 2,904</u> | <u>\$ 3,122</u> | <u>\$ 3,644</u> | <u>\$ 4,476</u> | <u>\$ 6,088</u> | <u>\$ 10,374</u> | <u>\$ 12,328</u> | <u>\$ 12,796</u> | <u>\$ 13,064</u> | <u>\$ 13,286</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 4,502 | \$ 15,346 | \$ 36,460 | \$ 47,136 | \$ 65,066 | \$ 90,214 | \$ 118,025 | \$ 121,779 | \$ 119,691 | \$ 126,382 |
| Restricted | 15,381 | 25,941 | 27,344 | 25,981 | 19,131 | 25,830 | 5,887 | 5,507 | 7,916 | 10,930 |
| Unrestricted | <u>9,782</u> | <u>13,235</u> | <u>13,759</u> | <u>20,049</u> | <u>21,016</u> | <u>12,751</u> | <u>11,043</u> | <u>16,504</u> | <u>26,357</u> | <u>38,834</u> |
| Total primary government, net position | <u>\$ 29,665</u> | <u>\$ 54,522</u> | <u>\$ 77,563</u> | <u>\$ 93,166</u> | <u>\$ 105,213</u> | <u>\$ 128,795</u> | <u>\$ 134,955</u> | <u>\$ 143,790</u> | <u>\$ 153,964</u> | <u>\$ 176,146 (1)</u> |

(1) The increase in the total primary government's net position in fiscal year 2013 is explained in Management's Discussion and Analysis.

CITY OF SUNNY ISLES BEACH, FLORIDA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 2

