

**Comprehensive Annual Financial Report
of the City of Sunny Isles Beach, Florida**

For the Fiscal Year Ended September 30, 2020

Prepared by the
Finance Department

This Page Intentionally Left Blank

City of Sunny Isles Beach, Florida

Table of Contents

Introductory Section

Letter of Transmittal	i - viii
Certificate of Achievement for Excellence in Financial Reporting	ix
Organizational Chart	x
List of City Officials	xi

Financial Section

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position - Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Notes to Basic Financial Statements	24-53

City of Sunny Isles Beach, Florida

Table of Contents
(Continued)

Required Supplementary Information:

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	54-55
Note to Budgetary Comparison Schedule	56
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	57
Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System Pension Plan (Unaudited)	58
Schedule of Proportionate Share of Net Pension Liability - Retiree Health Insurance Subsidy Program (Unaudited)	59
Schedule of Contributions - Florida Retirement System Pension Plan (Unaudited)	60
Schedule of Contributions - Retiree Health Insurance Subsidy Program (Unaudited)	61

Other Supplementary Information:

Combining and Individual Fund Financial Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	63

Budgetary Comparison Schedules:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Street Maintenance and Construction Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Building Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Capital Projects Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Art Trust Fund	67

City of Sunny Isles Beach, Florida

Table of Contents (Continued)

Statistical Section

Table 1 - Net Position by Component	68-69
Table 2 - Changes in Net Position	70-73
Table 3 - Fund Balances of Governmental Funds	74-75
Table 4 - Changes in Fund Balances of Governmental Funds	76-77
Table 5 - General Governmental Tax Revenues by Source	78
Table 6 - Assessed Value and Estimated Actual Value of Taxable Property	79-80
Table 7 - Property Tax Rates	81-82
Table 8 - Principal Property Taxpayers	83-84
Table 9 - Property Tax Levies and Collections	85
Table 10 - Ratios of Outstanding Debt by Type	86-87
Table 11 - Direct and Overlapping Governmental Activities Debt	88
Table 12 - Legal Debt Margin Information	89
Table 13 - Pledged Revenue Coverage	90
Table 14 - Demographic and Economic Statistics	91
Table 15 - Principal Employers	92
Table 16 - Full-Time Equivalent City Government Employees by Function	93
Table 17 - Operating Indicators by Function	94
Table 18 - Capital Asset Statistics by Function	95

City of Sunny Isles Beach, Florida

Table of Contents
(Continued)

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 <i>Government Auditing Standards</i>	96-97
Independent Auditor's Management Letter	98-99
Independent Accountant's Report	100

INTRODUCTORY SECTION

This Page Intentionally Left Blank



May 26, 2021

City Commission

George "Bud" Scholl
Mayor

Larisa Svechin
Vice Mayor

Dana Goldman
Commissioner

Alex Lama
Commissioner

Jeniffer Viscarra
Commissioner

Christopher J. Russo
City Manager

Mauricio Betancur
City Clerk, CMC

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, 2020. 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. These 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.

MSL, P.A. (formerly Moore Stephens Lovelace, P.A.), 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, 2020. The independent auditor's 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. Management's Discussion and Analysis (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 23,869 people, the City ranks 15th in population amongst the 34 municipalities in the County (2020 University of Florida population estimate). 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 purposes.

The City was incorporated in 1997 and operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the governing commission, which consists of a Mayor and four Commissioners. 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, hiring of staff, 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, ocean rescue, building, zoning and planning, code compliance, transportation, maintenance of roads and parking facilities, parks, recreation and cultural programs, general government and administrative services.



Fire protection, water and sewer utilities, education and welfare services are provided by other units of 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 Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and Chapter 10.550, *Rules of the Auditor General*, State of Florida, if the City incurs aggregate expenditures of at least \$750,000 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 auditor’s reports on the internal control and compliance with applicable laws and regulations are included in the compliance section of this report, when applicable.

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 departmental 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 re-appropriated as part of the following year’s budget.



All expenditures for other than personnel 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 departmental accounts within departmental budget or decreases in line items or departmental accounts not amounting to more than 20% of the total budget of each department may be made by the City Manager. All budgetary transfers shall be approved by resolution of the City Commission. Budget amendments are submitted, 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 aspirations. Today, the luxury residential component is the economic engine of our City. After the City's incorporation and the adoption of its Comprehensive Plan, allowing for a strategic revitalization of its greater assets – the waterfront residences and the beach - 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. During the 2008 housing collapse, the City experienced a moderate downturn of construction and tax base. However, in 2011 the City rebounded with its approval of high-end luxury residential condominiums, which were promptly under construction experiencing a faster rebound in the housing market compared to other municipalities in the Miami area. In addition, new projects are coming to fruition, and the development community is obtaining commitments from prospective buyers mostly from the Northeast.

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 through 2015 is primarily attributed to the turnover of long-term owned properties to new buyers and as mentioned, the rebound of new construction of residential projects. This allowed 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%. Beginning with the 2016 year, we began seeing significant new construction added to our tax rolls, bringing our projected 2021 taxable value over \$12 billion.

The millage rate was reduced to 2.8 mils in 2013, and by 1/10 of a mil each year through 2020 to 2.2 mils. Although property tax values are projected to increase again for fiscal year 2021, the millage rate was kept the same at 2.2 mils, with a projected collection of \$24.9 million in ad valorem revenues.



	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Current Year Adjusted Values	10,971,897,147	10,646,993,425	11,089,118,428	10,299,485,811	9,513,872,268	8,684,155,480	7,679,032,753	6,900,843,377	6,184,144,720	5,624,026,354
Plus New Construction	943,614,945	919,502,238	31,417,157	796,407,488	597,556,627	275,651,745	226,030	3,242,515	74,139,611	224,053,924
Total Estimated Taxable Values	11,915,512,092	11,568,495,663	11,120,535,585	11,097,893,299	10,111,428,895	8,959,807,225	7,679,258,783	6,904,085,892	6,258,284,331	5,848,080,278
Adjustments	N/A	(371,480,554)	(231,735,785)	(177,678,121)	(142,553,112)	(266,348,629)	(119,273,765)	(167,718,469)	(149,228,754)	(197,002,891)
Total Final Taxable Values	11,915,512,092	11,197,015,109	10,888,799,800	10,920,215,178	9,968,875,783	8,693,458,696	7,559,985,018	6,736,367,423	6,109,055,577	5,651,077,387
Change from Prior Year	6.42%	6.24%	-0.30%	9.54%	14.67%	14.99%	12.23%	10.27%	8.10%	4.66%

MAJOR INITIATIVES

For the Year

The city continues to be one of the most financially secure local governments in Florida. From an operating standpoint, our main focus is holding the line on spending in order to capture some of the shortfall caused by the COVID-19 pandemic and our level of world-class service and maintenance. We want to make the City of Sunny Isles Beach the standard for quality government in South Florida.

For the Future

We continue to look forward to the completion of the undergrounding of the Collins Avenue utility distribution wires over the next year, and the commencement of undergrounding in Golden Shores. The installation of the new streetlights in Golden Shores has begun. We have upgraded the stormwater pump station in the Golden Shores neighborhood, and the planning continues for an improved storm drainage system in the Central Island area. Plans are completed for the 180th Street Pedestrian Bridge over Collins Avenue, which will be out to bid shortly. The planning will now start for the 174th Street Pedestrian Bridge over Collins Avenue into Samson Oceanfront Park. We also look forward to the upgrading and restoration of our streetscape, including landscaping and decorative brick sidewalks along Collins Avenue.

The following projects were completed during 2020:

- The St. Tropez Office building located at 16690 Collins Avenue is a 13-story office building, which includes a commercial component at the street level, with an enclosed parking garage and offices above. The office building will be the entry point to the Baywalk Promenade.
- The Ritz Carlton Residences (15701 & 15795 Collins Avenue) project is a condominium tower approved for 212 dwelling units. This project is being built on a combined parcel of land that had a partially built tower that created an eyesore for our community.



The following projects currently under way during 2021:

- Turnberry Ocean Club is a luxury 52-story condominium tower with 154 dwelling units. This tower will replace the Turnberry Beach Club.
- The Chabad Lubavitch Russian Center of South Florida, a community center located at 488 Sunny Isles Boulevard. The community center will hold a Chabad, a restaurant, a learning facility, and a social hall.
- Aurora is a mixed-use condominium consisting of 5,721 square feet of commercial spaces on the ground floor and 61 residential units on the upper floors, for a total of 126,888 square feet of floor area.
- The Estates at Acqualina is a project encompassing two residential towers with a total of 248 dwelling units, with approximately 1,179,384 square feet of floor area ratio.
- Marina del Mar is a project located at 100 Kings Point Drive encompassing two apartment towers with a total of 254 dwelling units and an enclosed garage accommodating 860 vehicles.

Projects expected to start in the 2021-22 fiscal year and beyond include the following:

- La Playa Varadero located at 18801 Collins Avenue is a development, including two mixed-use towers consisting of 490 residential units with approximately 1,228,435 square feet of floor area. Their sales center is currently at this location.
- Hotel Monaco located at 17501 Collins Avenue is a project approved for 113 hotel units with a floor area of 50,784 square feet. The project is a 3-story building.
- Estates of Acqualina parking garage located at 125 178th Street is a project consisting of an 8-story parking garage with approximately 473 parking spaces.

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 turn over to new buyers and also a steady growth in new construction additions for FY 2022 through FY 2027, as highlighted above.

The City is closely monitoring state legislative proposals and their potential impacts and limitations to Florida municipalities.



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 financial plan is presented by the City Manager in the spring. This document is used to guide the development of the annual operating budget.

The Capital Improvements Program (CIP) is prepared and presented to the City Commission (usually a five-year plan) as part of the annual budget process. The projects represent the City's long-range plan for facilities, for infrastructure improvements, traffic and pedestrian circulations improvements, and park acquisition and development.

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, 2019. This was the ninth 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.

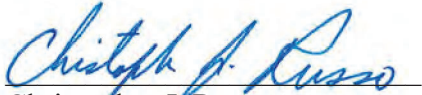
The GFOA also awarded the Distinguished Budget Presentation Award for the annual budget document for the fiscal year ended September 30, 2020. This was the thirteenth consecutive year the City received this award. This award is the highest form of recognition in governmental budgeting and represents 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 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



Tiffany D. Neely
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

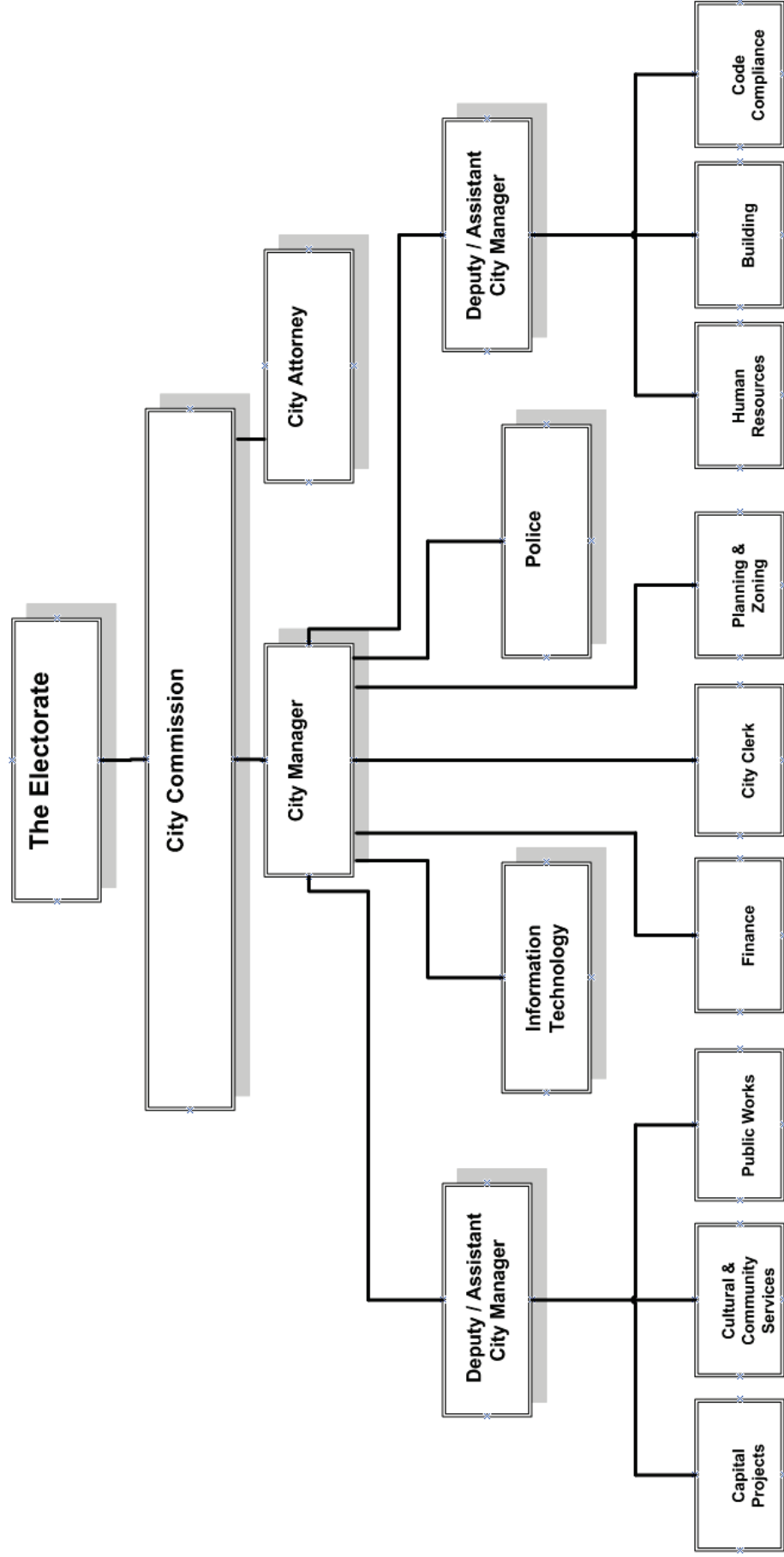
September 30, 2019

Christopher P. Morill

Executive Director/CEO



Sunny Isles Beach Government Structure



City of Sunny Isles Beach, Florida
CITY OFFICIALS
As of September 30, 2020

CITY COMMISSION

George “Bud” Scholl - Mayor
Larisa Svechin - Vice Mayor
Alex Lama
Dana Goldman
Jeniffer Viscarra

CITY MANAGER

Christopher J. Russo

CITY ATTORNEY

Edward A. Dion,
Nabors, Giblin & Nickerson,
Attorneys at Law

CITY CLERK

Mauricio Betancur, C.M.C.

