

TOWN OF SURFSIDE, FLORIDA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Prepared by

Finance Support Services Department

Martin D. Sherwood, CPA CGFO
Finance Support Services Director

TOWN OF SURFSIDE, FLORIDA

CONTENTS

Introductory Section

Listing of Elected Officials and Administrative Personnel	i
Organization Chart.....	ii

Financial Section

Independent Auditors' Report.....	1-2
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Management's Discussion and Analysis (Required Supplementary Information)	3-14
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Financial Statements

Government-wide Financial Statements

Statement of Net Assets	15
Statement of Activities.....	16

Fund Financial Statements

Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Assets – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds.....	22-23
Statement of Fiduciary Net Assets – Pension Trust Fund	24
Statement of Changes in Fiduciary Net Assets – Pension Trust Fund	25

Notes to Financial Statements.....	26-45
------------------------------------	-------

Required Supplementary Information (Other than MD&A)

Budgetary Comparison Schedule – General Fund.....	46
Note to Budgetary Comparison Schedule.....	47
Schedule of Funding Progress	48
Schedule of Employer Contributions.....	49

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	51
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Tourism Fund.....	52

TOWN OF SURFSIDE, FLORIDA

CONTENTS

Financial Section (Continued)

Combining and Individual Fund Statements and Schedules (Continued)	
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Transportation Surtax Fund	53
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Police Forfeiture Fund	54