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,662 | \$ 4,415 | \$ 5,290 | \$ 5,918 | \$ 5,240 | \$ 6,810 | \$ 5,674 | \$ 4,986 | \$ 6,279 | \$ 5,249 |
| Public safety | 7,036 | 7,965 | 8,734 | 8,425 | 8,783 | 9,139 | 9,635 | 9,291 | 10,764 | 12,732 |
| Physical Environment | 1,350 | 1,456 | 12,372 | 5,180 | 3,322 | 3,847 | 3,911 | 3,923 | 3,906 | 5,403 |
| Culture and human services | 891 | 1,284 | 2,048 | 2,098 | 2,899 | 2,992 | 2,119 | 2,587 | 3,242 | 4,412 |
| Transportation | - | - | - | - | - | 413 | 584 | 576 | 1,139 | 1,447 |
| Interest on long-term debt | 502 | 1,306 | 1,133 | 1,237 | 1,186 | 1,398 | 2,309 | 2,483 | 2,471 | 1,647 |
| Total governmental activities expenses | <u>\$ 14,441</u> | <u>\$ 16,426</u> | <u>\$ 29,577</u> | <u>\$ 22,858</u> | <u>\$ 21,430</u> | <u>\$ 24,599</u> | <u>\$ 24,232</u> | <u>\$ 23,846</u> | <u>\$ 27,801</u> | <u>\$ 30,890</u> |
| Business-type activities: | | | | | | | | | | |
| Stormwater Management | \$ 540 | \$ 436 | \$ 373 | \$ 307 | \$ 298 | \$ 325 | \$ 382 | \$ 599 | \$ 788 | \$ 820 |
| Total business-type activities expenses | <u>540</u> | <u>436</u> | <u>373</u> | <u>307</u> | <u>298</u> | <u>325</u> | <u>382</u> | <u>599</u> | <u>788</u> | <u>820</u> |
| Total primary government expenses | <u>\$ 14,981</u> | <u>\$ 16,862</u> | <u>\$ 29,950</u> | <u>\$ 23,165</u> | <u>\$ 21,728</u> | <u>\$ 24,924</u> | <u>\$ 24,614</u> | <u>\$ 24,445</u> | <u>\$ 28,589</u> | <u>\$ 31,710</u> |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 1,172 | \$ 3,884 | \$ - | \$ 371 | \$ 58 | \$ 46 | \$ 1,750 | \$ 1,714 | \$ 2,454 | \$ 2,927 |
| Public Safety | 1,563 | 3,106 | 3,798 | 4,363 | 3,466 | 3,298 | 2,481 | 2,847 | 2,485 | 3,868 |
| Physical environment | 17 | 26 | 24 | 27 | 22 | 30 | - | - | - | - |
| Culture and human services | 146 | 229 | 356 | 485 | 650 | 722 | 1,017 | 1,061 | 1,152 | 1,131 |
| Operating grants and contributions | 516 | 186 | 13 | 154 | 259 | 5,619 | 1,092 | 906 | 4,003 | 3,650 |
| Capital grants and contributions | \$ 2,674 | \$ 16,410 | \$ 28,663 | \$ 8,594 | \$ 3,241 | \$ 1,602 | \$ 700 | \$ 764 | \$ 771 | \$ 1,458 |
| Total governmental activities program revenues | <u>\$ 6,088</u> | <u>\$ 23,841</u> | <u>\$ 32,854</u> | <u>\$ 13,994</u> | <u>\$ 7,696</u> | <u>\$ 11,317</u> | <u>\$ 7,040</u> | <u>\$ 7,292</u> | <u>\$ 10,865</u> | <u>\$ 13,034</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 2
(continued)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------------|------------------|------------------|-------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Stormwater | \$ 533 | \$ 545 | \$ 545 | \$ 552 | \$ 825 | \$ 1,040 | \$ 970 | \$ 973 | \$ 966 | \$ 983 |
| Operating grants and contributions | - | - | 200 | - | - | - | 76 | 79 | 82 | 81 |
| Capital grants and contributions | - | - | - | - | 898 | 3,307 | - | - | - | 2 |
| Total business-type activities program revenues | <u>533</u> | <u>545</u> | <u>745</u> | <u>552</u> | <u>1,723</u> | <u>4,347</u> | <u>1,046</u> | <u>1,052</u> | <u>1,048</u> | <u>1,066</u> |
| Total primary government program revenues | <u>\$ 6,621</u> | <u>\$ 24,386</u> | <u>\$ 33,598</u> | <u>\$ 14,546</u> | <u>\$ 9,419</u> | <u>\$ 15,664</u> | <u>\$ 8,086</u> | <u>\$ 8,344</u> | <u>\$ 11,913</u> | <u>\$ 14,100</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (8,353) | \$ 7,414 | \$ 3,277 | \$ (8,864) | \$ (13,734) | \$ (13,282) | \$ (17,192) | \$ (16,554) | \$ (16,936) | \$ (17,856) |
| Business-type activities | <u>(7)</u> | <u>110</u> | <u>371</u> | <u>245</u> | <u>1,425</u> | <u>4,022</u> | <u>664</u> | <u>453</u> | <u>260</u> | <u>246</u> |
| Total primary government net expenses | <u>\$ (8,360)</u> | <u>\$ 7,524</u> | <u>\$ 3,648</u> | <u>\$ (8,619)</u> | <u>\$ (12,309)</u> | <u>\$ (9,260)</u> | <u>\$ (16,528)</u> | <u>\$ (16,101)</u> | <u>\$ (16,676)</u> | <u>\$ (17,610)</u> |
| General Revenues and Other | | | | | | | | | | |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 7,998 | \$ 10,395 | \$ 11,130 | \$ 13,533 | \$ 14,358 | \$ 15,022 | \$ 15,085 | \$ 15,315 | \$ 15,960 | \$ 16,364 |
| Utility taxes | 2,356 | 2,380 | 2,671 | 2,879 | 3,401 | 3,690 | 3,879 | 4,032 | 3,970 | 4,195 |
| Franchise taxes | 1,461 | 1,463 | 1,325 | 1,763 | 1,875 | 1,937 | 2,034 | 1,517 | 1,685 | 1,569 |
| Impact fees | - | - | - | - | - | - | 1,468 | 1,499 | 2,306 | 16,432 |
| Intergovernmental | 1,389 | 1,605 | 2,298 | 2,257 | 2,298 | 2,160 | 0 | 1,571 | 1,746 | 1,893 |
| Investment income (loss) | 888 | 665 | 1,967 | 1,963 | 1,597 | 929 | 322 | 613 | 480 | (766) |
| Miscellaneous | 646 | 718 | 478 | 895 | 638 | 2,185 | 724 | 200 | 616 | 432 |
| Gain (loss) on disposal of capital assets | 1,101 | - | - | - | - | - | (840) | - | (1,401) | 31 |
| Transfers | - | - | - | - | - | - | (1,275) | - | - | - |
| Total governmental activities | <u>\$ 15,839</u> | <u>\$ 17,226</u> | <u>\$ 19,869</u> | <u>\$ 23,290</u> | <u>\$ 24,167</u> | <u>\$ 25,923</u> | <u>\$ 21,397</u> | <u>\$ 24,747</u> | <u>\$ 25,362</u> | <u>\$ 40,150</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 2
(continued)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|
| Business-type activities: | | | | | | | | | | |
| Intergovernmental | \$ 72 | \$ 74 | \$ 75 | \$ 147 | \$ 77 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment income (loss) | 16 | 34 | 76 | 114 | 111 | 71 | 16 | 14 | 8 | (19) |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 8 |
| Transfers | - | - | - | - | - | - | 1,275 | - | - | - |
| Total business-type activities | <u>88</u> | <u>108</u> | <u>151</u> | <u>261</u> | <u>188</u> | <u>71</u> | <u>1,291</u> | <u>14</u> | <u>8</u> | <u>(11)</u> |
| Total primary government | <u>\$ 15,927</u> | <u>\$ 17,334</u> | <u>\$ 20,020</u> | <u>\$ 23,551</u> | <u>\$ 24,355</u> | <u>\$ 25,994</u> | <u>\$ 22,688</u> | <u>\$ 24,761</u> | <u>\$ 25,370</u> | <u>\$ 40,139</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 7,485 | \$ 24,640 | \$ 23,146 | \$ 14,425 | \$ 10,433 | \$ 12,642 | \$ 4,205 | \$ 8,193 | \$ 8,426 | \$ 22,294 |
| Business-type activities | <u>82</u> | <u>218</u> | <u>522</u> | <u>506</u> | <u>1,613</u> | <u>4,093</u> | <u>1,955</u> | <u>467</u> | <u>268</u> | <u>235</u> |
| Total primary government | <u>\$ 7,567</u> | <u>\$ 24,858</u> | <u>\$ 23,668</u> | <u>\$ 14,931</u> | <u>\$ 12,046</u> | <u>\$ 16,735</u> | <u>\$ 6,160</u> | <u>\$ 8,660</u> | <u>\$ 8,694</u> | <u>\$ 22,529</u> (1) |

(1) The increase in the total primary government's changes in net position in fiscal year 2013 is explained in Management's Discussion and Analysis.