FINANCE DIRECTOR

Tiffany D. Neely

CITY AUDITORS

MSL, C.P.A.s and Advisors

This Page Intentionally Left Blank

FINANCIAL SECTION

This Page Intentionally Left Blank

INDEPENDENT AUDITOR'S REPORT

This Page Intentionally Left Blank



INDEPENDENT AUDITOR'S REPORT

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 year ended September 30, 2020, 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 of 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 City'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 City'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, 2020, and the respective changes in financial position, and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, 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 as a whole. The introductory section, other supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section 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 on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida

May 26, 2021

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

City of Sunny Isles Beach, Florida
Management's Discussion and Analysis
September 30, 2020

As management of the City of Sunny Isles Beach (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. 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 viii of this report. All amounts in this section, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$273.8 (net position). Of this amount, \$24.0 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 \$0.7 during the current fiscal year. Net position of our governmental and business-type activities increased by \$0.1 and \$0.6, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.5, a decrease of \$4.3 in comparison with the prior year. Approximately 41.6% of this balance or, \$29.3 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 \$40.0 or 120.6% 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, \$0.7 for prepaid assets and \$29.3 million was unassigned and available for new spending.
- The City's governmental funds had no deferred outflows of resources and its deferred inflows of resources were \$0.5 for transfer development rights and tax revenues which remained the same in comparison to the prior year.
- Investment income decreased by \$1.3 during the current fiscal year. This was due to falling interest rates for all investments due to the COVID-19 pandemic. As such, the City's average interest earnings return decreased to 0.63% in 2020 from 2.03% in 2019.

Overview of the Financial Statements

The discussion and analysis are 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.

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 government-wide financial statements distinguish functions of the City 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 include general government, public safety, physical environment, transportation, and culture and recreation. The business-type activities of the City are the Stormwater operations.

The government-wide financial statements can be found on pages 15 and 16 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, 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 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.

City of Sunny Isles Beach, Florida
Management's Discussion and Analysis
September 30, 2020

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 maintains six 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, 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.

The City 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 17 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 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 53 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's General Fund budgetary comparison schedule to demonstrate compliance with the budget. Required supplementary information can be found on pages 54 through 61 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, 2020

The following schedule is a summary of the fiscal year 2020 statement of net position found on page 15 with comparative information for fiscal year 2019.

City of Sunny Isles Beach
Net Position
September 30, 2020 and 2019
(In Thousands)

	Governmental Activities		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 76,307	\$ 78,494	\$ 1,703	\$ 1,351	\$ 78,010	\$ 79,845
Noncurrent assets	648	664	-	-	648	664
Capital assets	239,344	232,205	15,446	15,603	254,790	247,808
Total assets	316,299	311,363	17,149	16,954	333,448	328,317
Total deferred outflows of resources	11,245	8,648	45	35	11,290	8,683
Long-term liabilities outstanding	58,767	52,870	885	1,317	59,652	54,187
Other liabilities	9,429	7,155	512	479	9,941	7,634
Total liabilities	68,196	60,025	1,397	1,796	69,593	61,821
Total deferred inflows of resources	1,282	2,040	4	7	1,286	2,047
Net position:						
Net investment in capital assets	219,796	209,918	14,261	13,960	234,057	223,878
Restricted	15,886	15,220	-	-	15,886	15,220
Unrestricted	22,384	32,808	1,532	1,227	23,916	34,035
Total net position	\$ 258,066	\$ 257,946	\$ 15,793	\$ 15,187	\$ 273,859	\$ 273,133

The overall position of the City improved in both the 2020 and 2019 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 \$0.7 or approximately .26% from \$273.1 in 2019 to \$273.8 in 2020. The increase in net position was primarily a result of operations in the business-type 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.

City of Sunny Isles Beach, Florida
Management's Discussion and Analysis
September 30, 2020

By far, the largest portion of the City's net position (85.5%) 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 (4.4%) 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 \$0.7 from \$15.2 in 2019 to \$15.9 in 2020.

The fiscal year 2020 balance in unrestricted net position of \$23.9 decreased by \$10.1 or 29.7% from the prior year. This decrease is primarily due to the COVID-19 pandemic which caused revenue reductions in charges for services and investment earnings. The balance in unrestricted net position represents resources that may be used to meet the City's ongoing obligations to its citizens and creditors.

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 personnel 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.

City of Sunny Isles Beach, Florida
Management's Discussion and Analysis
September 30, 2020

The following schedule is a summary of the fiscal year 2020 statement of activities found on page 16 with comparative information for fiscal year 2019.

City of Sunny Isles Beach
Statement of Activities
Years Ended September 30, 2020 and 2019
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 10,689	\$ 12,180	\$ 1,043	\$ 1,032	\$ 11,732	\$ 13,212
Operating grants and contributions	1,106	1,440	75	87	1,181	1,527
Capital grants and contributions	-	97	265	-	265	97
General revenues:						
Property taxes	23,878	23,438	-	-	23,878	23,438
Utility taxes	4,469	4,550	-	-	4,469	4,550
Franchise taxes	1,295	1,480	-	-	1,295	1,480
Intergovernmental	2,373	2,721	-	-	2,373	2,721
Investment income	1,782	3,073	17	33	1,799	3,106
Gain on sale of capital assets	56	96	-	-	56	96
Miscellaneous	316	301	-	-	316	301
Total revenues	45,964	49,376	1,400	1,152	47,364	50,528
Expenses:						
General government	10,709	10,358	-	-	10,709	10,358
Public safety	16,066	15,012	-	-	16,066	15,012
Physical environment	6,692	5,414	-	-	6,692	5,414
Culture and human services	9,081	8,985	-	-	9,081	8,985
Transportation	2,524	2,112	-	-	2,524	2,112
Interest on long-term debt	644	726	-	-	644	726
Stormwater	-	-	922	978	922	978
Total expenses	45,716	42,607	922	978	46,638	43,585
Excess in net position before transfers	248	6,769	478	174	726	6,943
Transfers	(128)	(100)	128	100	-	-
Change in net position	120	6,669	606	274	726	6,943
Net position-beginning	257,946	251,277	15,187	14,913	273,133	266,190
Net position-ending	\$ 258,066	\$ 257,946	\$ 15,793	\$ 15,187	\$ 273,859	\$ 273,133

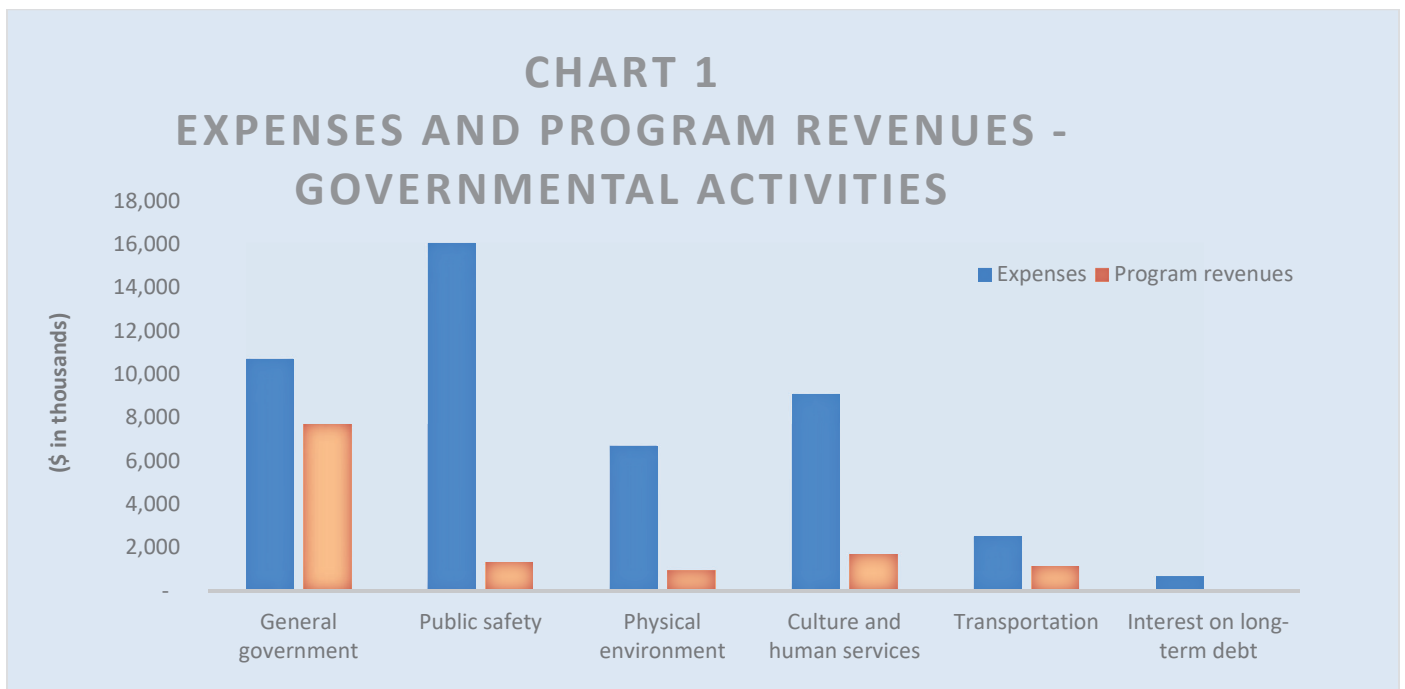
Governmental activities: Governmental activities increased the City's net position by \$ 0.1 in 2020 from an increase of \$6.7 in 2019, thereby accounting for 16.5% of the total growth in the net position of the City. Total governmental revenues decreased by 6.9% or \$3.4 from the prior year when compared to the increase in total expenses of 7.3% or \$3.1 from the prior year. Key elements of the slight change in net position increase from prior year are as follows:

- Investment Income, Charges for Services, Operating Grants and Intergovernmental revenues decreased by \$1.5, \$1.3, \$0.3 and \$0.3 respectively.
- Public Safety, Physical Environment, Transportation and General Government expenses increased by \$1.0, \$1.3, \$0.4, and \$0.4 respectively.

Governmental revenues decreased from \$49.4 to \$46.0. 52.0% of these revenues received come from property taxes, 23.3% from charges for services, 12.5% from utility and franchise taxes, 5.2% from intergovernmental, 3.9% from investment income, 2.4% from operating grants & contributions, and 0.7% from miscellaneous. Chart 1 compares program revenues to program expenses for each category of activities. The cost of all governmental activities this year was \$45.7. Some of that cost was financed by:

- Those who directly benefited from the programs through charges for services (\$10.7), and
- Other governments and organizations that subsidized certain programs through operating and capital grants and contributions (\$1.1)

The City financed the remaining \$33.9 “public benefit” portion of governmental activities with taxes (property taxes, utility taxes, and franchise fees) and intergovernmental revenues.



Business-type Activities - Business-type activities increased the City’s net position by \$0.6 thereby accounting for 83.5% of the total increase in the government’s net position. Revenues of the City’s business-type activities increased by 21.5% from the previous year; \$1.2 to \$1.4, and expenses decreased by 5.7% from the previous year; \$0.98 to \$0.92. Factors contributing to these results included:

- Capital grants (\$0.2)
- Stormwater personnel expenses (-\$0.02) and operating expenses (-\$0.04)

Financial Analysis of the City's Funds

As noted earlier, the City 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 17 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. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$29.3. 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 88.5% of total General Fund expenditures and other financing uses, while total fund balance represents 120.6% of the same amount.

The fund balance of the City's General Fund increased by \$5.3 during the current fiscal year. When comparing budget to actual, this was due to a \$0.6 increase in total revenues and \$4.7 net decrease in total expenditures and other financing sources (uses). Contributing factors to the increase in revenues include \$0.6 for franchise fees primarily while other revenue increases were offset by other revenue decreases. The decrease in total expenditures is the result of \$6.1 in unspent monies related to position vacancies and benefits savings, supplies, travel, and capital outlay offset by a \$1.4 increase in appropriations of prior year reserves.

The General Capital Projects Fund had a decrease in the fund balance from the prior year of \$10.3; the fund balance went from \$24.9 in fiscal year 2019 to \$14.6 in fiscal year 2020. When comparing budget to actual, this net decrease is attributed to a \$0.5 decrease in intergovernmental revenues and a \$14.8 decrease in capital expenditures due to the timing of projects being started and completed and \$0.2 increase in transfers in offset by unused appropriations from prior year reserves of \$24.8.

The Law Enforcement Fund has a total fund balance of \$6.3 in which most of it is held in cash and investments.

Proprietary Funds

The City's 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 \$1.5. The total increase in net position was \$0.6. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, there was a \$0.4 increase in revenues between the original and final amended budget. This was due to increasing revenue for the anticipated FEMA reimbursement from repairs to the Bella Vista Bay Park dock that was damaged as a result of Hurricane Irma. In addition, there was a \$1.1 increase in expenditures between the original and final amended budget. The primary reason for the increase in expenditures is due to an increase of \$ 0.6 in capital outlay and \$0.5 for departmental expenditures.

Capital Asset and Debt Administration

Capital Assets: The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2020 amounts to \$ 254.8 (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’s investment in capital assets for the current fiscal year was \$7.0 (a 2.9% increase in governmental activities and a 0.1% decrease in business-type activities).

City of Sunny Isles Beach
 Capital Assets, Net of Depreciation
 (in thousands)
 September 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 96,985	\$ 96,985	\$ -	\$ -	\$ 96,985	\$ 96,985
Easements	488	488	-	-	488	488
Buildings	15,525	16,190	-	-	15,525	16,190
Improvements	3,661	4,038	-	-	3,661	4,038
Equipment	3,115	3,717	216	120	3,331	3,837
Infrastructure	80,008	82,856	14,920	15,340	94,928	98,196
Construction in progress	39,562	27,931	310	144	39,872	28,075
Total	\$ 239,344	\$ 232,205	\$ 15,446	\$ 15,604	\$ 254,790	\$ 247,809

For governmental activities, this year’s major capital asset additions before depreciation totaled \$13.2 and include the following:

- \$12.2 in new construction in progress, which relates to projects started in the City, but not yet completed, such as the Gateway Park event and meeting space, the city-wide utility undergrounding, and other improvements. \$0.6 newly added to construction in progress that was then transferred to assets, which relates to completed projects, such as the North Bay Road pedestrian and emergency bridge, citywide pavement resurfacing and other improvements.
- \$1.0 in equipment and other improvements, which relates to \$ 0.2 for the city-wide CCTV cameras, \$0.1 for the city-wide license plate readers, \$0.1 for computer equipment and hardware, \$ 0.5 for the purchase of fifteen city vehicles, including 4 utility terrain vehicles, and one bus and \$0.1 for other improvements.

City of Sunny Isles Beach, Florida
Management's Discussion and Analysis
September 30, 2020

For governmental activities, this year's major capital asset disposals consisted of vehicles that were removed or replaced that have a minimal carrying value.

For business-type activities, this year's major capital asset additions before depreciation totaled \$0.3 and include the following:

- \$0.1 in new construction in progress, which relates to the Golden Shores Utility Undergrounding and Drainage project.
- \$0.2 in equipment, which relates to the purchase of 4 stormwater pumps.

Additional information on the City's capital assets can be found in Note 4 on pages 36 and 37 of this report.

Long-Term Debt: At the end of the current fiscal year, the City had bonded debt outstanding of \$9.5 plus notes payable in the amount of \$11.0 for total long-term debt of \$20.5.