INTRODUCTORY SECTION

TOWN OF SURFSIDE, FLORIDA

LISTING OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

FISCAL YEAR ENDED SEPTEMBER 30, 2009

TOWN COMMISSION

Charles W. Burkett, Mayor

Marc Imberman, Vice Mayor

Elizabeth Calderon, Commissioner

Steven Levine, Commissioner

Howard S. Weinberg, Commissioner

OFFICIALS

Gary L. Word, CM-ICMA, Town Manager

David Allen, Police Chief

Beatris Arguelles, CMC, Town Clerk

Lynn M. Dannheisser, Esq., Town Attorney

Tim Milian, Parks and Recreation Director

Fernando Rodriquez, Public Works Director

Martin D. Sherwood, CPA CGFO, Finance Support Services Director

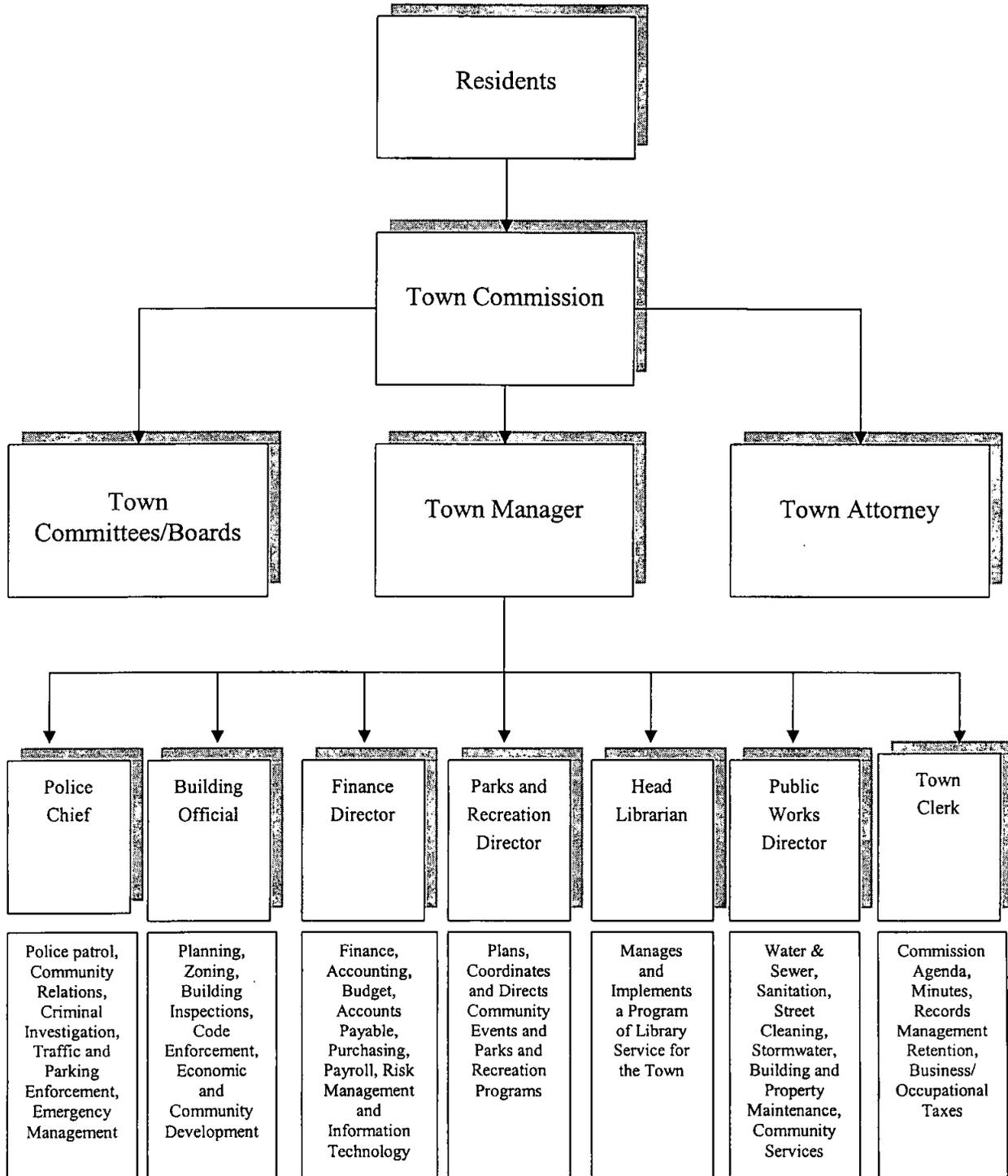
TOWN AUDITORS

MarcumRachlin, a division of Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

FISCAL YEAR ENDED SEPTEMBER 30, 2009



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

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 Town of Surfside, Florida (the Town) as of and for the fiscal year ended September 30, 2009, which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund) which represents approximately 87% and 48% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by an other independent auditor whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund), is based solely on the report of the other auditor.

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

In our opinion and the opinion of the other auditor, 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 Town, as of September 30, 2009, 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.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 14 and pages 46 to 49, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Town. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The information identified in the table of contents as the introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion thereon.



a division of Marcum LLP
Miami, Florida
September 2, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

TOWN OF SURFSIDE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2009

As management of the Town of Surfside (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to financial statements which follow.

Financial Highlights

The following are the highlights of financial activity for the fiscal year ended September 30, 2009:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$23,074,825 (net assets). Of this amount \$10,507,655 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$556,199.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,560,997, a decrease of \$253,351 in comparison with the prior year. Approximately, ninety percent (90%) of the total governmental fund balance, \$7,719,862, is unreserved, undesignated, unrestricted and available for spending at the Town's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$7,178,522, or 83% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Surfside's financial statements. The Town'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 financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government, public safety, public works, leisure services and transportation (including highways and streets). The business-type activities of the Town include the water and sewer, municipal parking, sanitation, and stormwater utility operations.

The government-wide financial statements can be found on pages 15 – 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Surfside, 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 Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town 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 and the capital projects fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund as well as its other governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 17 – 19 of this report.

Proprietary funds. The Town maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses four enterprise funds to account for the water and sewer, municipal parking, sanitation, and the stormwater utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, municipal parking, and sanitation operations, which are considered major funds of the Town, and the stormwater utility operation, which is considered as a nonmajor fund.

The proprietary fund financial statements can be found on pages 20 – 23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. Fiduciary financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

The fiduciary fund financial statements can be found on pages 24 and 25 of this report.

Notes to the 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 26 – 45 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparisons and the Town of Surfside's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 46 – 49 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 50 – 54 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Surfside, assets exceeded liabilities by \$23,074,825 at the close of the most recent fiscal year.

The Town of Surfside's net assets reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery and equipment, and infrastructure), which totals \$10,484,237 or 45% of the net assets. As of September 30, 2009 there was no related debt associated with any of these capital assets. The Town of Surfside uses these capital assets to provide services to the citizens; consequently, they are not available for future spending.