CITY OF SUNNY ISLES BEACH, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 3

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Committed to: | | | | | | | | | | |
| Hurricane/Emergency and Disaster Recovery | \$ - | \$ - | \$ - | \$ - | \$ 5,207 | \$ 5,207 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Other post employment benefits | - | - | - | - | - | 152 | - | - | - | - |
| Assigned to: | | | | | | | | | | |
| Subsequent year's budget | 79 | 79 | 5 | 27 | 56 | - | 433 | 1,071 | 1,025 | - |
| Non-spendable: | | | | | | | | | | |
| Inventory | - | - | - | - | - | - | - | 4 | - | - |
| Prepays | 25 | 13 | 99 | 97 | - | - | 57 | 10 | 301 | 338 |
| Unassigned | <u>8,774</u> | <u>12,093</u> | <u>11,212</u> | <u>17,206</u> | <u>13,116</u> | <u>11,634</u> | <u>1,950</u> | <u>3,152</u> | <u>2,973</u> | <u>4,965</u> |
| Total General Fund | <u>\$ 8,878</u> | <u>\$ 12,185</u> | <u>\$ 11,316</u> | <u>\$ 17,330</u> | <u>\$ 18,379</u> | <u>\$ 16,993</u> | <u>\$ 12,440</u> | <u>\$ 14,237</u> | <u>\$ 14,299</u> | <u>\$ 15,303</u> |
| All other governmental funds | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Law enforcement | \$ 1,272 | \$ 1,357 | \$ 968 | \$ 789 | \$ 819 | \$ 6,227 | \$ 5,750 | \$ 5,507 | \$ 7,916 | \$ 9,905 |
| Atlantic Isles improvements | - | - | - | - | - | - | 1 | 3 | - | - |
| Capital improvements | - | - | - | - | - | - | - | - | 7,415 | 9,089 |
| Building | - | - | - | - | - | - | - | - | 241 | 642 |
| Transportation | - | - | - | - | - | - | - | - | 203 | - |
| Assigned to: | | | | | | | | | | |
| Subsequent year's budget | - | - | 77 | 2 | 19 | 2,038 | 149 | - | - | 13,947 |
| Capital projects | 14,109 | 24,585 | 26,299 | 25,190 | 18,292 | 17,565 | 15,223 | 12,140 | 10,738 | 6,310 |
| Non-spendable: | | | | | | | | | | |
| Inventory | - | - | - | - | - | - | - | - | 2 | 4 |
| Prepays | - | - | - | - | - | - | - | 326 | - | - |
| Long-term receivables | <u>-</u> | <u>1,400</u> | <u>2,859</u> |
| Total all other governmental funds | <u>\$ 15,381</u> | <u>\$ 25,942</u> | <u>\$ 27,344</u> | <u>\$ 25,981</u> | <u>\$ 19,130</u> | <u>\$ 25,830</u> | <u>\$ 21,123</u> | <u>\$ 17,976</u> | <u>\$ 27,915</u> | <u>\$ 42,756</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 4

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|----------------|---------------|---------------|---------------|----------------|-----------------|-----------------|----------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| Real and personal property taxes | \$ 7,998 | \$ 10,395 | \$ 11,130 | \$ 13,533 | \$ 14,358 | \$ 15,022 | \$ 15,085 | \$ 15,315 | \$ 15,960 | \$ 16,364 |
| Utility taxes | 2,356 | 2,380 | 2,671 | 2,878 | 3,401 | 3,690 | 3,879 | 4,032 | 3,970 | 4,194 |
| Franchise fees | 948 | 985 | 1,326 | 1,763 | 1,875 | 1,937 | 2,034 | 1,517 | 1,685 | 1,569 |
| Impact fees | 1,684 | 14,430 | 28,663 | 8,594 | 1,000 | 178 | 46 | 1,499 | 1,306 | 16,073 |
| Intergovernmental revenues | 3,278 | 6,094 | 2,298 | 2,735 | 2,349 | 3,591 | 2,332 | 3,224 | 2,664 | 2,862 |
| Licenses and permits | 1,380 | 2,853 | 3,287 | 3,764 | 2,682 | 2,698 | 2,252 | 2,673 | 2,227 | 3,676 |
| Charges for services | 337 | 489 | 585 | 491 | 1,139 | 964 | 2,129 | 2,354 | 3,413 | 3,514 |
| Fines and forfeitures | 612 | 487 | 318 | 580 | 584 | 6,045 | 689 | 472 | 3,504 | 3,072 |
| Investment income (loss) | 902 | 693 | 1,967 | 1,963 | 1,597 | 929 | 322 | 613 | 471 | (899) |
| Miscellaneous revenues | 3,535 | 2,146 | 478 | 983 | 2,879 | 2,186 | 639 | 900 | 600 | 2,157 |
| Total revenues | <u>23,030</u> | <u>40,952</u> | <u>52,723</u> | <u>37,284</u> | <u>31,864</u> | <u>37,240</u> | <u>29,407</u> | <u>32,599</u> | <u>35,800</u> | <u>52,582</u> |
| Expenditures | | | | | | | | | | |
| General government | 2,902 | 3,482 | 4,155 | 4,858 | 4,451 | 5,250 | 5,515 | 4,640 | 4,349 | 4,476 |
| Public safety | 6,838 | 7,845 | 8,247 | 8,198 | 8,473 | 8,902 | 9,307 | 9,002 | 10,141 | 12,027 |
| Physical environment | - | - | - | - | - | 3,657 | 2,838 | 2,999 | 2,668 | 1,917 |
| Culture and human services | 1,979 | 2,709 | 4,153 | 5,133 | 5,981 | 2,981 | 1,875 | 2,257 | 2,700 | 3,833 |
| Transportation | - | - | - | - | 0 | 413 | 539 | 565 | 1,110 | 1,432 |
| Capital outlay | 13,155 | 10,908 | 33,495 | 12,301 | 16,629 | 31,084 | 27,218 | 8,261 | 7,196 | 9,258 |
| Debt service | | | | | | | | | | |
| Principal | 815 | 861 | 865 | 900 | 930 | 965 | 2,967 | 3,675 | 2,614 | 2,131 |
| Interest and fiscal charges | 1,317 | 1,280 | 1,274 | 1,242 | 1,202 | 1,145 | 2,118 | 2,704 | 2,009 | 1,726 |
| Issuance costs | - | - | - | - | - | - | 15 | 21 | 40 | - |
| Total expenditures | <u>27,006</u> | <u>27,085</u> | <u>52,189</u> | <u>32,632</u> | <u>37,666</u> | <u>54,397</u> | <u>52,392</u> | <u>34,124</u> | <u>32,827</u> | <u>36,800</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,976)</u> | <u>13,867</u> | <u>534</u> | <u>4,652</u> | <u>(5,802)</u> | <u>(17,157)</u> | <u>(22,985)</u> | <u>(1,525)</u> | <u>2,973</u> | <u>15,782</u> |