City of Sunny Isles Beach
Revenue Notes and Other Debt
(in thousands)
September 30, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue notes (backed by specific tax and fee revenues)	\$ 8,328	\$ 10,015	\$ 1,184	\$ 1,643	\$ 9,512	\$ 11,658
Notes Payable	<u>11,042</u>	<u>12,037</u>	<u>-</u>	<u>-</u>	<u>11,042</u>	<u>12,037</u>
Total	<u>\$ 19,370</u>	<u>\$ 22,052</u>	<u>\$ 1,184</u>	<u>\$ 1,643</u>	<u>\$ 20,554</u>	<u>\$ 23,695</u>

The City's total debt decreased by \$3.1 (13.3%) during the current fiscal year. The reason for the decrease was a result of the normal debt service requirements reducing the liability.

Additional information on the City's long-term debt can be found in Note 6 on pages 37 through 40 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 (stormwater fees, 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 \$29.3. Of this amount, \$8.0 has been set aside for a Contingency/Fiscal stability reserve which reflects the City's planned goal of 25% of General Fund operating expenditures as of September 30, 2017.

Reappropriations will occur for those purchase orders issued in fiscal year 2021 for which no delivery or payment occurred by September 30, 2020.

In fiscal year 2021, the City's property tax millage rate remains unchanged at 2.200. This property tax millage rate is calculated 2.01% below the 2020 rollback millage rate of 2.2451 but is still 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, including the COVID-19 pandemic, were considered in preparing the City's budget for the 2021 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City's 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.

This Page Intentionally Left Blank

BASIC FINANCIAL STATEMENTS

City of Sunny Isles Beach
Statement of Net Position
September 30, 2020

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 57,328,514	\$ 1,113,232	\$ 58,441,746
Investments	16,219,851	314,496	16,534,347
Receivables, net	2,738,173	274,411	3,012,584
Interest receivable	18,368	356	18,724
Inventory	1,674	-	1,674
Prepays	647,647	-	647,647
Capital assets not being depreciated	137,035,049	309,627	137,344,676
Capital assets being depreciated, net	102,309,587	15,136,500	117,446,087
	<u>316,298,863</u>	<u>17,148,622</u>	<u>333,447,485</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	9,867,029	39,947	9,906,976
Deferred outflows related to OPEB	1,377,746	5,578	1,383,324
	<u>11,244,775</u>	<u>45,525</u>	<u>11,290,300</u>
Liabilities:			
Accounts payable	2,843,339	29,400	2,872,739
Accrued liabilities	2,394,453	3,287	2,397,740
Accrued interest payable	202,502	9,897	212,399
Unearned revenue	740,704	-	740,704
Noncurrent liabilities:			
Due within one year:			
Compensated absences	483,348	1,630	484,978
Bonds and notes	2,764,551	467,363	3,231,914
Due in more than one year:			
Compensated absences	4,350,134	14,671	4,364,805
Bonds and notes	16,606,148	717,151	17,323,299
Net pension liability	31,920,097	129,231	32,049,328
OPEB liability	5,890,488	23,848	5,914,336
	<u>68,195,764</u>	<u>1,396,478</u>	<u>69,592,242</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	406,472	1,646	408,118
Deferred inflows related to OPEB	697,033	2,822	699,855
Deferred charge on refunding	177,984	-	177,984
	<u>1,281,489</u>	<u>4,468</u>	<u>1,285,957</u>
Net Position:			
Net investment in capital assets	219,795,953	14,261,613	234,057,566
Restricted for:			
Law enforcement	6,267,264	-	6,267,264
Building	7,436,240	-	7,436,240
Public art	1,647,193	-	1,647,193
Transportation	535,775	-	535,775
Unrestricted	22,383,960	1,531,588	23,915,548
	<u>\$ 258,066,385</u>	<u>\$ 15,793,201</u>	<u>\$ 273,859,586</u>

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

City of Sunny Isles Beach
Statement of Activities
For the Period Ended September 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Functions/Programs:							
Governmental activities:							
General government	\$ 10,709,223	\$ 8,305,138	\$ -	\$ -	\$ (2,404,085)	\$ -	\$ (2,404,085)
Public safety	16,066,412	1,549,693	63,592	-	(14,453,127)	-	(14,453,127)
Physical environment	6,691,799	-	-	-	(6,691,799)	-	(6,691,799)
Culture and human services	9,081,240	833,845	-	-	(8,247,395)	-	(8,247,395)
Transportation	2,524,363	-	1,042,250	-	(1,482,113)	-	(1,482,113)
Interest on long-term debt	643,617	-	-	-	(643,617)	-	(643,617)
Total governmental activities	45,716,654	10,688,676	1,105,842	-	(33,922,136)	-	(33,922,136)
Business-type activities:							
Stormwater	921,662	1,043,095	74,766	265,172	-	461,371	461,371
Total business-type activities	921,662	1,043,095	74,766	265,172	-	461,371	461,371
Total primary government	\$ 46,638,316	\$ 11,731,771	\$ 1,180,608	\$ 265,172	(33,922,136)	461,371	(33,460,765)
General revenues:							
Property taxes					23,878,275	-	23,878,275
Utility taxes					4,468,816	-	4,468,816
Franchise taxes on gross receipts					1,294,851	-	1,294,851
Intergovernmental, unrestricted					2,373,497	-	2,373,497
Unrestricted investment earnings					1,782,393	16,795	1,799,188
Gain on sale of capital assets					56,724	-	56,724
Miscellaneous					315,738	-	315,738
Transfers					(128,483)	128,483	-
Total general revenues and transfers					34,041,811	145,278	34,187,089
Change in net position					119,675	606,649	726,324
Net position, beginning					257,946,710	15,186,552	273,133,262
Net position, ending					\$ 258,066,385	\$ 15,793,201	\$ 273,859,586

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

City of Sunny Isles Beach
Balance Sheet - Governmental Funds
September 30, 2020

	General Fund	General Capital Projects Fund	Law Enforcement Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 31,282,677	\$ 13,480,153	\$ 4,879,403	\$ 7,686,281	\$ 57,328,514
Investments	8,816,319	3,844,966	1,386,291	2,172,275	16,219,851
Receivables, net	1,558,602	957,730	-	221,841	2,738,173
Interest receivable	9,984	4,354	1,570	2,460	18,368
Inventory	-	-	-	1,674	1,674
Prepays	647,647	-	-	-	647,647
	<u>\$ 42,315,229</u>	<u>\$ 18,287,203</u>	<u>\$ 6,267,264</u>	<u>\$ 10,084,531</u>	<u>\$ 76,954,227</u>
Liabilities:					
Accounts payable	\$ 909,226	\$ 1,764,253	\$ -	\$ 169,860	\$ 2,843,339
Accrued liabilities	1,041,862	1,149,802	-	202,789	2,394,453
Unearned revenue	391,509	349,195	-	-	740,704
	<u>2,342,597</u>	<u>3,263,250</u>	<u>-</u>	<u>372,649</u>	<u>5,978,496</u>
Deferred Inflows of Resources:					
Unavailable revenue - transferred development rights	-	437,500	-	-	437,500
Unavailable revenue - taxes	-	-	-	91,000	91,000
	<u>-</u>	<u>437,500</u>	<u>-</u>	<u>91,000</u>	<u>528,500</u>
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	1,674	1,674
Prepays	647,647	-	-	-	647,647
Restricted for:					
Law enforcement	-	-	6,267,264	-	6,267,264
Building	-	-	-	7,436,240	7,436,240
Public art	-	-	-	1,647,193	1,647,193
Transportation	-	-	-	535,775	535,775
Committed to:					
Hurricane/Emergency and Disaster Recovery Operating Reserves					
	10,000,000	-	-	-	10,000,000
Assigned to:					
Capital projects	-	14,586,453	-	-	14,586,453
Unassigned:					
General Fund	29,324,985	-	-	-	29,324,985
	<u>39,972,632</u>	<u>14,586,453</u>	<u>6,267,264</u>	<u>9,620,882</u>	<u>70,447,231</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,315,229</u>	<u>\$ 18,287,203</u>	<u>\$ 6,267,264</u>	<u>\$ 10,084,531</u>	<u>\$ 76,954,227</u>

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

City of Sunny Isles Beach
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2020

Fund Balances - Total Governmental Funds \$ 70,447,231

Amounts reported for governmental activities in the statement of net position 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	\$ 281,033,098	
Less accumulated depreciation	<u>(41,688,462)</u>	
Net capital assets		239,344,636

The net pension liability and related deferred inflows and outflows are not an available resource and, therefore, are not reported in the funds:

Net pension liability		(31,920,097)
Deferred outflows related to pension		9,867,029
Deferred inflows related to pension		(406,472)

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	(19,370,699)	
Deferred charge on refunding	(177,984)	
Accrued interest payable on long-term debt	(202,502)	
OPEB liability	(5,890,488)	
Deferred outflows related to OPEB	1,377,746	
Deferred inflows related to OPEB	(697,033)	
Compensated absences	<u>(4,833,482)</u>	
Total long-term liabilities		(29,794,442)

Certain revenues are considered deferred inflows in the governmental funds due to the availability of the funds; under full accrual accounting they are considered revenues.

528,500

Net Position of Governmental Activities \$ 258,066,385

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

City of Sunny Isles Beach
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

	General Fund	General Capital Projects Fund	Law Enforcement Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real and personal property taxes	\$ 23,881,276	\$ -	\$ -	\$ -	\$ 23,881,276
Utility taxes	4,468,816	-	-	-	4,468,816
Franchise fees	1,294,850	-	-	-	1,294,850
Intergovernmental	2,240,853	-	-	1,174,876	3,415,729
Licenses and permits	1,048,180	-	-	3,929,316	4,977,496
Charges for services	3,569,559	760,970	-	405,731	4,736,260
Fines and forfeitures	524,277	-	63,593	-	587,870
Investment income	614,508	955,356	87,459	125,073	1,782,396
Miscellaneous	665,916	25,000	-	-	690,916
Total revenues	38,308,235	1,741,326	151,052	5,634,996	45,835,609
Expenditures:					
Current:					
General government	5,847,218	-	-	3,472,280	9,319,498
Public safety	12,827,235	-	165,142	-	12,992,377
Physical environment	2,362,585	-	-	-	2,362,585
Culture and human services	6,756,642	-	-	7,251	6,763,893
Transportation	-	-	-	1,846,597	1,846,597
Capital outlay	808,428	12,238,983	203,511	229,271	13,480,193
Debt service:					
Principal	2,681,359	-	-	-	2,681,359
Interest	728,764	-	-	-	728,764
Total expenditures	32,012,231	12,238,983	368,653	5,555,399	50,175,266
Excess (deficiency) of revenues over (under) expenditures	6,296,004	(10,497,657)	(217,601)	79,597	(4,339,657)
Other Financing Sources (Uses):					
Sale of property and equipment	41,770	-	14,954	-	56,724
Insurance recoveries	75,471	-	-	-	75,471
Transfers in	-	212,414	-	1,000,000	1,212,414
Transfers out	(1,128,483)	-	-	(212,414)	(1,340,897)
Total other financing sources (uses)	(1,011,242)	212,414	14,954	787,586	3,712
Net change in fund balances	5,284,762	(10,285,243)	(202,647)	867,183	(4,335,945)
Fund Balances, Beginning of Year	34,687,870	24,871,696	6,469,911	8,753,699	74,783,176
Fund Balances, End of Year	\$ 39,972,632	\$ 14,586,453	\$ 6,267,264	\$ 9,620,882	\$ 70,447,231

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

City of Sunny Isles Beach
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, 2020

Net Change in Governmental Funds \$ (4,335,945)

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	\$ 13,232,442	
Less depreciation expense	<u>(6,092,849)</u>	7,139,593

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	2,681,326	
Amortization of deferred gain on refunding	<u>56,758</u>	2,738,084

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	28,389	
Change in net pension liability	(6,516,125)	
Change in deferred outflows related to pension	1,218,365	
Change in deferred inflows related to pension	1,274,798	
OPEB obligation	(1,386,855)	
Change in deferred outflows related to OPEB	1,377,746	
Change in deferred inflows related to OPEB	(572,388)	
Compensated absences	<u>(842,987)</u>	(5,419,057)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		<u>(3,000)</u>
---	--	----------------

Change in Net Position of Governmental Activities \$ 119,675

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

**City of Sunny Isles Beach
Statement of Net Position -
Proprietary Fund
September 30, 2020**

	Stormwater Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,113,232
Investments	314,496
Accounts receivable, net	274,411
Interest receivable	356
Total current assets	1,702,495
Noncurrent assets:	
Capital assets not being depreciated	309,627
Capital assets, net of accumulated depreciation	15,136,500
Total noncurrent assets	15,446,127
Total assets	17,148,622
Deferred Outflows of Resources:	
Deferred outflows related to pensions	39,947
Deferred outflows related to OPEB	5,578
Total deferred outflows of resources	45,525
Liabilities:	
Current liabilities:	
Accounts payable	29,400
Accrued liabilities	3,287
Accrued interest payable	9,897
Compensated absences, current portion	1,630
Revenue bonds payable, current portion	467,363
Total current liabilities	511,577
Noncurrent liabilities:	
Revenue bonds payable	717,151
Compensated absences	14,671
OPEB obligation	23,848
Net pension liability	129,231
Total noncurrent liabilities	884,901
Total liabilities	1,396,478
Deferred Inflows of Resources:	
Deferred inflows related to pensions	1,646
Deferred inflows related to OPEB	2,822
Total deferred inflows of resources	4,468
Net Position:	
Net investment in capital assets	14,261,613
Unrestricted	1,531,588
Total net position	\$ 15,793,201

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

City of Sunny Isles Beach
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund
For the Year Ended September 30, 2020

	Stormwater Fund
Operating revenues:	
Charges for services	\$ 1,043,095
Total operating revenues	1,043,095
Operating expenses:	
Personnel services	110,250
Operating expenses	290,404
Depreciation	495,613
Total operating expenses	896,267
Operating income	146,828
Nonoperating revenues (expenses):	
Intergovernmental	339,938
Investment income	16,795
Interest expense	(25,395)
Total nonoperating revenues (expenses)	331,338
Transfers in	128,483
Change in net position	606,649
Net position, beginning	15,186,552
Net position, ending	\$ 15,793,201

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

**City of Sunny Isles Beach
Statement of Cash Flows -
Proprietary Fund
For the Year Ended September 30, 2020**

	<u>Stormwater Fund</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 924,792
Cash paid to suppliers	(269,464)
Cash paid to employees	(89,893)
Net cash provided by (used in) operating activities	<u>565,435</u>
Cash flows from noncapital financing activities:	
Intergovernmental	339,938
Transfer in	128,483
Net cash provided by (used in) noncapital financing activities	<u>468,421</u>
Cash flows from capital and related financing activities:	
Interest paid on capital debt	(20,502)
Principal paid on capital debt	(458,952)
Acquisition and construction of capital assets	(338,471)
Net cash provided by (used in) capital and related financing activities	<u>(817,925)</u>
Cash flows from investing activities:	
Interest received	16,795
Purchase of investments	162,735
Net cash provided by (used in) investing activities	<u>179,530</u>
Net increase (decrease) in cash and cash equivalents	395,461
Cash and cash equivalents, beginning	<u>717,771</u>
Cash and cash equivalents, ending	<u>\$ 1,113,232</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income	\$ 146,828
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	495,613
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(119,268)
(Increase) decrease in interest receivable	965
(Increase) decrease in deferred outflows related to pension	(4,897)
(Increase) decrease in deferred outflows related to OPEB	(5,578)
Increase (decrease) in accounts payable	20,940
Increase (decrease) in accrued liabilities	(1,641)
Increase (decrease) in compensated absences	3,451
Increase (decrease) in net pension liability	26,277
Increase (decrease) in deferred inflows related to pension	(5,168)
Increase (decrease) in deferred inflows related to OPEB	2,317
Increase (decrease) in OPEB liability	5,596
Net cash provided by (used in) operating activities	<u>\$ 565,435</u>
Noncash investing activities:	
Change in fair value of investments that are not cash equivalents:	
Unrealized (gain) loss on investments	<u>\$ (3,313)</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 BASIC FINANCIAL STATEMENTS

September 30, 2019

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. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 with no adopted budget.