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$ 9,749,479	\$ 9,858,114	\$ 5,031,954	\$ 4,473,978	\$ 14,781,433	\$ 14,332,092
Capital Assets, Net	<u>9,205,412</u>	<u>9,102,085</u>	<u>1,278,826</u>	<u>963,196</u>	<u>10,484,238</u>	<u>10,065,281</u>
Total Assets	<u>18,954,891</u>	<u>18,960,199</u>	<u>6,310,780</u>	<u>5,437,174</u>	<u>25,265,671</u>	<u>24,397,373</u>
Long-Term Liabilities	220,952	254,983	64,796	59,782	285,748	314,765
Other Liabilities	<u>1,066,703</u>	<u>847,789</u>	<u>838,395</u>	<u>716,193</u>	<u>1,905,098</u>	<u>1,563,982</u>
Total Liabilities	<u>1,287,655</u>	<u>1,102,772</u>	<u>903,191</u>	<u>775,975</u>	<u>2,190,846</u>	<u>1,878,747</u>
Net Assets						
Invested in capital assets	9,205,412	9,102,085	1,278,825	963,195	10,484,237	10,065,280
Restricted	724,122	819,427	1,358,811	1,689,815	2,082,933	2,509,242
Unrestricted	<u>7,737,702</u>	<u>7,935,915</u>	<u>2,769,953</u>	<u>2,008,189</u>	<u>10,507,655</u>	<u>9,944,104</u>
Total Net Assets	<u>\$ 17,667,236</u>	<u>\$ 17,857,427</u>	<u>\$ 5,407,589</u>	<u>\$ 4,661,199</u>	<u>\$ 23,074,825</u>	<u>\$ 22,518,626</u>

An additional portion of the Town of Surfside's net assets \$2,082,933 (9%) includes resources subject to external restrictions. The remaining balance of unrestricted net assets, \$10,507,655 (46%) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Overall the government's net assets increased \$556,199 during the current fiscal year primarily due to construction in progress increasing capital assets in the amount of \$418,955. The increase is also related to an excess of revenues over expenditures attributable to business-type activity utility rate increases.

Governmental activities. Governmental activities decreased the Town of Surfside's net assets by \$190,191. Key elements of this decrease are as follows:

Summary of Changes in Net Assets

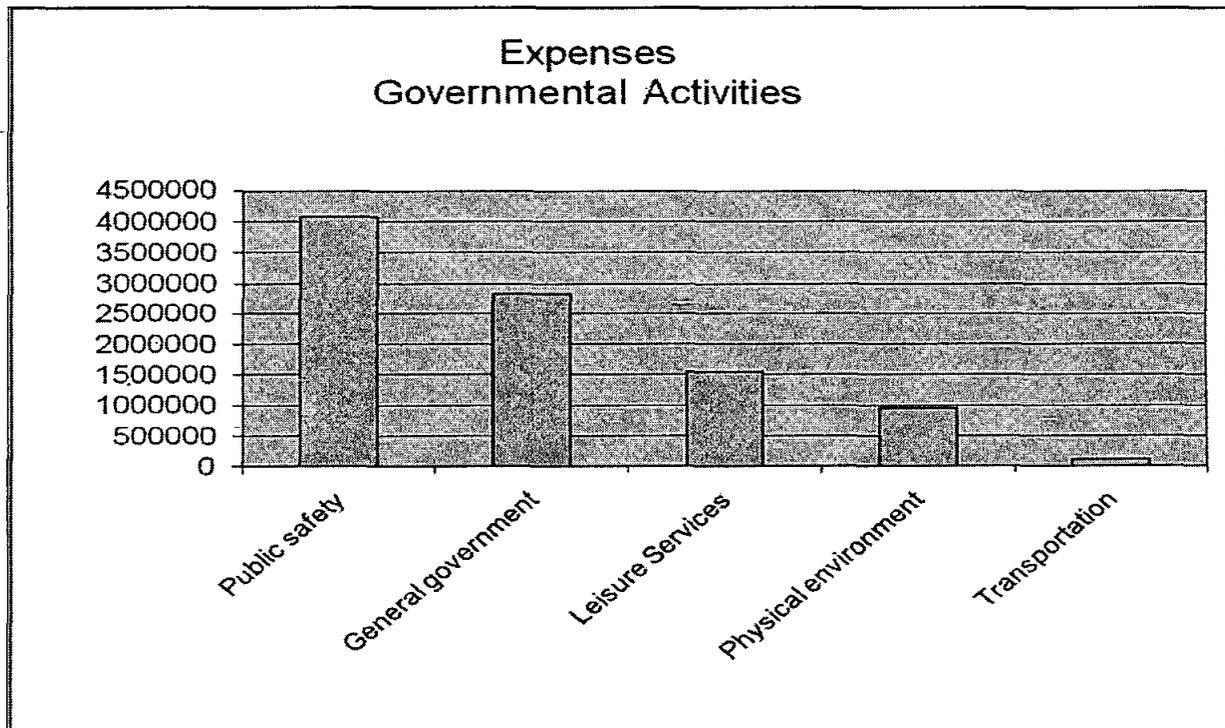
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 521,445	\$ 582,193	\$ 3,857,360	\$ 2,545,090	\$ 4,378,805	\$ 3,127,283
Operating grants and contributions	269,317	325,309	--	--	269,317	325,309
Capital grants and contributions	--	--	--	12,500	--	12,500
General revenues:						
Property taxes	6,325,721	6,292,755	--	--	6,325,721	6,292,755
Other taxes	2,098,043	2,183,622	--	--	2,098,043	2,183,622
Investment earnings (losses)	(36,049)	194,695	2,569	98,823	(33,480)	293,518
Miscellaneous	81,280	49,503	--	2,484	81,280	51,987
Total Revenues	<u>9,259,757</u>	<u>9,628,077</u>	<u>3,859,929</u>	<u>2,658,897</u>	<u>13,119,686</u>	<u>12,286,974</u>

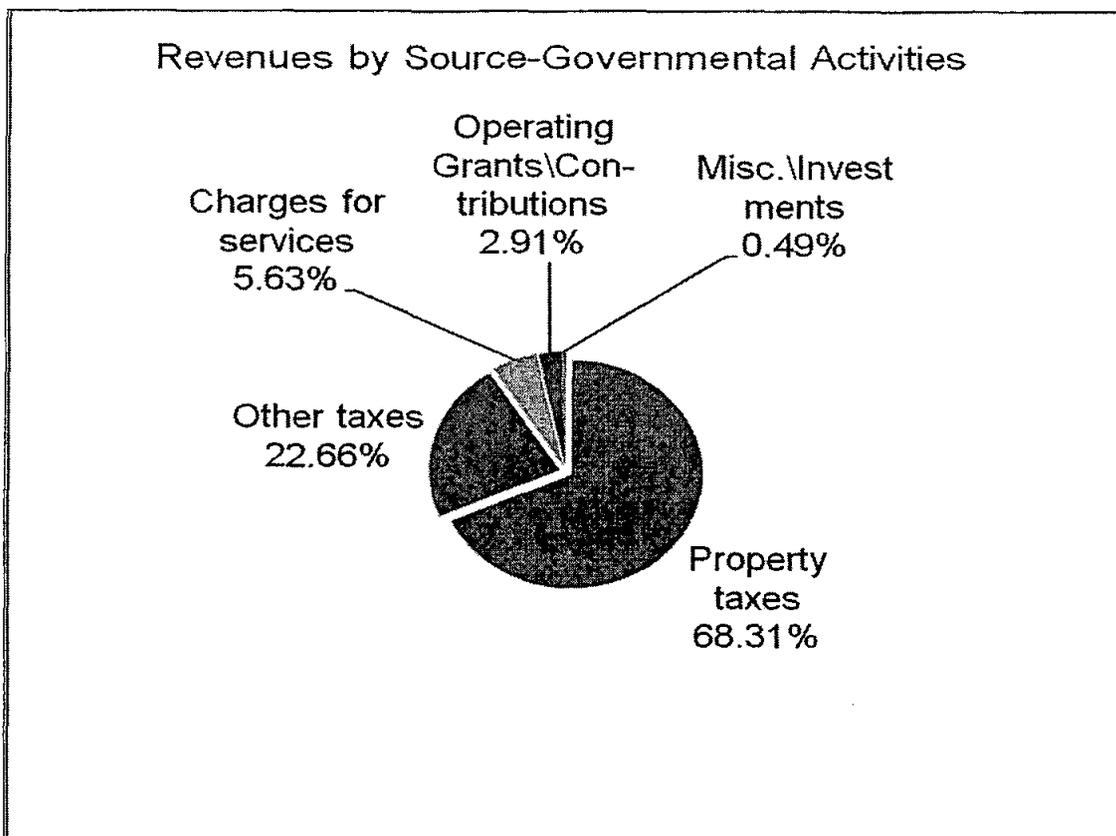
Summary of Changes in Net Assets (Continued)