CITY OF SUNNY ISLES BEACH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (1)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 4
(continued)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------------|------------------|----------------|-----------------|-------------------|-----------------|-------------------|-------------------|------------------|------------------|
| Other financing sources (uses) | | | | | | | | | | |
| Note and bond proceeds | - | - | - | - | - | 22,700 | 15,000 | - | 2,425 | - |
| Refunding bonds issued | - | - | - | - | - | - | - | - | 17,575 | - |
| Sale of property | - | - | - | - | - | - | - | - | 6,881 | 31 |
| Insurance recoveries | - | - | - | - | - | - | - | - | 51 | 32 |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | - | (19,905) | - |
| Transfers in | 2,150 | 2,150 | 6,656 | 2,210 | 7,132 | 7,133 | 14,287 | 2,566 | 2,486 | 6,046 |
| Transfers out | <u>(2,150)</u> | <u>(2,150)</u> | <u>(6,656)</u> | <u>(2,210)</u> | <u>(7,132)</u> | <u>(7,133)</u> | <u>(15,562)</u> | <u>(2,566)</u> | <u>(2,486)</u> | (6,046) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,700</u> | <u>13,725</u> | <u>-</u> | <u>7,027</u> | 63 |
| Net change in fund balance | <u>\$ (3,976)</u> | <u>\$ 13,867</u> | <u>\$ 534</u> | <u>\$ 4,652</u> | <u>\$ (5,802)</u> | <u>\$ 5,543</u> | <u>\$ (9,260)</u> | <u>\$ (1,525)</u> | <u>\$ 10,000</u> | <u>\$ 15,845</u> |
| Debt service as a percentage of noncapital expenditures | 15.4% | 13.2% | 11.4% | 10.5% | 10.1% | 9.1% | 20.2% | 24.7% | 18.0% | 13.0% |

CITY OF SUNNY ISLES BEACH, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

Table 5

| <u>Fiscal Year Ended September 30,</u> | <u>Property Taxes</u> | <u>Local Option Gas Tax</u> | <u>Utility Taxes</u> | <u>Franchise Fees</u> | <u>Total</u> |
|--|---------------------------|-------------------------------------|--------------------------|---------------------------|---------------|
| 2004 | \$ 7,998 | \$ 186 | \$ 2,356 | \$ 948 | \$ 11,488 |
| 2005 | 10,395 | 195 | 2,380 | 985 | 13,955 |
| 2006 | 11,130 | 201 | 2,671 | 1,326 | 15,328 |
| 2007 | 13,533 | 194 | 2,879 | 1,763 | 18,369 |
| 2008 | 14,358 | 199 | 3,401 | 1,875 | 19,833 |
| 2009 | 15,022 | 192 | 3,690 | 1,937 | 20,841 |
| 2010 | 15,085 | 191 | 3,879 | 2,034 | 21,189 |
| 2011 | 15,315 | 214 | 4,032 | 1,517 | 21,078 |
| 2012 | 15,960 | 212 | 3,970 | 1,685 | 21,827 |
| 2013 | 16,380 | 209 | 4,194 | 1,569 | 22,352 |

CITY OF SUNNY ISLES BEACH, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6

| Fiscal Year Ended September 30 | Estimated Actual Value | | | Assessment Reductions | Assessed Valuation | Less: Tax Exemption | Total Taxable Assessed Value | Total Direct Tax Rate | Taxable Value as a Percentage of Estimated Actual Value |
|--------------------------------------|------------------------|----------------------|----------------------|--------------------------|-----------------------|------------------------|------------------------------------|--------------------------------|---|
| | Real Property | Personal Property | Total | | | | | | |
| 2004 | \$ 2,769,442,099 | \$ 31,342,181 | \$ 2,800,784,280 | \$ 161,894,596 | \$ 2,638,889,684 | \$ 141,594,856 | \$ 2,497,294,828 | 3.3500 | 89.164% |
| 2005 | 3,562,904,751 | 39,663,820 | 3,602,568,571 | 256,847,936 | 3,345,720,635 | 149,683,235 | 3,196,037,400 | 3.3500 | 88.716% |
| 2006 | 4,376,329,647 | 44,809,075 | 4,421,138,722 | 396,901,133 | 4,024,237,589 | 161,797,502 | 3,862,440,087 | 2.9500 | 87.363% |
| 2007 | 5,546,610,277 | 53,476,001 | 5,600,086,278 | 635,721,371 | 4,964,364,907 | 199,073,227 | 4,765,291,680 | 2.9500 | 85.093% |
| 2008 | 7,062,659,748 | 62,210,108 | 7,124,869,856 | 763,101,261 | 6,361,768,595 | 240,342,890 | 6,121,425,705 | 2.3979 | 85.916% |
| 2009 | 6,923,519,949 | 65,594,322 | 6,989,114,271 | 524,055,350 | 6,465,058,921 | 372,282,381 | 6,092,776,540 | 2.4842 | 87.175% |
| 2010 | 6,657,817,024 | 64,000,042 | 6,721,817,066 | 251,726,168 | 6,470,090,898 | 348,012,109 | 6,122,078,789 | 2.6500 | 91.078% |
| 2011 | 6,033,806,763 | 62,214,318 | 6,096,021,081 | 137,330,748 | 5,958,690,333 | 330,527,440 | 5,628,162,893 | 2.8860 | 92.325% |
| 2012 | 6,368,236,450 | 62,352,223 | 6,430,588,673 | 284,719,581 | 6,145,869,092 | 318,632,033 | 5,827,237,059 | 2.8860 | 90.617% |
| 2013 | 6,940,261,943 | 77,274,810 | 7,017,536,753 | 488,221,296 | 6,529,315,457 | 325,166,929 | 6,204,148,528 | 2.8000 | 88.409% |

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the values are equal to actual values. Tax rates are per \$ 1,000 of assessed value.