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.

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, 2020 was 2.2000 mills.

The tax levy of the City is established by the City Commission prior to October 1 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All property is reassessed according to its fair value as of January 1 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, 2020.

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.”

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	15 - 50 years
Improvements	10 - 20 years
Machinery and equipment	3 - 20 years
Infrastructure	15 - 100 years

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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 in this category in the fund financial statements.

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 two 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 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 which was implemented as of 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 prepaid items in both the government-wide and the fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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. Capital Contributions

Capital contributions mainly consist of capital reimbursement from government agencies. Capital contributions are recognized when earned.

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 deposits 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, 2020, 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	\$ 6,411,520	\$ 3,215,215	\$ 3,196,305	\$ -
U.S. Government Agencies	<u>10,122,827</u>	<u>-</u>	<u>1,679,073</u>	<u>8,443,754</u>
Total	<u>\$ 16,534,347</u>	<u>\$ 3,215,215</u>	<u>\$ 4,875,378</u>	<u>\$ 8,443,754</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.

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 a 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 certificates of deposit 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 fair 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 deposit, the Florida Local Government Surplus Funds Trust Fund and intergovernmental investment pools to 50% in any one issuer. GASB 40 requires disclosure when the investment 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:		
Iberia Bank	\$ 2,133,766	12.91%
Synovus Bank	1,062,539	6.43%
Bank United	3,215,215	19.45%
United States Government Agencies:		
Federal Home Loan Bank	3,559,572	21.53%
Federal Home Loan Mortgage Corp	1,983,180	11.98%
Federal Farm Credit Bank	4,580,075	27.70%
	<u>\$ 16,534,347</u>	<u>100.00%</u>

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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 counterparty 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.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 of the fair value hierarchy are inputs valued using quoted prices in active markets for identical assets; Level 2 inputs are valued using other significant observable inputs; Level 3 inputs are valued using significant unobservable inputs.

At September 30, 2020, the City had the following investments:

Fair Value Measurements at Reporting Date Using Quoted Prices

Investment Type	Amounts Measured at Fair Value	Level 1	Level 2	Level 3
U.S. Government Agencies	\$ 10,122,827	\$ -	\$ 10,122,827	\$ -
Certificates of Deposit	<u>6,411,520</u>	n/a	<u>n/a</u>	n/a
Total Investment	<u>\$ 16,534,347</u>	n/a	<u>\$ 10,122,827</u>	n/a

The City's U.S. Government Agencies and Securities are valued using the matrix pricing model (Level 2). Investments in certificates of deposit are exempt from GASB 72 fair value hierarchy disclosures per paragraph 69 of GASB 72, and are valued at their amortized cost and any accrued interest on these investments.

NOTE 3 - RECEIVABLES AND DUE FROM OTHER GOVERNMENT

Receivables at September 30, 2020, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 230,347	\$ 1,274,213	\$ 54,042	\$ 1,588,602
General Capital Projects Fund	-	349,195	608,535	957,730
Law Enforcement Trust Fund	-	-	-	-
Street Maintenance and Construction Fund	-	214,299	-	214,299
Building Fund	7,542	-	-	7,542
Stormwater Fund	268,592	5,819	-	274,411
Total	<u>\$ 506,481</u>	<u>\$ 1,843,526</u>	<u>\$ 662,577</u>	<u>\$ 3,012,584</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 96,985,232	\$ -	\$ -	\$ 96,985,232
Easements	488,130	-	-	488,130
Construction in progress	<u>27,930,815</u>	<u>12,242,715</u>	<u>(611,843)</u>	<u>39,561,687</u>
Total capital assets not being depreciated	<u>125,404,177</u>	<u>12,242,715</u>	<u>(611,843)</u>	<u>137,035,049</u>
Capital assets being depreciated:				
Buildings	22,228,063	-	-	22,228,063
Improvements	8,221,199	109,092	-	8,330,291
Machinery and equipment	12,440,835	997,204	(411,512)	13,026,527
Infrastructure	<u>99,882,600</u>	<u>530,568</u>	<u>-</u>	<u>100,413,168</u>
Total capital assets being depreciated	<u>142,772,697</u>	<u>1,636,864</u>	<u>(411,512)</u>	<u>143,998,049</u>
Less accumulated depreciation for:				
Buildings	(6,037,914)	(665,616)	-	(6,703,530)
Improvements	(4,183,684)	(483,192)	-	(4,666,876)
Machinery and equipment	(8,723,502)	(1,565,331)	376,218	(9,912,615)
Infrastructure	<u>(17,026,731)</u>	<u>(3,378,710)</u>	<u>-</u>	<u>(20,405,441)</u>
Total accumulated depreciation	<u>(35,971,831)</u>	<u>(6,092,849)</u>	<u>376,218</u>	<u>(41,688,462)</u>
Total capital assets being depreciated, net	<u>106,800,866</u>	<u>(4,455,985)</u>	<u>(35,294)</u>	<u>102,309,587</u>
Governmental activities capital assets, net	<u>\$232,205,043</u>	<u>\$ 7,786,730</u>	<u>\$ (647,137)</u>	<u>\$ 239,344,636</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	<u>\$ 143,834</u>	<u>\$ 165,792</u>	<u>\$ -</u>	<u>\$ 309,626</u>
Total capital assets not being depreciated	<u>143,834</u>	<u>165,792</u>	<u>-</u>	<u>309,626</u>
Capital assets being depreciated:				
Infrastructure	19,056,409	-	-	19,056,409
Machinery and equipment	<u>329,395</u>	<u>172,680</u>	<u>-</u>	<u>502,075</u>
Total capital assets being depreciated	<u>19,385,804</u>	<u>172,680</u>	<u>-</u>	<u>19,558,484</u>
Less accumulated depreciation for:				
Infrastructure	(3,716,105)	(419,678)	-	(4,135,783)
Machinery and equipment	<u>(210,265)</u>	<u>(75,935)</u>	<u>-</u>	<u>(286,200)</u>
Total accumulated depreciation	<u>(3,926,370)</u>	<u>(495,613)</u>	<u>-</u>	<u>(4,421,983)</u>
Total capital assets being depreciated, net	<u>15,459,434</u>	<u>(322,933)</u>	<u>-</u>	<u>15,136,501</u>
Business-type activities capital assets, net	<u>\$ 15,603,268</u>	<u>\$ (157,141)</u>	<u>\$ -</u>	<u>\$ 15,446,127</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the City as follows at September 30, 2020:

General government	\$ 247,478
Public safety	1,009,277
Physical environment	3,604,352
Transportation	276,257
Culture/recreation	955,485
	<hr/>
Total depreciation expense - governmental activities	\$ 6,092,849
	<hr/>
Business-type activities:	
Stormwater	\$ 495,613
	<hr/>
Total depreciation expense - business-type activities	\$ 495,613
	<hr/>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers at September 30, 2020 consisted of the following:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Public Art Trust Fund	\$ 1,000,000
General Fund	Stormwater	128,483
Street Maintenance and Construction Fund	Capital Projects Fund	212,414
	Total transfers	<hr/>
		\$ 1,340,897
		<hr/>

The transfer out from the General Fund to the Public Art Trust Fund is to cover fund expenditures and anticipated increased costs related to the purchase of art throughout the City. The transfer out from the General Fund to the Stormwater Fund is to cover fund expenditures and increased costs related to stormwater work, utility, and maintenance costs. The transfer out from the Street Maintenance and Construction Fund to the Capital Projects Fund is to set aside Citizen's Independent Transportation Trust monies which will be used on capital projects related to transportation and the pedestrian bridges at 174th Street and 180th Street.

NOTE 6 - 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.

NOTE 6 - LONG-TERM LIABILITIES *(Continued)*

Governmental Activities (Continued)

The note contains provisions in the event of default of any payment due to the lender, written admission or inability to pay or filing a petition of bankruptcy, judgment of insolvency, or other similar events by the City, the lender may declare all obligations under this bond immediately due and payable.

2011 Series Capital Improvement Revenue and Revenue Refunding Bonds - On November 10, 2011, the City issued the Capital Improvement Revenue and Revenue Refunding Bonds, Series 2011, in the amount of \$10,000,000. The bonds bear interest at 2.38% and mature in November 2026. Interest is payable semiannually on the first day of May and November. The bonds were 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 bonds. The City covenants to budget and appropriate non-ad valorem revenues in amounts sufficient to pay the principal of and interest on the bonds, and the bonds are further secured by a pledge of the half-cent sales tax. The Bond Indenture also requires the maintenance of a minimum debt service coverage ratio of 1.50:1.00.

The bond contains provisions in the event of default of any payment due to the lender, written admission or inability to pay or filing a petition of bankruptcy, judgment of insolvency, or other similar events by the City, the lender may declare all obligations under this bond immediately due and payable.

2012 Series Capital Improvement Revenue Refunding Bonds - On April 20, 2012, the City issued the Capital Improvement Revenue Refunding Bonds, Series 2012, in the amount \$10,000,000. The bonds bear interest at 2.00% and mature in November 2022. Interest is payable semiannually on the first day 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 bonds.

The bond contains provisions in the event of default of any payment due to the lender, written admission or inability to pay or filing a petition of bankruptcy, judgment of insolvency, or other similar events by the City, the lender may declare all obligations under this bond immediately due and payable.

Business-Type Activities

2013 Series Stormwater Utility Revenue Refunding Bonds - On April 22, 2013, the City issued the 2013 Series Stormwater Utility Revenue Refunding Bonds in the amount of \$4,450,000. The bonds bear interest at 1.82% and mature in February 2023. Interest is payable quarterly on the first day of February, May, August and November. The principal and interest are secured by a pledge of and lien on the stormwater utility fees. The Bond Indenture also requires the maintenance of a minimum debt service coverage ratio of 1.35:1.00.

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,764,551	\$ 640,965	\$ 467,363	\$ 18,380
2022	2,849,217	552,001	475,927	9,816
2023	2,936,671	460,147	241,224	1,648
2024	1,899,259	379,993	-	-
2025-2029	8,921,001	836,975	-	-
Total	<u>\$19,370,699</u>	<u>\$ 2,870,081</u>	<u>\$ 1,184,514</u>	<u>\$ 29,844</u>

Pledged Revenues: The City's debt is collateralized by multiple sources. The following table provides the revenue pledged for each debt issuance, the amounts of such revenue received in the current year, the current year principal and interest paid on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount remaining of principal and interest on the indebtedness at September 30, 2020:

<u>Debt issue</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Future Maturities Principal and Interest</u>	<u>Pledged Through</u>
<u>Governmental Activities:</u>					
Bank of America Promissory note, 2010 Series Capital Improvement Revenue Bonds, and the 2012 Series Capital Improvement Revenue Refunding Bonds	Legally available non-ad valorem revenues	\$ 21,968,236	\$2,587,082	\$ 16,596,675	2029
2011 Series Capital Improvement Revenue Refunding Bonds	Half-cent sales tax	\$ 1,538,092	\$ 823,041	\$ 5,643,899	2027
<u>Business-Type Activities:</u>					
2013 Series Stormwater Utility Revenue Refunding Bonds	Stormwater utility fees	\$ 1,043,095	\$ 485,743	\$ 1,214,358	2023

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

The following is a summary of changes in the long-term liabilities for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds and notes payable:					
<u>Notes from Direct Borrowings and Direct Placements:</u>					
Revenue bonds	\$ 10,015,022	\$ -	\$(1,686,852)	\$ 8,328,170	\$ 1,727,511
Notes payable	<u>12,037,003</u>	<u>-</u>	<u>(994,474)</u>	<u>11,042,529</u>	<u>1,037,040</u>
Total bonds and notes payable	<u>22,052,025</u>	<u>-</u>	<u>(2,681,326)</u>	<u>19,370,699</u>	<u>2,764,551</u>
Other liabilities:					
Net pension liability	25,403,972	6,516,125	-	31,920,097	-
OPEB obligation	4,503,633	1,386,855	-	5,890,488	-
Compensated absences	<u>3,990,495</u>	<u>4,833,482</u>	<u>(3,990,495)</u>	<u>4,833,482</u>	<u>483,348</u>
Total other liabilities	<u>33,898,100</u>	<u>12,736,462</u>	<u>(3,990,495)</u>	<u>42,644,067</u>	<u>483,348</u>
Long-term liabilities	<u>\$ 55,950,125</u>	<u>\$12,736,462</u>	<u>\$(6,671,821)</u>	<u>\$ 62,014,766</u>	<u>\$ 3,247,899</u>
<u>Business-Type Activities:</u>					
<u>Notes from Direct Borrowings and Direct Placements:</u>					
Bonds payable:					
Revenue bonds	\$ 1,643,466	\$ -	\$ (458,952)	\$ 1,184,514	\$ 467,363
Total bonds and notes payable	<u>1,643,466</u>	<u>-</u>	<u>(458,952)</u>	<u>1,184,514</u>	<u>467,363</u>
Other liabilities:					
Net pension liability	102,954	26,277	-	129,231	-
OPEB obligations	18,252	5,596	-	23,848	-
Compensated absences	<u>12,850</u>	<u>16,301</u>	<u>(12,850)</u>	<u>16,301</u>	<u>1,630</u>
Total other liabilities	<u>134,056</u>	<u>48,174</u>	<u>(12,850)</u>	<u>169,380</u>	<u>1,630</u>
Long-term liabilities	<u>\$ 1,777,522</u>	<u>\$ 48,174</u>	<u>\$ (471,802)</u>	<u>\$ 1,353,894</u>	<u>\$ 468,993</u>

The liability for claims and judgments, compensated absences, net pension liability and other postemployment benefit (“OPEB”) are liquidated by the General Fund.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS

All regular, full-time employees are covered by: (1) the City's 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 cost-sharing, multiple-employer, public employee retirement system, through a defined benefit pension plan administered by the Department of Management Services 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.

401(a)

Under the City's 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% and Management Officers - 11% 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, 2020 was as follows: General Employees – 6 and Management Officers - 1.