Expenses						
General government	2,844,246	3,933,155	--	--	2,844,246	3,933,155
Public safety	4,094,093	3,703,961	--	--	4,094,093	3,703,961
Physical environment	961,381	848,334	--	--	961,381	848,334
Leisure services	1,558,000	1,748,556	--	--	1,558,000	1,748,556
Transportation	114,121	173,759	--	--	114,121	173,759
Water and sewer	--	--	1,669,477	1,788,324	1,669,477	1,788,324
Municipal parking	--	--	174,680	188,086	174,680	188,086
Sanitation	--	--	1,018,579	1,139,619	1,018,579	1,139,619
Stormwater utility	--	--	128,910	115,723	128,910	115,723
Total Expenses	9,571,841	10,407,765	2,991,646	3,231,752	12,563,487	13,639,517
Changes in Net Assets before Transfers	(312,084)	(779,688)	868,283	(572,855)	556,199	(1,352,543)
Transfers	121,893	(110,940)	(121,893)	110,940	--	--
Changes in Net Assets after Transfers	(190,191)	(890,628)	746,390	(461,915)	556,199	(1,352,543)
Net Assets - Beginning	17,857,427	18,748,055	4,661,199	5,123,114	22,518,626	23,871,169
Net assets - Ending	\$ 17,667,236	\$ 17,857,427	\$ 5,407,589	\$ 4,661,199	\$ 23,074,825	\$ 22,518,626

- Taxes, \$8,423,764 comprised 91% of the total revenues of \$9,259,757 during the fiscal year. Most of this category is property taxes of \$6,325,721 which decreased approximately 1% due to the decrease in the assessed value of existing property offset by an increase in the millage rate from 4.25 to 4.7332.

For the most part, the net decrease in expenses represent savings obtained from the employment of an in-house, Town Attorney (approximately \$346,000) and the reduction in usage of other outside professional services and capital outlay purchasing (in excess of \$690,000) as well as the reduction of leisure services expenses resulting from the first full fiscal year without the utilization of a permanent Community Center and Aquatics Facility (approximately \$190,000) offset by increased contractual obligations pertaining to public safety (approximately \$390,000) and the slight increases in expenses that closely paralleled inflation.