Source: Miami-Dade County Property Appraiser's Office.

CITY OF SUNNY ISLES BEACH, FLORIDA
PROPERTY TAX RATES
Direct and Overlapping Governments
Last Ten Fiscal Years

| Fiscal Year | Tax Roll Year | City of Sunny Isles Beach | | | Miami-Dade County | | | School District | | |
|-------------|---------------|---------------------------|----------------------|--------------------|-------------------|----------------------|----------------------|-------------------|----------------------|----------------------|
| | | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total School Millage |
| 2004 | 2003 | 3.3500 | - | 3.3500 | 5.9690 | 0.2850 | 6.2540 | 8.4180 | 0.6820 | 9.1000 |
| 2005 | 2004 | 3.3500 | - | 3.3500 | 5.9350 | 0.2850 | 6.2200 | 8.0900 | 0.5970 | 8.6870 |
| 2006 | 2005 | 2.9500 | - | 2.9500 | 5.8350 | 0.2850 | 6.1200 | 7.9470 | 0.4910 | 8.4380 |
| 2007 | 2006 | 2.9500 | - | 2.9500 | 5.6150 | 0.2850 | 5.9000 | 7.6910 | 0.4140 | 8.1050 |
| 2008 | 2007 | 2.3979 | - | 2.3979 | 4.5796 | 0.2850 | 4.8646 | 7.5700 | 0.3780 | 7.9480 |
| 2009 | 2008 | 2.4842 | - | 2.4842 | 4.8379 | 0.2850 | 5.1229 | 7.5330 | 0.2640 | 7.7970 |
| 2010 | 2009 | 2.6500 | - | 2.6500 | 4.8379 | 0.2850 | 5.1229 | 7.6980 | 0.2970 | 7.9950 |
| 2011 | 2010 | 2.8860 | - | 2.8860 | 5.4275 | 0.4450 | 5.8725 | 7.8640 | 0.3850 | 8.2490 |
| 2012 | 2011 | 2.8860 | - | 2.8860 | 4.8050 | 0.2850 | 5.0900 | 7.7650 | 0.2400 | 8.0050 |
| 2013 | 2012 | 2.8000 | - | 2.8000 | 4.7035 | 0.2850 | 4.9885 | 7.7650 | 0.2330 | 7.9980 |

Source: Miami-Dade County Property Appraiser's Office.

Table 7

| Overlapping Rates | | | | | | | | | |
|-----------------------|---|---|---------------------------|---------------------|--------------------|---------------|---------------|--------------------------------|---|
| State | | | | Special Districts | | | | | |
| Everglades Project | South Florida Water Management District | Florida Inland Navigation District | Total State Millage | Children's Trust | Fire and Rescue | Fire Debt | Library | Total District's Millage | Total Direct and Overlapping Rates |
| | 0.1000 | 0.5970 | 0.0385 | | | | | | |
| 0.1000 | 0.5970 | 0.0385 | 0.7355 | 0.4442 | 2.5920 | 0.0690 | 0.4860 | 3.5912 | 22.5837 |
| 0.1000 | 0.5970 | 0.0385 | 0.7355 | 0.4288 | 2.6090 | 0.0520 | 0.4860 | 3.5758 | 21.8193 |
| 0.1000 | 0.5970 | 0.0385 | 0.7355 | 0.4223 | 2.6090 | 0.0420 | 0.4860 | 3.5593 | 21.2498 |
| 0.0894 | 0.5346 | 0.0345 | 0.6585 | 0.4223 | 2.2067 | 0.0420 | 0.3842 | 3.0552 | 18.9242 |
| 0.0894 | 0.5346 | 0.0345 | 0.6585 | 0.4212 | 2.1851 | 0.0420 | 0.3822 | 3.0305 | 19.0931 |
| 0.0894 | 0.5346 | 0.0345 | 0.6585 | 0.5000 | 2.1851 | 0.0420 | 0.3822 | 3.1093 | 19.5357 |
| 0.0894 | 0.5346 | 0.0345 | 0.6585 | 0.5000 | 2.5753 | 0.0200 | 0.2840 | 3.3793 | 21.0453 |
| 0.0624 | 0.3739 | 0.0345 | 0.4708 | 0.5000 | 2.4496 | 0.0131 | 0.1795 | 3.1422 | 19.5940 |
| 0.0613 | 0.3676 | 0.0345 | 0.4634 | 0.5000 | 2.4496 | 0.0131 | 0.1725 | 3.1352 | 19.3851 |

CITY OF SUNNY ISLES BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Ten Years Ago
 (Amounts Expressed in Thousands)

Table 8

| Taxpayer | 2013 | | | 2004 (1) | | |
|--|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Intercoastal Yacht Club LLC | 80,664 | 1 | 1.3% | - | - | - |
| St. Tropez II LLC | 39,018 | 2 | 0.6% | - | - | - |
| 17070 Collins Ave Shopping Center/Melvin Homer | 38,830 | 3 | 0.6% | - | - | - |
| Century Towers Association | 32,378 | 4 | 0.5% | - | - | - |
| Florida Power & Light | 32,124 | 5 | 0.5% | - | - | - |
| Westgate Miami Beach LTD | 31,463 | 6 | 0.5% | - | - | - |
| Gilco Realty LC & M&R LLC | 27,887 | 7 | 0.5% | - | - | - |
| JTC15 Sunny Isles LP | 25,258 | 8 | 0.4% | - | - | - |
| LPL Apartments LP | 22,248 | 9 | 0.4% | - | - | - |
| Dezer Hotel Management LTD | 20,437 | 10 | 0.3% | - | - | - |
| Totals | \$ 350,307 | | 5.7% | \$ - | | 0.0% |

Source: Miami-Dade County, Tax Collector's Office.