Florida Retirement System

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. All eligible employees hired on or after September 30, 2002 were included in the FRS.

As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan"), FRS Investment Plan ("Investment Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, by calling (877) 377-1737, or by visiting http://www.dms.myflorida.com/workforce_operations/retirement/publications.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

Net Pension Liability between both FRS and HIS plans totals are listed below:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 26,376,273	\$ 5,673,055	\$ 32,049,328
Deferred Outflows of Resources	\$ 8,583,188	\$ 1,323,788	\$ 9,906,976
Deferred Inflows of Resources	\$ 73,876	\$ 334,242	\$ 408,118

Pension Plan

Plan Description - The Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation, based on the five highest years of salary for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service, or 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation, based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation, based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation, based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65, or 33 years of service regardless of age, for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60, or 30 years of service regardless of age, for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments, while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on statewide contribution rates established by the Florida Legislature. These rates are updated as of July 1 each year. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular - 8.47% and 10.00%; Special Risk Administrative Support - 38.59% and 35.84%; Special Risk - 25.48% and 24.45%; Senior Management Service - 25.41% and 27.29%; Elected Officers' - 42.00% and 49.18%; Retirees - 5.22% and 5.10%; and DROP participants - 14.60% and 16.98%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, unchanged between periods.

The City's contributions, including employee contributions, to the Pension Plan totaled \$2,982,359 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2020, the City reported a liability of \$32,049,328 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on a projection of the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportion was .060856890%, which was an increase of .0001589117% from its proportion measured as of June 30, 2019.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

For the year ended September 30, 2020, the City recognized pension expense of \$5,769,028. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,009,474	\$ -
Change of assumptions	4,774,945	-
Net difference between projected and actual earnings on pension plan investments	1,570,469	-
Changes in proportion and differences between City contributions and proportionate share of contributions	656,082	(73,876)
City contributions subsequent to the measurement date	572,218	-
Total	\$ 8,583,188	\$ (73,876)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, as follows:

Year Ending September 30,	Amount
2021	\$ 1,445,361
2022	\$ 1,369,444
2023	\$ 1,334,610
2024	\$ 1,306,007
2025	\$ 1,288,064
Thereafter	\$ 1,193,608

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The most recent experience study for the FRS Pension Plan was completed as of September 30, 2020 for the period July 1, 2013 through June 30, 2018.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but, instead, was based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.8%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.7%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
City's proportionate share of the net pension liability (asset) for FRS	\$ 42,118,475	\$ 26,376,273	\$ 13,228,317

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

HIS Plan

Plan Description - The HIS Plan is a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of eligible health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 was unchanged at 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$41,507 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2020, the City reported a liability of \$5,673,055 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .046462988%, which was an increase of .000918879% from its proportionate share measured as of June 30, 2019.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$611,651. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 232,062	\$ (4,376)
Change of assumptions	610,015	(329,866)
Net difference between projected and actual earnings on HIS Plan investments	4,529	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	404,166	-
City HIS Plan contributions subsequent to the measurement date	73,016	-
Total	\$ 1,323,788	\$ (334,242)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense, as follows:

Year Ending September 30,	Amount
2021	\$ 194,619
2022	\$ 166,625
2023	\$ 147,707
2024	\$ 139,427
2025	\$ 115,233
Thereafter	\$ 152,919

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018 tables.

Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan. The municipal rate used to determine total pension liability was decreased from 3.50% to 2.21%.

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEMS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
City’s proportionate share of the net pension liability	\$ 6,557,799	\$ 5,673,055	\$ 4,948,895

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City provides a single-employer, defined benefit, postemployment health insurance plan for employees and sworn officers. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and vision insurance benefits upon retirement. In addition, retired employees with 20 or more years of service with the City receive a \$500 a month stipend reduced to \$250 a month for two years once the retired employee reaches age 65. If the employee has other health insurance coverage, they are not eligible. The benefits of the plan conform with Florida Statutes, which is 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.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The annual OPEB cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 75. 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.

As of October 1, 2020, the City had 207 covered employees.

OPEB Liability, Expense and Deferred Outflow/Inflow of Resources: For the fiscal year ended September 30, 2020, the City recognized an OPEB liability of \$5,914,336. For the fiscal year ended September 30, 2020, the City recognized pension expense of \$583,832. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 1,383,324	\$ (113,421)
Differences between expected and actual experience	-	(586,434)
Total	<u>\$ 1,383,324</u>	<u>\$ (699,855)</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 52,173
2022	\$ 52,173
2023	\$ 52,173
2024	\$ 52,173
2025	\$ 52,173
Thereafter	\$ 422,604

Interest Rate Sensitivity: The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for the fiscal year ended September 30, 2020:

<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
\$ 6,558,057	\$ 5,914,336	\$ 5,343,577

Healthcare Cost Trend Sensitivity: The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for the fiscal year ended September 30, 2020:

<u>1% Decrease (4.00%)</u>	<u>Current Trend 7% graded down to 5%</u>	<u>1% Increase (6.00%)</u>
\$ 5,256,281	\$ 5,914,336	\$ 6,704,920

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

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.

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	10/1/2018
Salary increases	3.00%
Cost-of-living increases	Contributions, insurance premiums and implied subsidy assumed to increase with healthcare cost trends
Actuarial assumptions:	
Investment rate of return	3.58% per annum*
Healthcare cost trend rates	
Select rates	7.00% for 2018/19 graded down to 5.00% for 2022/2023 and later fiscal years
Age-related morbidity	3.50% for each year of age

* Based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date

NOTE 9 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (“IRC”), 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 IRC 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 10 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in various lawsuits, including personal injury, property damage and other miscellaneous claims. These legal proceedings are incidental to the City's operations, the outcome of which, in the opinion of management and legal counsel, would not have a material adverse effect on the financial condition 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.

Construction Commitments

The City has various pending, ongoing and future capital improvement projects. These projects primarily consist of the completion of the Gateway Park event and meeting space buildout, the Utility Underground project as well as Parks and Pier improvements. The remaining commitments on these projects are estimated to be \$500,000, \$800,000, and \$700,000, respectively.

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.

Development Rights

The City entered into an agreement with a developer to pay the City for development rights. The terms of the agreement call for payment(s) to the City when certain activities have been completed by the Developer and the City in accordance with the agreement. In addition, the agreement calls for quarterly payments of interest on the outstanding principal identified in the agreement. These interest payments have been reported in the financial statements of the City. No financial transactions have been reported in the City's financial statements for the principal balance of the development charges as the related activities identified in the agreement have not been fulfilled as of the fiscal year end.

NOTE 11 - 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 6 months and 40 years. Under the terms of the leases, the tenants are responsible for all expenses associated with the leased locations.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 694,735
2022	704,922
2023	675,625
2024	526,344
2025	507,581
Thereafter	<u>17,202,042</u>
	<u>\$ 20,311,249</u>

As of September 30, 2020, 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>335,475</u>	<u>609,525</u>
Total	<u>\$ 5,287,723</u>	<u>\$ 335,475</u>	<u>\$ 4,952,248</u>

NOTE 12 - 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 for the design and construction costs of the Pier. Similarly, the City was required to contribute \$2 million 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 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.

NOTE 12 - JOINT VENTURE (Continued)

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 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. During the current fiscal year, 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.

During the fiscal year ended September 30, 2014, 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 on 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 \$15,000, plus all applicable sales tax, with the base rent being subject to increase based on the Consumer Price Index. In addition to the base monthly rent, Beach Bar shall pay to Corp for each year of the sublease terms, as a percentage of rent, an amount equal to the amount of annual gross sales times the following applicable percentages:

\$ 00.00	-	\$ 2,000,000	5%
\$ 2,000,001	-	\$ 3,999,999	7.5%
\$ 4,000,000	-	\$ 5,000,000	10%
\$ 5,000,001	-	\$ 6,000,000	11%
\$ 6,000,001	-	\$ 7,000,000	12%
\$ 7,000,001	-	\$ 8,000,000	13%
\$ 8,000,001	-	\$ 9,000,000	14%
\$ 9,000,001	-	no limit	16%

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

This Page Intentionally Left Blank

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

City of Sunny Isles Beach
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Real and personal property	\$ 24,178,156	\$ 24,178,156	\$ 23,881,276	\$ (296,880)
Utility taxes:				
Electric	2,500,000	2,500,000	2,935,893	435,893
Telecommunication	824,538	824,538	753,546	(70,992)
Water	750,000	750,000	753,163	3,163
Gas	25,000	25,000	26,214	1,214
Total utility taxes	<u>4,099,538</u>	<u>4,099,538</u>	<u>4,468,816</u>	<u>369,278</u>
Total taxes	<u>28,277,694</u>	<u>28,277,694</u>	<u>28,350,092</u>	<u>72,398</u>
Franchise fees	<u>690,000</u>	<u>690,000</u>	<u>1,294,850</u>	<u>604,850</u>
Intergovernmental:				
State revenue sharing	487,127	487,127	453,597	(33,530)
Other state taxes	20,000	20,000	18,605	(1,395)
Federal, State and County grants	-	366,603	230,559	(136,044)
Half cent sales tax	1,822,356	1,822,356	1,538,092	(284,264)
Total intergovernmental	<u>2,329,483</u>	<u>2,696,086</u>	<u>2,240,853</u>	<u>(455,233)</u>
Licenses and permits	<u>603,000</u>	<u>603,000</u>	<u>1,048,180</u>	<u>445,180</u>
Charges for services	<u>4,016,350</u>	<u>4,016,350</u>	<u>3,569,559</u>	<u>(446,791)</u>
Fines and forfeitures	<u>307,000</u>	<u>307,000</u>	<u>524,277</u>	<u>217,277</u>
Investment income	<u>295,000</u>	<u>295,000</u>	<u>614,508</u>	<u>319,508</u>
Miscellaneous	<u>859,076</u>	<u>859,076</u>	<u>665,916</u>	<u>(193,160)</u>
Total revenues	<u>\$ 37,377,603</u>	<u>\$ 37,744,206</u>	<u>\$ 38,308,235</u>	<u>\$ 564,029</u>

City of Sunny Isles Beach
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund (Continued)
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General government:				
City commission	\$ 466,333	\$ 507,629	\$ 231,196	\$ 276,433
City manager	810,543	809,450	683,680	125,770
Finance	1,033,921	1,059,208	947,772	111,436
Legal	425,000	425,000	249,500	175,500
City clerk	382,000	409,019	277,234	131,785
Human resources	1,357,426	1,069,128	790,579	278,549
Information technology	1,671,050	1,675,122	1,590,499	84,623
Risk management	1,109,500	1,109,500	1,076,758	32,742
Total general government	<u>7,255,773</u>	<u>7,064,056</u>	<u>5,847,218</u>	<u>1,216,838</u>
Public safety:				
Police	9,819,390	9,799,451	9,099,925	699,526
Ocean Rescue	1,988,323	2,162,653	2,088,136	74,517
Community development	1,909,184	1,993,759	1,639,174	354,585
Total public safety	<u>13,716,897</u>	<u>13,955,863</u>	<u>12,827,235</u>	<u>1,128,628</u>
Community services:				
Physical environment	2,911,630	2,926,573	2,362,585	563,988
Cultural and human services	8,542,661	9,035,468	6,756,642	2,278,826
Total community services	<u>11,454,291</u>	<u>11,962,041</u>	<u>9,119,227</u>	<u>2,842,814</u>
Debt service:				
Principal	2,686,340	2,686,340	2,681,359	4,981
Interest and fiscal charges	728,800	728,800	728,764	36
Total debt service	<u>3,415,140</u>	<u>3,415,140</u>	<u>3,410,123</u>	<u>5,017</u>
Capital outlay	1,129,370	1,714,593	808,428	906,165
Total expenditures	<u>36,971,471</u>	<u>38,111,693</u>	<u>32,012,231</u>	<u>6,099,462</u>
Excess of revenues over expenditures	<u>406,132</u>	<u>(367,487)</u>	<u>6,296,004</u>	<u>6,663,491</u>
Other Financing Sources (Uses):				
Sale of property and equipment	25,000	25,000	41,770	16,770
Insurance recoveries	-	-	75,471	75,471
Appropriations of prior year reserves	(431,132)	1,470,970	-	(1,470,970)
Transfers out	-	(1,128,483)	(1,128,483)	-
Total other financing sources (uses)	<u>(406,132)</u>	<u>367,487</u>	<u>(1,011,242)</u>	<u>(1,378,729)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,284,762</u>	<u>\$ 5,284,762</u>

CITY OF SUNNY ISLES BEACH, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULE

September 30, 2020

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted for the General Fund, Street Maintenance and Construction Fund, Building Fund, General Capital Projects Fund, and the Public Art Trust 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) Encumbered appropriations lapse at fiscal year-end. Encumbered amounts are re-appropriated in the following year's budget.
- h) Budgeted amounts are as originally adopted or as amended.

City of Sunny Isles Beach
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 470,573	\$ 337,550	\$ 355,675
Interest	176,645	165,013	138,224
Differences Between Expected and Actual Experience	(634,900)	-	-
Benefits Payments	(117,515)	(78,469)	(58,820)
Assumption Changes	1,497,648	(136,879)	-
Net Change in Total OPEB Liability	1,392,451	287,215	435,079
Total OPEB Liability (Beginning)	4,521,885	4,234,670	3,799,591
Total OPEB Liability (Ending)	<u>\$ 5,914,336</u>	<u>\$ 4,521,885</u>	<u>\$ 4,234,670</u>
Covered-Employee Payroll at Measurement Period	<u>\$ 12,157,999</u>	<u>\$ 11,749,281</u>	<u>\$ 11,749,281</u>
Net OPEB Liability as a Percentage of Covered-Employee Payroll	48.65%	38.49%	36.04%

* GASB Statement No. 75 was implemented during the 2017-2018 fiscal year. Therefore, data for a full 10-year presentation was not available. Additional years' information will be displayed as it becomes available.

Benefit Changes : The benefit terms did not change from the prior measurement date.

Changes in assumptions : No assumptions were changed since the prior measurement date.

City of Sunny Isles Beach
Schedule of Proportionate Share of Net Pension Liability -
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Sunny Isles Beach's proportion of the net pension liability	0.00060856890	0.00059267773	0.00059740238	0.00057945094	0.00058090248	0.00053894033	0.00051133999
City of Sunny Isles Beach's proportionate share of the net pension liability	\$ 26,376,273	\$ 20,410,996	\$ 17,994,069	\$ 17,139,770	\$ 14,667,833	\$ 6,961,137	\$ 3,119,926
City of Sunny Isles Beach's covered payroll	\$ 15,348,814	\$ 15,161,383	\$ 14,745,632	\$ 13,987,180	\$ 13,608,825	\$ 13,000,622	\$ 12,258,101
City of Sunny Isles Beach's proportionate share of the net pension liability as a percentage of its covered payroll	171.85%	134.62%	122.03%	122.54%	107.78%	53.54%	25.45%
Plan fiduciary net position as a percentage of total pension liability	78.85%	82.61%	84.26%	83.89%	92.00%	92.00%	96.09%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Sunny Isles Beach
Schedule of Proportionate Share of Net Pension Liability -
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Sunny Isles Beach's proportion of the net pension liability	0.00046462988	0.00045544109	0.00044162719	0.00042122000	0.00041674824	0.00040376046	0.00038232292
City of Sunny Isles Beach's proportionate share of the net pension liability	\$ 5,673,055	\$ 5,059,930	\$ 4,674,232	\$ 4,503,879	\$ 4,857,028	\$ 4,117,721	\$ 3,574,813
City of Sunny Isles Beach's covered payroll	\$ 15,348,814	\$ 15,161,383	\$ 14,745,632	\$ 13,987,180	\$ 13,608,825	\$ 13,000,622	\$ 12,258,101
City of Sunny Isles Beach's proportionate share of the net pension liability as a percentage of its covered payroll	36.96%	33.37%	31.70%	32.20%	35.69%	31.67%	29.16%
Plan fiduciary net position as a percentage of total pension liability	3.00%	2.63%	2.15%	1.64%	0.50%	0.50%	0.99%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**City of Sunny Isles Beach
Schedule of Contributions -
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,069,901	\$ 2,838,225	\$ 2,683,987	\$ 1,870,647	\$ 1,416,623	\$ 1,567,372	\$ 1,414,159
Contributions in relation to the contractually required contribution	<u>3,069,901</u>	<u>2,838,225</u>	<u>2,683,987</u>	<u>1,870,647</u>	<u>1,416,623</u>	<u>1,567,372</u>	<u>1,414,159</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Sunny Isles Beach's covered payroll	\$ 15,723,425	\$ 15,063,697	\$ 14,745,632	\$ 13,987,180	\$ 13,608,825	\$ 13,000,622	\$ 12,258,101
Contributions as a percentage of covered payroll	19.52%	18.84%	18.20%	13.37%	10.41%	12.06%	11.54%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**City of Sunny Isles Beach
Schedule of Contributions -
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 41,507	\$ 37,808	\$ 34,351	\$ 31,053	\$ 30,016	\$ 21,543	\$ 17,388
Contributions in relation to the contractually required contribution	<u>41,507</u>	<u>37,808</u>	<u>34,351</u>	<u>31,053</u>	<u>30,016</u>	<u>21,543</u>	<u>17,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Sunny Isles Beach's covered payroll	\$ 15,723,425	\$ 15,063,697	\$ 14,745,632	\$ 13,987,180	\$ 13,608,825	\$ 13,000,622	\$ 12,258,101
Contributions as a percentage of covered payroll	0.26%	0.25%	0.23%	0.22%	0.22%	0.17%	0.14%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

This Page Intentionally Left Blank

OTHER SUPPLEMENTARY INFORMATION

City of Sunny Isles Beach
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2020

	Street Maintenance and Construction Fund	Building Fund	Public Art Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 436,296	\$ 5,966,286	\$ 1,283,699	\$ 7,686,281
Investments	122,779	1,686,413	363,083	2,172,275
Receivables, net	214,299	7,542	-	221,841
Interest receivable	139	1,910	411	2,460
Inventory	1,674	-	-	1,674
	<u>775,187</u>	<u>7,662,151</u>	<u>1,647,193</u>	<u>10,084,531</u>
Total assets	<u>\$ 775,187</u>	<u>\$ 7,662,151</u>	<u>\$ 1,647,193</u>	<u>\$ 10,084,531</u>
Liabilities:				
Accounts payable	\$ 124,157	\$ 45,703	\$ -	\$ 169,860
Accrued liabilities	22,581	180,208	-	202,789
	<u>146,738</u>	<u>225,911</u>	<u>-</u>	<u>372,649</u>
Total liabilities	<u>146,738</u>	<u>225,911</u>	<u>-</u>	<u>372,649</u>
Deferred Inflows of Resources:				
Deferred inflows of resources:				
Unavailable revenue - taxes	91,000	-	-	91,000
	<u>91,000</u>	<u>-</u>	<u>-</u>	<u>91,000</u>
Total deferred inflows of resources	<u>91,000</u>	<u>-</u>	<u>-</u>	<u>91,000</u>
Fund Balances:				
Nonspendable:				
Inventory	1,674	-	-	1,674
Prepays	-	-	-	-
Restricted for:				
Building	-	7,436,240	-	7,436,240
Public art	-	-	1,647,193	1,647,193
Transportation	535,775	-	-	535,775
	<u>537,449</u>	<u>7,436,240</u>	<u>1,647,193</u>	<u>9,620,882</u>
Total fund balances	<u>537,449</u>	<u>7,436,240</u>	<u>1,647,193</u>	<u>9,620,882</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 775,187</u>	<u>\$ 7,662,151</u>	<u>\$ 1,647,193</u>	<u>\$ 10,084,531</u>

City of Sunny Isles Beach
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Street Maintenance and Construction Fund	Building Fund	Public Art Trust Fund	Total
Revenues:				
Intergovernmental	\$ 1,174,876	\$ -	\$ -	\$ 1,174,876
Licenses and permits	13,432	3,915,884	-	3,929,316
Charges for services	-	77,231	328,500	405,731
Investment income	17,387	97,474	10,212	125,073
	<u>1,205,695</u>	<u>4,090,589</u>	<u>338,712</u>	<u>5,634,996</u>
Total revenues				
Expenditures:				
Current:				
General government	-	3,472,280	-	3,472,280
Cultural and human services	-	-	7,251	7,251
Transportation	1,846,597	-	-	1,846,597
Capital outlay	203,791	3,530	21,950	229,271
	<u>2,050,388</u>	<u>3,475,810</u>	<u>29,201</u>	<u>5,555,399</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(844,693)</u>	<u>614,779</u>	<u>309,511</u>	<u>79,597</u>
Other Financing Sources:				
Transfers in	-	-	1,000,000	1,000,000
Transfers out	(212,414)	-	-	(212,414)
	<u>(212,414)</u>	<u>-</u>	<u>1,000,000</u>	<u>787,586</u>
Total other financing sources				
Net change in fund balances	<u>(1,057,107)</u>	<u>614,779</u>	<u>1,309,511</u>	<u>867,183</u>
Fund Balances, Beginning of Year	<u>1,594,556</u>	<u>6,821,461</u>	<u>337,682</u>	<u>8,753,699</u>
Fund Balances, End of Year	<u>\$ 537,449</u>	<u>\$ 7,436,240</u>	<u>\$ 1,647,193</u>	<u>\$ 9,620,882</u>

City of Sunny Isles Beach
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Street Maintenance and Construction Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,324,697	\$ 1,324,697	\$ 1,174,876	\$ (149,821)
Licenses and permits	1,000	1,000	13,432	12,432
Investment income	10,000	10,000	17,387	7,387
	<u>1,335,697</u>	<u>1,335,697</u>	<u>1,205,695</u>	<u>(130,002)</u>
Total revenues				
Expenditures:				
Transportation	2,054,894	2,295,280	1,846,597	448,683
Capital outlay	216,985	357,189	203,791	153,398
	<u>2,271,879</u>	<u>2,652,469</u>	<u>2,050,388</u>	<u>602,081</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(936,182)</u>	<u>(1,316,772)</u>	<u>(844,693)</u>	<u>472,079</u>
Other Financing Sources:				
Transfers out	-	-	(212,414)	212,414
Appropriations of prior year reserves	936,182	1,316,772	-	(1,316,772)
	<u>936,182</u>	<u>1,316,772</u>	<u>(212,414)</u>	<u>(1,104,358)</u>
Total other financing sources				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,057,107)</u>	<u>\$ (632,279)</u>

City of Sunny Isles Beach
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Building Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 2,663,050	\$ 2,663,050	\$ 3,915,884	\$ 1,252,834
Charges for services	26,500	26,500	77,231	50,731
Investment income	80,000	80,000	97,474	17,474
	<u>2,769,550</u>	<u>2,769,550</u>	<u>4,090,589</u>	<u>1,321,039</u>
Expenditures:				
General government	3,612,123	3,599,482	3,472,280	127,202
Capital outlay	50,000	50,000	3,530	46,470
	<u>3,662,123</u>	<u>3,649,482</u>	<u>3,475,810</u>	<u>173,672</u>
Excess (deficiency) of revenues over expenditures	<u>(892,573)</u>	<u>(879,932)</u>	<u>614,779</u>	<u>1,494,711</u>
Other Financing Sources:				
Appropriations of prior year reserves	<u>892,573</u>	<u>879,932</u>	<u>-</u>	<u>(879,932)</u>
	<u>892,573</u>	<u>879,932</u>	<u>-</u>	<u>(879,932)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,779</u>	<u>\$ 614,779</u>

City of Sunny Isles Beach
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Capital Projects Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Charges for services	838,576	838,576	760,970	(77,606)
Investment income	825,000	825,000	955,356	130,356
Miscellaneous	-	-	25,000	25,000
	<u>2,163,576</u>	<u>2,163,576</u>	<u>1,741,326</u>	<u>(422,250)</u>
Total revenues				
Expenditures:				
Capital outlay	<u>19,818,893</u>	<u>26,996,044</u>	<u>12,238,983</u>	<u>14,757,061</u>
	<u>19,818,893</u>	<u>26,996,044</u>	<u>12,238,983</u>	<u>14,757,061</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(17,655,317)</u>	<u>(24,832,468)</u>	<u>(10,497,657)</u>	<u>(15,179,311)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	212,414	212,414
Appropriations of prior year reserves	<u>17,655,317</u>	<u>24,832,468</u>	<u>-</u>	<u>(24,832,468)</u>
	<u>17,655,317</u>	<u>24,832,468</u>	<u>212,414</u>	<u>(24,620,054)</u>
Total other financing sources				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,285,243)</u>	<u>\$ (39,799,365)</u>

City of Sunny Isles Beach
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Public Art Trust Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Charges for services	\$ 329,500	\$ 329,500	\$ 328,500	\$ (1,000)
Investment income	1,000	1,000	10,212	9,212
	<u>330,500</u>	<u>330,500</u>	<u>338,712</u>	<u>8,212</u>
Total revenues				
Expenditures:				
Culture and human services	30,000	30,000	7,251	22,749
Capital outlay	-	1,000,000	21,950	978,050
	<u>30,000</u>	<u>1,030,000</u>	<u>29,201</u>	<u>1,000,799</u>
Total expenditures				
Excess of revenues over expenditures	<u>300,500</u>	<u>(699,500)</u>	<u>309,511</u>	<u>1,009,011</u>
Other Financing Sources (Uses):				
Transfers in	-	1,000,000	1,000,000	-
Appropriations of prior year reserves	<u>(300,500)</u>	<u>(300,500)</u>	<u>-</u>	<u>(300,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,309,511</u>	<u>\$ 1,009,011</u>

This Page Intentionally Left Blank

STATISTICAL SECTION

This Page Intentionally Left Blank

CITY OF SUNNY ISLES BEACH, FLORIDA

STATISTICAL SECTION

September 30, 2020

This part of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City'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 City'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 City's current levels of outstanding debt and its 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 City's financial activities take place.

Demographic and Economic Statistics
Principal Employers

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City 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)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (2)</u>	<u>2015</u>
Governmental activities:					
Net investment in capital assets	\$ 109,308	\$ 107,250	\$ 113,902	\$ 122,083	\$ 145,182
Restricted	5,507	7,916	10,930	11,126	11,709
Unrestricted	<u>16,179</u>	<u>25,734</u>	<u>38,028</u>	<u>28,634</u>	<u>26,418</u>
Total governmental activities, net position	<u>\$ 130,994</u>	<u>\$ 140,900</u>	<u>\$ 162,860</u>	<u>\$ 161,843</u>	<u>\$ 183,309</u>
Business-type activities:					
Net investment in capital assets	\$ 12,471	\$ 12,441	\$ 12,480	\$ 12,536	\$ 12,845
Restricted	-	-	-	-	-
Unrestricted (deficit)	<u>325</u>	<u>623</u>	<u>805</u>	<u>992</u>	<u>1,229</u>
Total business-type activities, net position	<u>\$ 12,796</u>	<u>\$ 13,064</u>	<u>\$ 13,285</u>	<u>\$ 13,528</u>	<u>\$ 14,074</u>
Primary government:					
Net investment in capital assets	\$ 121,779	\$ 119,691	\$ 126,382	\$ 134,619	\$ 158,027
Restricted	5,507	7,916	10,930	11,126	11,709
Unrestricted	<u>16,504</u>	<u>26,357</u>	<u>38,833</u>	<u>29,626</u>	<u>27,647</u>
Total primary government, net position	<u>\$ 143,790</u>	<u>\$ 153,964</u>	<u>\$ 176,145</u>	<u>\$ 175,371</u>	<u>\$ 197,383</u>

- (1) The increase in the total primary government's net position in fiscal year 2020 is explained in Management's Discussion and Analysis.
- (2) Fiscal year 2014 unrestricted net assets have been restated due to implementation of GASB 68.