(1) Information for fiscal year ending September 30, 2004 is not available, as it was not a required disclosure at that time.

CITY OF SUNNY ISLES BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 9

| Fiscal Year | Total Tax Levy (1) | Current Taxes Collections (2) | Percentage Collected | Delinquent Tax Collections (2) | Total Tax Collections | Percentage of Total Tax Collections to Tax Levy |
|----------------|-----------------------|--|-------------------------|---|--------------------------|--|
| 2004 | \$ 8,365,938 | \$ 7,906,033 | 94.50% | \$ 92,026 | \$ 7,998,059 | 95.60% |
| 2005 | 10,706,725 | 10,281,396 | 96.03% | 113,853 | 10,395,249 | 97.09% |
| 2006 | 11,394,198 | 11,023,320 | 96.75% | 106,347 | 11,129,667 | 97.68% |
| 2007 | 14,057,610 | 13,393,251 | 95.27% | 133,894 | 13,527,145 | 96.23% |
| 2008 | 14,678,567 | 14,038,748 | 95.64% | 167,587 | 14,206,335 | 96.78% |
| 2009 | 15,135,675 | 14,651,396 | 96.80% | 39,254 | 14,690,650 | 97.06% |
| 2010 | 16,223,509 | 14,870,128 | 91.66% | 292,103 | 15,162,231 | 93.46% |
| 2011 | 16,242,878 | 14,813,865 | 91.20% | 143,680 | 14,957,545 | 92.09% |
| 2012 | 16,817,406 | 16,060,172 | 95.50% | - | 16,060,172 | 95.50% |
| 2013 | 17,105,356 | 16,037,995 | 93.76% | 342,263 | 16,380,258 | 95.76% |

Source: Miami-Dade County, Tax Collector's Office and the City of Sunny Isles Beach.

(1) Tax levy, net of discount

(2) Includes estimated values for 2002 through 2005.

CITY OF SUNNY ISLES BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (Amounts expressed in thousands, except per capita amount)

Table 10

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita (1) |
|-------------|--------------------------|---------------|-----------------|----------------|--------------------------|---------------|--------------------------|-------------------------------|----------------|
| | General Obligation Bonds | Revenue Bonds | Promissory Note | Capital Leases | Outstanding Bonds | Notes Payable | | | |
| 2004 | \$ - | \$ 26,755 | \$ - | \$ - | \$ 2,700 | \$ 108 | \$ 29,563 | 5.95% | \$ 1,783 |
| 2005 | - | 25,920 | - | - | 2,550 | 19 | 28,489 | 5.44% | 1,706 |
| 2006 | - | 25,055 | - | - | 2,363 | - | 27,418 | 4.67% | 1,513 |
| 2007 | - | 24,155 | - | - | 2,213 | - | 26,368 | 3.97% | 1,407 |
| 2008 | - | 23,225 | - | - | 2,063 | - | 25,288 | 3.44% | 1,257 |
| 2009 | - | 22,260 | 22,700 | - | 1,913 | - | 46,873 | 6.42% | 2,399 |
| 2010 | - | 36,255 | 20,738 | - | 5,300 | - | 62,293 | 8.88% | 3,138 |
| 2011 | - | 34,621 | 18,697 | - | 4,973 | - | 58,291 | 7.53% | 3,012 |
| 2012 | - | 33,639 | 17,980 | - | 4,642 | - | 56,261 | 6.95% | 2,630 |
| 2013 | - | 32,258 | 17,230 | - | 4,229 | - | 53,717 | 6.48% | 2,518 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 (1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SUNNY ISLES BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2013
(Amounts Expressed in Thousands)

Table 11

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to City of Sunny Isles Beach (1)</u> | <u>Amount Applicable to City of Sunny Isles Beach</u> |
|-----------------------------------|---------------------------------|---|---|
| Debt repaid with property taxes: | | | |
| Miami-Dade County | \$ 1,023,586 | 3.28% | \$ 33,574 |
| Miami-Dade School District Board | 3,141,534 | 3.28% | <u>103,042</u> |
| Subtotal, overlapping debt | | | 136,616 |
| City of Sunny Isles Beach | | | <u>49,488</u> |
| Total direct and overlapping debt | | | <u><u>\$ 186,104</u></u> |

Source: Miami-Dade County, Florida, Accounting Division and the School Board of Miami-Dade County.

(1) Based on ratio of assessed taxable value.

CITY OF SUNNY ISLES BEACH, FLORIDA
LEGAL DEBT MARGIN INFORMATION
September 30, 2013

Table 12

The City Charter allows revenue bonds to be issued when authorized by the City Commission. The City Charter and Florida Statute provide no limit on the amount of the general obligation debt attainable.