Table 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 167,505	\$ 199,469	\$ 205,859	\$ 209,918	\$ 219,796
13,006	13,425	14,092	15,220	15,886
<u>32,269</u>	<u>33,175</u>	<u>31,327</u>	<u>32,808</u>	<u>22,384</u>
<u>\$ 212,780</u>	<u>\$ 246,069</u>	<u>\$ 251,278</u>	<u>\$ 257,946</u>	<u>\$ 258,066</u>
\$ 13,994	\$ 14,013	\$ 13,985	\$ 13,960	\$ 14,261
-	-	-	-	-
<u>735</u>	<u>825</u>	<u>928</u>	<u>1,227</u>	<u>1,532</u>
<u>\$ 14,729</u>	<u>\$ 14,838</u>	<u>\$ 14,913</u>	<u>\$ 15,187</u>	<u>\$ 15,793</u>
\$ 181,499	\$ 213,481	\$ 219,844	\$ 223,878	\$ 234,057
13,006	13,425	14,091	15,220	15,886
<u>33,004</u>	<u>34,001</u>	<u>32,256</u>	<u>34,035</u>	<u>23,916</u>
<u>\$ 227,509</u>	<u>\$ 260,907</u>	<u>\$ 266,191</u>	<u>\$ 273,133</u>	<u>\$ 273,859 (1)</u>

City of Sunny Isles Beach, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:					
Governmental activities:					
General government	\$ 4,986	\$ 6,279	\$ 7,595	\$ 7,845	\$ 8,304
Public safety	9,291	10,764	10,386	11,023	11,412
Physical environment	3,923	3,906	5,402	3,671	4,550
Culture and human services	2,587	3,242	4,412	4,135	4,776
Transportation	576	1,139	1,447	1,551	1,512
Interest on long-term debt	2,483	2,471	1,647	1,549	1,446
	<u>23,846</u>	<u>27,801</u>	<u>30,889</u>	<u>29,774</u>	<u>32,000</u>
Total governmental activities expenses	<u>\$ 23,846</u>	<u>\$ 27,801</u>	<u>\$ 30,889</u>	<u>\$ 29,774</u>	<u>\$ 32,000</u>
Business-type activities:					
Stormwater management	\$ 599	\$ 788	\$ 820	\$ 729	\$ 884
	<u>599</u>	<u>788</u>	<u>820</u>	<u>729</u>	<u>884</u>
Total business-type activities expenses	<u>599</u>	<u>788</u>	<u>820</u>	<u>729</u>	<u>884</u>
Total primary government expenses	<u>\$ 24,445</u>	<u>\$ 28,589</u>	<u>\$ 31,709</u>	<u>\$ 30,503</u>	<u>\$ 32,884</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,714	\$ 2,454	\$ 2,927	\$ 6,622	\$ 7,490
Public safety	2,847	2,485	3,868	778	1,137
Culture and human services	1,061	1,152	1,131	1,247	1,303
Operating grants and contributions	906	4,003	3,650	1,096	1,075
Capital grants and contributions	764	771	1,458	90	397
	<u>7,292</u>	<u>10,865</u>	<u>13,034</u>	<u>9,833</u>	<u>11,402</u>
Total governmental activities program revenues	<u>\$ 7,292</u>	<u>\$ 10,865</u>	<u>\$ 13,034</u>	<u>\$ 9,833</u>	<u>\$ 11,402</u>
Business-type activities:					
Charges for services:					
Stormwater	\$ 973	\$ 966	\$ 982	\$ 976	\$ 997
Operating grants and contributions	79	82	81	84	86
Capital grants and contributions	-	-	2	-	321
	<u>1,052</u>	<u>1,048</u>	<u>1,065</u>	<u>1,060</u>	<u>1,404</u>
Total business-type activities program revenues	<u>1,052</u>	<u>1,048</u>	<u>1,065</u>	<u>1,060</u>	<u>1,404</u>
Total primary government program revenues	<u>\$ 8,344</u>	<u>\$ 11,913</u>	<u>\$ 14,099</u>	<u>\$ 10,893</u>	<u>\$ 12,806</u>
Net (expense)/revenue					
Governmental activities	\$ (16,554)	\$ (16,936)	\$ (17,855)	\$ (19,941)	\$ (20,598)
Business-type activities	453	260	245	331	520
	<u>(16,101)</u>	<u>(16,676)</u>	<u>(17,610)</u>	<u>(19,610)</u>	<u>(20,078)</u>
Total primary government net expenses	<u>\$ (16,101)</u>	<u>\$ (16,676)</u>	<u>\$ (17,610)</u>	<u>\$ (19,610)</u>	<u>\$ (20,078)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	\$ 15,315	\$ 15,960	\$ 16,364	\$ 17,906	\$ 19,186
Utility taxes	4,032	3,970	4,195	4,381	4,376
Franchise taxes	1,517	1,685	1,569	1,285	1,340
Impact fees	1,499	2,306	16,432	2,623	12,826
Intergovernmental	1,571	1,746	1,893	2,031	2,162
Investment income (loss)	613	480	(766)	1,559	1,564
Miscellaneous	200	616	432	404	606
Gain (loss) on disposal of capital assets	-	(1,401)	31	66	4
Transfers	-	-	-	-	-
	<u>24,747</u>	<u>25,362</u>	<u>40,150</u>	<u>30,255</u>	<u>42,064</u>
Total governmental activities	<u>\$ 24,747</u>	<u>\$ 25,362</u>	<u>\$ 40,150</u>	<u>\$ 30,255</u>	<u>\$ 42,064</u>

Table 2

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	8,747	\$ 9,684	\$ 10,332	\$ 10,358	\$ 10,709
	13,564	14,504	14,287	15,012	16,066
	3,168	4,038	5,574	5,414	6,692
	5,491	6,452	7,915	8,985	9,081
	2,201	1,796	1,729	2,112	2,524
	<u>1,301</u>	<u>1,165</u>	<u>819</u>	<u>726</u>	<u>644</u>
\$	<u>34,472</u>	<u>37,639</u>	<u>40,656</u>	<u>42,607</u>	<u>45,716</u>
\$	<u>883</u>	<u>989</u>	<u>1,021</u>	<u>978</u>	<u>922</u>
	<u>883</u>	<u>989</u>	<u>1,021</u>	<u>978</u>	<u>922</u>
\$	<u>35,355</u>	<u>38,628</u>	<u>41,677</u>	<u>43,585</u>	<u>46,638</u>
\$	8,513	\$ 8,860	\$ 7,690	\$ 9,593	\$ 8,305
	975	1,004	1,047	1,207	1,550
	1,224	1,235	1,533	1,380	834
	1,062	1,099	1,411	1,440	1,106
	<u>203</u>	<u>449</u>	<u>1,067</u>	<u>97</u>	<u>-</u>
\$	<u>11,977</u>	<u>12,647</u>	<u>12,748</u>	<u>13,717</u>	<u>11,795</u>
\$	969	\$ 1,005	\$ 1,004	\$ 1,032	\$ 1,043
	85	88	86	86	75
	<u>179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265</u>
	<u>1,233</u>	<u>1,093</u>	<u>1,090</u>	<u>1,118</u>	<u>1,383</u>
\$	<u>13,210</u>	<u>13,740</u>	<u>13,838</u>	<u>14,835</u>	<u>13,178</u>
\$	(22,495)	\$ (24,993)	\$ (27,908)	\$ (28,890)	\$ (33,921)
	<u>350</u>	<u>105</u>	<u>69</u>	<u>140</u>	<u>461</u>
\$	<u>(22,145)</u>	<u>(24,888)</u>	<u>(27,839)</u>	<u>(28,750)</u>	<u>(33,460)</u>
\$	20,789	\$ 23,082	\$ 24,292	\$ 23,438	\$ 23,878
	4,462	4,490	4,569	4,550	4,469
	1,364	1,260	1,545	1,480	1,295
	21,953	26,204	849	-	-
	2,239	2,265	2,395	2,722	2,373
	1,047	658	590	3,073	1,782
	336	277	528	301	316
	76	46	37	95	57
	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>(128)</u>
\$	<u>51,966</u>	<u>58,282</u>	<u>34,805</u>	<u>35,559</u>	<u>34,042</u>

City of Sunny Isles Beach, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Business-type activities:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income (loss)	14	8	(19)	25	26
Miscellaneous	-	-	8	-	-
Transfers	-	-	-	-	-
	<u>14</u>	<u>8</u>	<u>(11)</u>	<u>25</u>	<u>26</u>
Total business-type activities	<u>14</u>	<u>8</u>	<u>(11)</u>	<u>25</u>	<u>26</u>
Total primary government	<u>\$ 24,761</u>	<u>\$ 25,370</u>	<u>\$ 40,139</u>	<u>\$ 30,280</u>	<u>\$ 42,090</u>
Change in net position					
Governmental activities	\$ 8,193	\$ 8,426	\$ 22,295	\$ 10,314	\$ 21,466
Business-type activities	<u>467</u>	<u>268</u>	<u>234</u>	<u>356</u>	<u>546</u>
Total primary government	<u>\$ 8,660</u>	<u>\$ 8,694</u>	<u>\$ 22,529</u>	<u>\$ 10,670</u>	<u>\$ 22,012</u>

- (1) The increase in the total primary government's changes in net position in fiscal year 2020 is explained in Management's Discussion and Analysis.

- (2) Impact Fees in 2019 were classified under Charges for Services. The City has kept Impact Fees disclosed in prior years for comparative purposes.

**Table 2
(continued)**

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ - 5	\$ - 5	\$ - 7	\$ - 33	\$ - 17
- 300	- -	- -	- 100	- 128
<u>305</u>	<u>5</u>	<u>7</u>	<u>133</u>	<u>145</u>
<u>\$ 52,271</u>	<u>\$ 58,287</u>	<u>\$ 34,812</u>	<u>\$ 35,692</u>	<u>\$ 34,187</u>
\$ 29,471 655	\$ 33,290 109	\$ 6,897 76	\$ 6,669 273	\$ 120 606
<u>\$ 30,126</u> #	<u>\$ 33,399</u>	<u>\$ 6,973</u>	<u>\$ 6,942</u>	<u>\$ 726 (1)</u>

City of Sunny Isles Beach, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Committed to:					
Hurricane/Emergency and Disaster Recovery	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Other postemployment benefits	-	-	-	-	-
Assigned to:					
Subsequent year's budget	1,071	1,025	-	-	-
Non-spendable					
Inventory	4	-	-	-	-
Prepays	10	301	338	24	37
Unassigned	<u>3,152</u>	<u>2,973</u>	<u>4,965</u>	<u>9,182</u>	<u>12,066</u>
Total general fund	<u>\$ 14,237</u>	<u>\$ 14,299</u>	<u>\$ 15,303</u>	<u>\$ 19,206</u>	<u>\$ 22,103</u>
All other governmental funds					
Restricted for:					
Law enforcement	\$ 5,507	\$ 7,916	\$ 9,905	\$ 9,242	\$ 8,435
Atlantic Isles improvements	3	-	-	-	-
Capital improvements	-	7,415	9,089	-	-
Building	-	241	642	865	2,311
Public art	-	-	-	-	34
Transportation	-	203	-	375	929
Assigned to:					
Subsequent year's budget	-	-	13,947	724	-
Capital projects	12,140	10,738	6,310	22,992	18,391
Non-spendable:					
Inventory	-	2	4	3	4
Prepays	326	-	-	-	-
Long-term receivables	<u>-</u>	<u>1,400</u>	<u>2,859</u>	<u>859</u>	<u>859</u>
Total all other governmental funds	<u>\$ 17,976</u>	<u>\$ 27,915</u>	<u>\$ 42,756</u>	<u>\$ 35,060</u>	<u>\$ 30,963</u>

Table 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,120	869	580	664	648
<u>17,867</u>	<u>8,354</u>	<u>16,599</u>	<u>24,024</u>	<u>29,325</u>
\$ <u><u>28,987</u></u>	\$ <u><u>19,223</u></u>	\$ <u><u>27,179</u></u>	\$ <u><u>34,688</u></u>	\$ <u><u>39,973</u></u>
\$ 8,081	\$ 6,979	\$ 6,704	\$ 6,470	\$ 6,267
-	-	-	-	-
-	-	-	-	-
3,648	5,231	5,861	6,821	7,436
66	78	345	338	1,647
1,210	1,137	1,181	1,591	536
-	-	-	-	-
19,018	33,012	27,570	24,872	14,586
1	4	4	3	2
-	-	-	-	-
<u>438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u><u>32,462</u></u>	\$ <u><u>46,441</u></u>	\$ <u><u>41,665</u></u>	\$ <u><u>40,095</u></u>	\$ <u><u>30,474</u></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)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Real and personal property taxes	\$ 15,315	\$ 15,960	\$ 16,364	\$ 17,907	\$ 19,186
Utility taxes	4,032	3,970	4,194	4,381	4,303
Franchise fees	1,517	1,685	1,569	1,285	1,340
Impact fees	1,499	1,306	16,073	3,123	12,826
Intergovernmental revenues	3,224	2,664	2,862	3,128	3,612
Licenses and permits	2,673	2,227	3,676	4,012	4,600
Charges for services	2,354	3,413	3,514	3,899	4,034
Fines and forfeitures	472	3,504	3,072	415	575
Investment income (loss)	613	471	(899)	1,420	1,725
Miscellaneous revenues	900	600	2,157	815	1,337
Total revenues	<u>32,599</u>	<u>35,800</u>	<u>52,582</u>	<u>40,385</u>	<u>53,538</u>
Expenditures					
General government	4,640	4,349	6,821	7,448	7,968
Public safety	9,002	10,141	9,682	10,264	10,908
Physical environment	2,999	2,668	1,917	1,726	1,717
Culture and human services	2,257	2,700	3,833	4,023	4,529
Transportation	565	1,110	1,432	1,538	1,522
Capital outlay	8,261	7,196	9,258	14,517	23,422
Debt service					
Principal	3,675	2,614	2,131	3,121	3,223
Interest and fiscal charges	2,704	2,009	1,726	1,636	1,535
Issuance costs	21	40	-	-	-
Total expenditures	<u>34,124</u>	<u>32,827</u>	<u>36,800</u>	<u>44,273</u>	<u>54,824</u>
Excess (deficiency) of revenues over expenditures	<u>(1,525)</u>	<u>2,973</u>	<u>15,782</u>	<u>(3,888)</u>	<u>(1,286)</u>
Other financing sources (uses)					
Note and bond proceeds	-	2,425	-	-	-
Refunding bonds issued	-	17,575	-	-	-
Sale of property	-	6,881	31	66	4
Insurance recoveries	-	51	32	30	81
Contributions	-	-	-	-	-
Payment to refunded bond escrow agent	-	(19,905)	-	-	-
Transfers in	2,566	2,486	6,046	3,894	3,681
Transfers out	<u>(2,566)</u>	<u>(2,486)</u>	<u>(6,046)</u>	<u>(3,894)</u>	<u>(3,681)</u>
Total other financing sources (uses)	<u>-</u>	<u>7,027</u>	<u>63</u>	<u>96</u>	<u>85</u>
Net change in fund balance	<u>\$ (1,525)</u>	<u>\$ 10,000</u>	<u>\$ 15,845</u>	<u>\$ (3,792)</u>	<u>\$ (1,201)</u>
Debt service as a percentage of noncapital expenditures	24.7%	18.0%	13.0%	15.9%	15.1%

(1) Impact fees in 2019 are reported under Charges for Services.

Table 4

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	20,792	\$ 23,064	\$ 24,281	\$ 23,512	\$ 23,881
	4,462	4,490	4,569	4,550	4,469
	1,364	1,260	1,545	1,480	1,295
	22,204	26,375	762	-	- (1)
	3,507	3,829	4,605	4,059	3,416
	5,244	5,250	4,556	5,194	4,977
	4,419	4,754	4,586	5,850	4,736 (1)
	466	334	705	634	588
	1,167	658	590	3,073	1,782
	<u>870</u>	<u>987</u>	<u>1,132</u>	<u>1,033</u>	<u>691</u>
	<u>64,495</u>	<u>71,001</u>	<u>47,331</u>	<u>49,385</u>	<u>45,835</u>
	8,183	9,070	9,046	9,491	9,319
	11,402	11,713	12,236	12,661	12,992
	1,304	1,910	2,067	2,185	2,363
	4,884	5,690	6,677	7,155	6,764
	1,570	1,492	1,542	1,633	1,847
	23,812	23,024	9,136	6,936	13,480
	3,324	12,622	2,539	2,607	2,681
	1,433	1,345	850	811	729
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>55,912</u>	<u>66,866</u>	<u>44,093</u>	<u>43,479</u>	<u>50,175</u>
	<u>8,583</u>	<u>4,135</u>	<u>3,238</u>	<u>5,906</u>	<u>(4,340)</u>
	-	-	-	-	-
	-	-	-	-	-
	55	46	37	96	57
	46	35	107	36	75
	-	-	(200)	-	-
	843	8,271	601	1,144	1,212
	<u>(1,143)</u>	<u>(8,271)</u>	<u>(601)</u>	<u>(1,244)</u>	<u>(1,340)</u>
	<u>(199)</u>	<u>81</u>	<u>(56)</u>	<u>32</u>	<u>4</u>
\$	<u><u>8,384</u></u>	<u><u>4,216</u></u>	<u><u>3,182</u></u>	<u><u>5,938</u></u>	<u><u>(4,336)</u></u>
	14.8%	31.9%	9.7%	9.4%	9.3%

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>
2011	\$ 15,315	\$ 214	\$ 4,032	\$ 1,517	\$ 21,078
2012	15,960	212	3,970	1,685	21,827
2013	16,364	209	4,194	1,569	22,336
2014	17,907	214	4,381	1,285	23,787
2015	19,186	222	4,303	1,340	25,051
2016	20,792	220	4,462	1,364	26,838
2017	23,064	228	4,490	1,260	29,042
2018	24,281	223	4,569	1,545	30,617
2019	23,512	225	4,550	1,480	29,767
2020	23,881	199	4,469	1,295	29,844

This Page Intentionally Left Blank

City of Sunny Isles Beach, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Estimated Actual Value			Assessment Reductions
	Real Property	Personal Property	Total	
2011	\$ 6,033,806,763	\$ 62,214,318	\$ 6,096,021,081	\$ 137,330,748
2012	6,368,236,450	62,352,223	6,430,588,673	284,719,581
2013	6,940,261,943	77,274,810	7,017,536,753	488,221,296
2014	8,322,026,705	79,320,111	8,401,346,816	1,173,050,570
2015	9,945,175,461	73,814,320	10,018,989,781	1,956,569,243
2016	12,528,417,859	75,870,088	12,604,287,947	2,143,989,225
2017	12,800,968,261	79,644,983	12,880,613,244	1,409,397,497
2018	12,520,684,847	94,330,403	12,615,015,250	1,118,783,642
2019	12,757,464,579	98,161,781	12,855,626,360	931,677,904
2020	12,890,173,041	105,954,121	12,996,127,162	714,606,761

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.

Table 6

<u>Assessed Valuation</u>	<u>Less: Tax Exemption</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Value as a Percentage of Estimated Actual Value</u>
\$ 5,958,690,333	\$ 330,527,440	\$ 5,628,162,893	2.8860	92.325%
6,145,869,092	318,632,033	5,827,237,059	2.8860	90.617%
6,529,315,457	325,166,929	6,204,148,528	2.8000	88.409%
7,228,296,246	330,231,037	6,898,065,209	2.7000	82.107%
8,062,420,538	339,179,322	7,723,241,216	2.6000	77.086%
10,460,298,722	342,380,481	10,117,918,241	2.5000	80.274%
11,471,215,747	354,409,485	11,116,806,262	2.4000	86.306%
11,496,231,608	369,357,804	11,126,873,804	2.3000	88.203%
11,923,948,456	363,513,878	11,560,434,578	2.2000	89.925%
12,281,520,401	364,986,037	11,916,534,364	2.2000	91.693%

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
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
2014	2013	2.7000	-	2.7000	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770
2015	2014	2.6000	-	2.6000	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740
2016	2015	2.5000	-	2.5000	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120
2017	2016	2.4000	-	2.4000	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220
2018	2017	2.3000	-	2.3000	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940
2019	2018	2.2000	-	2.2000	4.6669	0.4644	5.1313	6.5040	0.2290	6.7330
2020	2019	2.2000	-	2.2000	4.6669	0.4780	5.1449	7.0250	0.1230	7.1480

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

**Table 7
(continued)**

Overlapping Rates										
State					Special Districts					Total Direct and Overlapping Rates
Everglades Project	South Florida Water Management District	Florida Inland Navigation District	Okeechobee Basin	Total State Millage	Children's Trust	Fire and Rescue	Fire Debt	Library	Total District's Millage	
0.0894	0.5346	0.0345	0.0345	0.6930	0.5000	2.5753	0.0200	0.2840	3.3793	21.0798
0.0624	0.3739	0.0345	0.0345	0.5053	0.5000	2.4496	0.0131	0.1795	3.1422	19.6285
0.0613	0.3676	0.0345	0.0345	0.4979	0.5000	2.4496	0.0131	0.1725	3.1352	19.4196
0.0587	0.3523	0.0345	0.0345	0.4800	0.5000	2.4496	0.0127	0.1725	3.1348	19.4173
0.0548	0.1577	0.0345	0.0345	0.2815	0.5000	2.4207	0.0114	0.2840	3.2161	19.1885
0.0506	0.1459	0.0320	0.1586	0.3871	0.5000	2.4207	0.0086	0.2840	3.2133	18.8293
0.0471	0.1359	0.0320	0.1477	0.3627	0.5000	2.4207	0.0075	0.2840	3.2122	18.3638
0.0441	0.1275	0.0320	0.1384	0.3420	0.4673	2.4207	0.0075	0.2840	3.1795	17.8824
0.0417	0.1209	0.0320	0.1310	0.3256	0.4415	2.4207	-	0.2840	3.1462	17.5361
0.0397	0.1152	0.0320	0.1246	0.3115	0.4680	2.4207	-	0.2840	3.1727	17.9771

**City of Sunny Isles Beach, Florida
Principal Property Taxpayers
Current Year and Ten Years Ago
(Amounts Expressed in Thousands)**

Taxpayer	2020		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A3 Amenities LLC	\$ 131,830	1	1.1%
Intercoastal Yacht Club LLC	109,541	2	0.9%
La Playa Beach Associates LLC	101,033	3	0.9%
Beach Club Acquisition LLC	61,438	4	0.5%
Dezer Blue Grass LLC	43,017	5	0.4%
Dezer Hotel Management LTD	40,323	6	0.3%
JTC 15 Sunny Isles LP	38,698	7	0.3%
Century Towers Association	37,400	8	0.3%
Publix Super Mkts Inc.	32,434	9	0.3%
Gables Investors Inc.	28,927	10	0.2%
Totals	\$ 624,642		5.2%

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

Table 8

Taxpayer	2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fortune Ocean LLP	\$ 133,007	1	2.4%
TRG Sunny Isles VI LTD	106,491	2	1.9%
TRG Sunny Isles VII LTD	96,345	3	1.7%
Royale Florida Enterprises	94,466	4	1.7%
Intercoastal Yacht Club LLC	80,000	5	1.4%
St. Tropez II LLC	72,255	6	1.3%
Century Towers Association	32,011	7	0.6%
Westgate Miami Beach LTD	27,213	8	0.5%
JTC 15 Sunny Isles	26,500	9	0.5%
Sunny Isles Property Holdings	23,550	10	0.4%
	<u>\$ 691,838</u>		<u>12.3%</u>

**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	Percentage Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy
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%
2014	18,188,192	17,190,326	94.51%	732,192	17,922,518	98.54%
2015	19,655,961	18,682,752	95.05%	503,417	19,186,169	97.61%
2016	21,733,646	20,583,693	94.71%	208,208	20,791,901	95.67%
2017	23,925,302	22,428,777	93.75%	635,194	23,063,971	96.40%
2018	25,525,155	23,416,494	91.74%	864,296	24,280,789	95.12%
2019	23,241,919	22,281,198	95.87%	1,230,586	23,511,784	101.16%
2020	24,178,156	22,592,546	93.44%	1,288,730	23,881,276	98.77%

Source: Miami-Dade County, Tax Collector's Office and the City of Sunny Isles Beach.
(1) Tax levy, net of discount

This Page Intentionally Left Blank

City of Sunny Isles Beach, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Revenue Bonds	Promissory Note	Capital Leases
2011	\$ -	\$ 34,621	\$ 18,697	\$ -
2012	-	33,639	17,980	-
2013	-	32,258	17,230	-
2014	-	29,917	16,450	-
2015	-	27,508	15,637	-
2016	-	25,028	14,793	-
2017	-	13,287	13,911	-
2018	-	11,666	12,993	-
2019	-	10,015	12,037	-
2020	-	8,327	11,043	-

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.

Table 10

Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
Outstanding Bonds	Notes Payable				
\$ 4,973	\$ -	\$	58,291	7.53%	\$ 2,775
4,642	-		56,261	6.95%	2,630
4,229	-		53,717	6.48%	2,518
3,817	-		50,184	5.81%	2,310
3,398	-		46,543	5.06%	2,121
2,971	-		42,792	4.48%	1,940
2,537	-		29,735	2.94%	1,337
2,094	-		26,753	2.58%	1,189
1,643	-		23,695	2.04%	1,019
1,185	-		20,555	1.57%	861

City of Sunny Isles Beach, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020
(Amounts Expressed in Thousands)

Table 11

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Sunny Isles Beach (2)</u>	<u>Amount Applicable to City of Sunny Isles Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 2,282,020	3.75%	\$ 85,576
Miami-Dade School District Board	3,330	3.75%	<u>125</u>
Subtotal, overlapping debt			85,701
City of Sunny Isles Beach			<u>19,370</u>
Total direct and overlapping debt			<u><u>\$ 105,071</u></u>

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

- (1) Debt outstanding for Miami-Dade County is unaudited.
- (2) Based on ratio of assessed taxable value.

City of Sunny Isles Beach, Florida
Legal Debt Margin Information
September 30, 2020

Table 12

The City Charter allows revenue bonds to be issued when authorized by the City Commission. The City Charter and Florida Statutes 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			
		Principal	Interest		
2011	\$ 17,096	\$ 3,675	\$ 2,705	2.68	
2012	1,353	-	114	11.87	
2013	1,441	564	235	1.80	
2014	1,528	576	221	1.92	
2015	1,596	590	207	2.00	
2016	1,662	604	193	2.09	
2017	1,655	618	178	2.08	
2018	1,740	633	173	2.16	
2019	1,767	648	178	2.14	
2020	1,538	663	160	1.87	

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)
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%
2014	21,720	864,456	39,800	38	1,991	6.1%
2015	21,946	919,164	41,883	39	1,894	5.6%
2016	22,063	954,843	43,278	39	2,217	5.2%
2017	22,233	1,010,268	45,440	39	2,162	4.0%
2018	22,505	1,036,310	46,048	40	2,122	3.6%
2019	23,253	1,163,162	50,022	40	2,091	2.3%
2020	23,869	1,310,456	54,902	41	2,100	12.6%

- (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 U.S. Census Bureau's most recent published update.
- (4) Furnished by the School Board of Miami-Dade County.
- (5) Furnished by the Bureau of Labor Statistics for Miami-Dade County. High unemployment rate due to the COVID-19 pandemic.

City of Sunny Isles Beach, Florida
Principal Employers
Current Year and Ten Years Ago

Table 15

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Sunny Isles Beach	287	1	11.5%	172	4	6.9%
Trump International Resort	243	2	9.7%	257	2	10.3%
Newport Beachside Resort	217	3	8.7%	350	1	14.0%
Acqualina Resort & Spa	210	4	8.4%	230	3	9.2%
Publix	161	5	6.4%	155	5	6.2%
Marco Polo (Aventura Beach Assoc.)	89	6	3.6%	110	7	4.4%
Double Tree Ocean Point Resort	30	7	1.2%	116	6	4.6%
Elite Guard & Patrol Services	26	8	1.0%	-	-	0.0%
Marenas Resort (Le Meridien)	25	9	1.0%	100	8	4.0%
Totals	1,288		51.5%	1,490		59.6%

Source: City of Sunny Isles Beach, Code Compliance

City of Sunny Isles Beach, Florida
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 16

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Commission	6	6	6	6	5	5	5	5	5	5
City Manager	1	2	4	3	4	5	4	4	4	3
City Clerk	3	3	3	3	3	3	2	2	2	3
City Attorney	4	4	4	4	4	4	4	5	-	-
Finance	5	7	6	6	6	6	7	7	8	8
Human Resources	7	6	5	5	4	3	3	3	3	4
Administrative Services	-	-	-	-	-	-	-	-	-	-
Information Technology	6	5	4	6	5	6	6	7	6	9
Building	15	13	17	19	19	18	19	20	21	21
Public Safety:										
Police:										
Sworn Officers	48	54	51	52	53	55	51	50	52	53
Non-Sworn Officers-Police	13	13	11	11	12	11	12	13	13	12
Non-Sworn Officers-Ocean Rescue	22	24	23	28	31	34	22	30	31	29
Physical Environment:										
Community Development	11	12	17	11	10	12	12	13	14	16
Public Works	18	14	13	13	12	13	12	14	15	17
Stormwater	2	2	2	2	2	2	2	2	1	1
Transportation	9	9	6	8	9	6	6	8	7	7
Cultural and Human Services	37	51	39	34	49	36	40	59	68	62
Total	<u>207</u>	<u>225</u>	<u>211</u>	<u>211</u>	<u>228</u>	<u>219</u>	<u>207</u>	<u>242</u>	<u>249</u>	<u>250</u>

Source: City of Sunny Isles Beach, Florida.

**City of Sunny Isles Beach, Florida
Operating Indicators by Function
Last Ten Fiscal Years**

Table 17

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Physical arrests	561	571	514	460	367	332	255	275	247	160
Parking violations	4,546	6,275	7,025	5,638	9,613	10,530	8,636	11,929	11,356	8,818
Highways and streets:										
Street resurfacing (miles)	-	-	-	-	-	-	0.8	-	0.2	0.6
Potholes repaired	2	12	8	16	8	9	11	15	56	47
Culture and recreation:										
Athletic field permit issues	-	1	7	69	41	31	32	28	32	20
Film permits issued	13	15	15	-	5	4	8	23	26	1
Summer camp enrollment	482	512	523	562	588	561	519	555	556	- (1)

Source: City of Sunny Isles Beach, Florida.

(1) No summer camp enrollment due to the COVID-19 Pandemic

**City of Sunny Isles Beach, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Table 18

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety:										
Police:										
Patrol units	64	67	65	69	61	59	58	59	52	54
Motorcycles	5	5	5	5	6	6	8	8	8	8
Streets:										
City maintained (miles)	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
FDOT maintained (miles)	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Privately maintained (miles)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Streetlights:										
City maintained	345	347	347	365	365	365	365	365	365	365
FPL maintained	264	223	223	223	223	223	223	223	223	223
Culture and recreation:										
Parks acreage	16.2	16.2	16.2	20.2	20.2	20.2	21.5	21.5	21.5	21.5
Parks	9	9	9	10	10	10	11	11	11	11
Community centers	1	1	1	1	1	1	1	1	1	1
Storm drain pipes:										
City maintained (miles)	6.03	6.50	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75
FDOT maintained (miles)	7.89	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86

Source: City of Sunny Isles Beach, Florida.

This Page Intentionally Left Blank

COMPLIANCE SECTION

This Page Intentionally Left Blank



**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***

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 basic financial statements, as listed in the table of contents, of the City of Sunny Isles Beach, Florida (the City) as of and for the year ended September 30, 2020, and have issued our report thereon dated May 26, 2021.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting 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.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated May 26, 2021.

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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 26, 2021



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Sunny Isles Beach (the City) as of and for the year ended September 30, 2020, and have issued our report thereon dated May 26, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

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

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the finding and recommendation made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Financial Condition and Management (Continued)

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. 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.

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 26, 2021



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the compliance of the City of Sunny Isles Beach (the City) with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 26, 2021

This Page Intentionally Left Blank