CITY OF SUNNY ISLES BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)

Table 13

| Fiscal Year | Revenue Bonds and Notes Payable | | | | Coverage |
|----------------|---------------------------------|--------------|------------|-------------|----------|
| | Total Revenue | Debt Service | | Interest | |
| | | Principal | | | |
| 2004 | \$ 5,811 | \$ 815 | \$ 1,317 | 2.73 | |
| 2005 | 6,336 | 861 | 1,280 | 2.96 | |
| 2006 | 3,102 | 865 | 1,274 | 1.45 | |
| 2007 | 8,962 | 900 | 1,242 | 4.18 | |
| 2008 | 9,670 | 930 | 1,202 | 4.54 | |
| 2009 | 9,492 | 965 | 1,230 | 4.32 | |
| 2010 | 14,172 | 2,967 | 2,096 | 2.80 | |
| 2011 | 17,096 | 3,675 | 2,705 | 2.68 | |
| 2012 | 1,353 | - | 114 | 11.87 | |
| 2013 | 1,441 | 564 | 235 | 1.80 | |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF SUNNY ISLES BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 14

| Fiscal Year | Population (1) | Personal Income (amounts expressed) in thousands) | Per Capita Income (2) | Median Age (3) | School Enrollment (4) | Unemployment Rate (5) |
|----------------|-------------------|---|-----------------------------|-------------------|-----------------------------|--------------------------|
| 2004 | 16,580 | \$ 496,654 | \$ 29,955 | 37 | - | 5.4% |
| 2005 | 16,703 | 523,589 | 31,347 | 37 | - | 4.3% |
| 2006 | 18,121 | 587,646 | 32,429 | 37 | - | 3.8% |
| 2007 | 18,747 | 663,813 | 35,409 | 37 | - | 3.6% |
| 2008 | 20,121 | 734,256 | 36,492 | 37 | 1,155 | 5.3% |
| 2009 | 19,540 | 729,741 | 37,346 | 37 | 1,492 | 10.1% |
| 2010 | 19,849 | 701,325 | 35,333 | 37 | 1,729 | 12.1% |
| 2011 | 21,007 | 774,024 | 36,846 | 37 | 1,797 | 10.0% |
| 2012 | 21,395 | 809,458 | 37,834 | 38 | 1,792 | 9.6% |
| 2013 | 21,331 | 828,923 | 38,860 | 38 | 1,868 | 7.7% |

- (1) Furnished by Bureau of Economic and Business Research, University of Florida. Population estimates as of April 1st of each year.
- (2) Represents per capita for Miami-Dade County as provided by the U.S. Bureau of Economic Analysis.
- (3) Represents median age for Miami-Dade County as provided by the Miami-Dade Beacon Council.
- (4) Furnished by the School Board of Miami-Dade County.
- (5) Furnished by the Bureau of Labor Statistics.

CITY OF SUNNY ISLES BEACH, FLORIDA
 PRINCIPAL EMPLOYERS
 Current Year and Ten Years Ago

Table 15

| Employer | 2013 | | | 2004(1) | | Percentage of Total City Employment |
|------------------------------------|--------------|------|-------------------------------------|-----------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | |
| Newport Beachside Resort | 430 | 1 | 17.2% | - | - | - |
| Trump International Resort | 343 | 2 | 13.7% | - | - | - |
| City of Sunny Isles Beach | 211 | 3 | 8.4% | - | - | - |
| Double Tree Ocean Point Resort | 133 | 4 | 5.3% | - | - | - |
| Marenas Resort (Le Meridien) | 126 | 5 | 5.0% | - | - | - |
| Marco Polo (Aventura Beach Assoc.) | 110 | 6 | 4.4% | - | - | - |
| Publix | 107 | 7 | 4.3% | - | - | - |
| McDonalds | 55 | 8 | 2.2% | - | - | - |
| Denny's | 55 | 9 | 2.2% | - | - | - |
| Totals | <u>1,570</u> | | <u>62.8%</u> | <u>-</u> | | <u>0.0%</u> |

Source: City of Sunny Isles Beach, Code Compliance

(1) Information for fiscal year ending September 30, 2004 is not available, as it was not a required disclosure at that time.

CITY OF SUNNY ISLES BEACH, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Table 16

| Function | Employees as of September 30, | | | | | | | | | |
|---------------------------------|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Government: | | | | | | | | | | |
| Commission | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| City Clerk | 4 | 3 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| City Attorney | 4 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Finance | 3 | 3 | 4 | 4 | 4 | 3 | 3 | 5 | 7 | 6 |
| Human Resources | 2 | 3 | 4 | 4 | 3 | 2 | 2 | 7 | 6 | 5 |
| City Manager | 3 | 4 | 5 | 5 | 5 | 6 | 5 | 1 | 2 | 4 |
| Administrative Services | 9 | 12 | 14 | 14 | 8 | 7 | 6 | - | - | - |
| Information Technology | 1 | 3 | 5 | 5 | 7 | 6 | 6 | 6 | 5 | 4 |
| Public Safety: | | | | | | | | | | |
| Building | 19 | 25 | 27 | 25 | 21 | 19 | 14 | 15 | 13 | 17 |
| Police: | | | | | | | | | | |
| Sworn Officers | 48 | 52 | 52 | 45 | 47 | 48 | 48 | 48 | 54 | 51 |
| Non-Sworn Officers-Police | 14 | 19 | 16 | 11 | 12 | 13 | 13 | 13 | 13 | 11 |
| Non-Sworn Officers-Ocean Rescue | - | 18 | 24 | 24 | 22 | 22 | 25 | 22 | 24 | 23 |
| Physical Environment: | | | | | | | | | | |
| Community Development | 8 | 16 | 15 | 17 | 14 | 12 | 11 | 11 | 12 | 17 |
| Public Works | 9 | 8 | 12 | 13 | 17 | 20 | 16 | 18 | 14 | 13 |
| Stormwater | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 |
| Transportation | - | - | - | - | - | - | 10 | 9 | 9 | 6 |
| Cultural and Human Services | 19 | 31 | 37 | 44 | 31 | 26 | 37 | 37 | 51 | 39 |
| Total | 150 | 209 | 231 | 227 | 207 | 200 | 210 | 207 | 225 | 211 |

CITY OF SUNNY ISLES BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Table 17

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| Police: | | | | | | | | | | |
| Physical arrests | 662 | 627 | 473 | 431 | 435 | 458 | 285 | 561 | 571 | 514 |
| Parking violations | 4,436 | 6,313 | 5,662 | 5,462 | 5,672 | 3,749 | 5,495 | 4,546 | 6,275 | 7,025 |
| Highways and streets: | | | | | | | | | | |
| Street resurfacing (miles) | - | - | - | - | - | - | 3 | - | - | - (1) |
| Potholes repaired | - | - | - | - | - | - | 10 | 2 | 12 | 8 (1) |
| Culture and recreation: | | | | | | | | | | |
| Athletic field permit issues | - | - | - | - | - | 2 | 2 | - | 1 | 7 |
| Film Permits issued | 6 | 6 | 4 | 16 | 23 | 17 | 14 | 13 | 15 | 15 |
| Summer Camp Enrollment | 108 | 146 | 203 | 271 | 407 | 495 | 563 | 482 | 512 | 523 |

Source: City of Sunny Isles Beach, Florida.

(1) Data prior to fiscal year ending September 30, 2010 is not available.

CITY OF SUNNY ISLES BEACH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Table 18

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------|------|------|------|------|------|------|------|------|------|-----------------|
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 35 | 46 | 56 | 60 | 57 | 58 | 64 | 64 | 67 | 65 |
| Motorcycles | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Streets: | | | | | | | | | | |
| City Maintained (miles) | - | - | - | - | - | - | 7.2 | 7.2 | 7.2 | 7.2 (1) |
| FDOT Maintained (miles) | - | - | - | - | - | - | 3.8 | 3.8 | 3.8 | 3.8 (1) |
| Privately Maintained (miles) | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 (1) |
| Streetlights: | | | | | | | | | | |
| City Maintained | - | - | - | - | - | - | 307 | 345 | 347 | 347 (1) |
| FPL Maintained | - | - | - | - | - | - | 285 | 264 | 223 | 223 (1) |
| Culture and recreation: | | | | | | | | | | |
| Parks acreage | 7.94 | 11.4 | 15.4 | 15.9 | 15.9 | 15.9 | 15.9 | 16.2 | 16.2 | 16.2 |
| Parks | 5 | 6 | 7 | 8 | 8 | 8 | 8 | 9 | 9 | 9 |
| Community centers | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Storm Drain Pipes: | | | | | | | | | | |
| City Maintained (miles) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.03 | 6.03 | 6.50 | 6.50 |
| FDOT Maintained (miles) | - | - | - | - | - | - | 7.85 | 7.89 | 7.86 | 7.86 (1) |

Source: City of Sunny Isles Beach, Florida.

(1) Data prior to fiscal year ending September 30, 2010 is not available.

COMPLIANCE SECTION



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

To The Honorable Mayor,
City Commission and City Manager
City of Sunny Isles Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sunny Isles Beach, Florida (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated January 8, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

City of Sunny Isles Beach, Florida

Purpose of this Report

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 8, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To The Honorable Mayor,
City Commission and City Manager
City of Sunny Isles Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited City of Sunny Isles Beach, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 8, 2014



INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

To The Honorable Mayor,
City Commission and City Manager
City of Sunny Isles Beach, Florida

We have audited the basic financial statements of City of Sunny Isles Beach, Florida (the "City"), as of and for the year ended September 30, 2013, and have issued our report thereon dated January 8, 2014.

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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*, Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 8, 2014, 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 governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial 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 City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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. In connection with our audit, we did not have any such findings.

City of Sunny Isles Beach, Florida

Section 10.554(1)(i)5., 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 basic financial statements. The City of Sunny Isles Beach was established by the Board of Miami-Dade County Commissioners with the adoption of Ordinance 97-7. The City does not have any component units.

Section 10.554(1)(i)6.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 City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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.

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 applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 8, 2014

CITY OF SUNNY ISLES BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2013

| Federal Agency Pass-through Entity Federal Program | CFDA Number | Contract/Grant Number | Expenditures |
|---|----------------|--------------------------|--------------------------|
| <u>FEDERAL AGENCY NAME:</u> | | | |
| Direct Programs: | | | |
| United States Department of Justice - Federal Forfeitures | * 16.922 | - | \$ 489,045 |
| Indirect Programs: | | | |
| United States Department of Justice - Passed through State of Florida Department of Law Enforcement: Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2012-JAGC-DADE-28-C4-212 | 14,569 |
| United States Department of Commerce - Passed through the Florida Department of Environmental Protection: Outdoor Recreation, Acquisition, Development and Planning | 15.916 | LW 578 | <u>16,605</u> |
| Total expenditures of Federal awards | | | \$ <u><u>520,219</u></u> |

* Denotes a major program

CITY OF SUNNY ISLES BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended September 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 - CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE 3 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Complete Catalog of Federal Domestic Assistance (“CFDA”) numbers are presented for those programs for which such numbers were available. CFDA prefixes are presented for programs for which a complete CFDA number is not available.

CITY OF SUNNY ISLES BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of City of Sunny Isles Beach, Florida, were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal program is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major Federal program for City of Sunny Isles Beach, Florida expresses an unmodified opinion.
6. No audit findings relative to the major Federal program for City of Sunny Isles Beach, Florida are reported in Part C of this schedule.
7. The program tested as a major program is as follows:

| Federal Program | Federal CFDA No. |
|---|-------------------------|
| United States Department of Justice Federal Forfeiture | 16.922 |

8. The threshold for distinguishing Types A and B programs was \$ 300,000 for the major Federal programs.
9. City of Sunny Isles Beach, Florida was determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

NONE

D. OTHER ISSUES

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs.

No Corrective Action Plan is required because there were no findings reported under the Federal Single Audit Act.