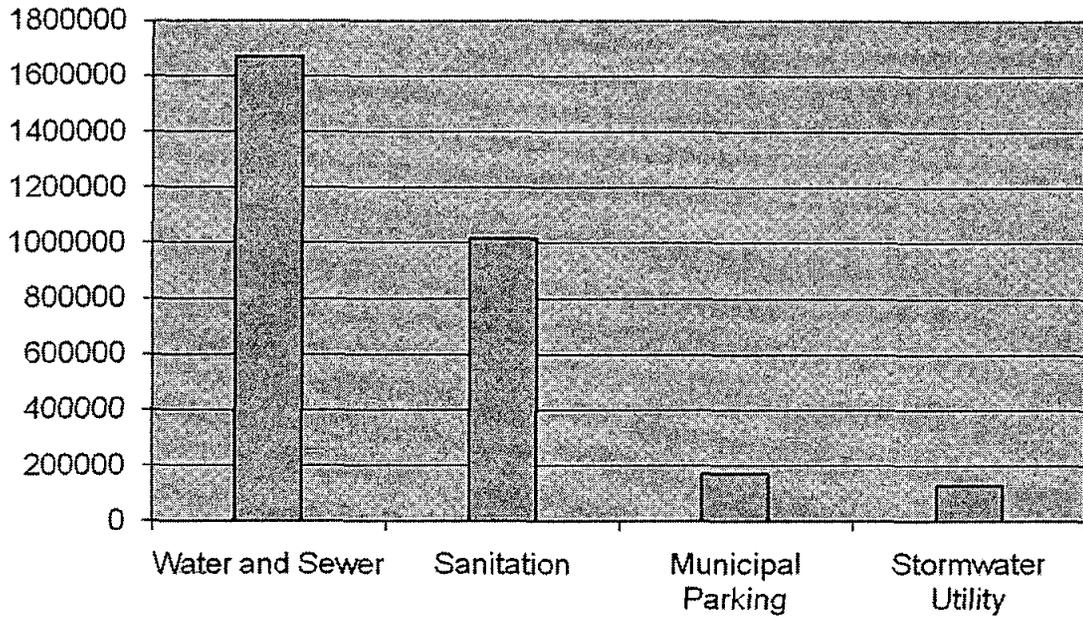


Business-type Activities

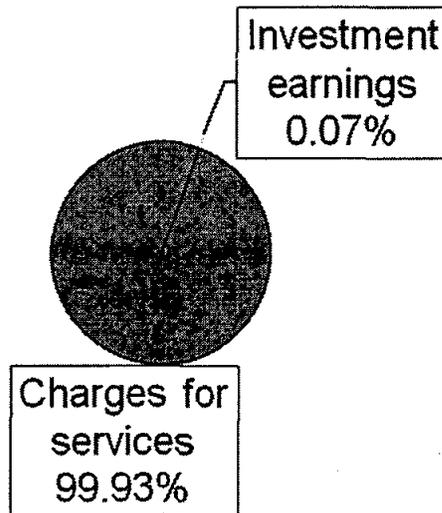
Business-type activities increased the assets of the Town of Surfside by \$746,390 accounting for one hundred percent (100%) of the increase in the government's net assets. Key elements of this change are as follows.

- The Sanitation fund accounted for \$165,919 of the increase in net assets. Solid waste and recycling fees were increased 59% to recover the full cost of providing the applicable service.
- The Water and Sewer operations accounted for \$264,546 of the increase in net assets. Water and Sewer fees were increased 41% and 37%, respectively, to recover the full cost of providing the applicable service. The wholesale cost of the water and sewer charges increased by \$60,675.
- The Municipal Parking fund had an increase in net assets of \$211,863. The revenues of the municipal parking increased by \$98,375 or 33% while the operating expenses decreased by \$13,406 or 7%, primarily due to depreciation costs. The increase in revenues is mainly the result from increased enforcement and overall business permitting offset by continued favorable parking privileges for the Town's residents.
- The Stormwater utility fund had an increase in net assets of \$104,062. The revenues of this fund increased almost 114% (in excess of \$129,000) in conjunction with a similar percentage increase in stormwater fees imposed for the continued anticipated funding of a major stormwater pollution control capital project. Net operating expenses increased by \$13,187 primarily due to increased personal expenses.
- Interest earnings for the business-type activities totaled \$2,569 for the current year representing a decrease of \$96,254 or ninety seven percent (97%) over the prior year. This decrease is mainly the result of an overall continued market decline in interest rates during the current year.

Expenses Business Type Activities



Revenues by Source-Business Type Activities



Financial Analysis of the Governmental Funds

As mentioned previously, the Town of Surfside uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,560,997, a decrease of \$253,351 in comparison with the prior year. Approximately, ninety percent (90%) of the total governmental fund balance, \$7,719,862, is unreserved, undesignated, unrestricted and available for spending at the government's discretion. The remainder of the fund balance \$841,135 or ten percent (10%) is designated or restricted in nature for subsequent years', which require approval by the Town Commission.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$7,178,522. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance of the general fund represents eighty three percent (83%) of the total general fund expenditures.

The fund balance of the Town's general fund increased \$406,999 (5.9%) during the current fiscal year. Key factors in this activity in the fund balance are as follows:

- Total-other financing uses, otherwise known as transfers out, declined \$334,914 due to the fact that the town's proprietary funds incurred rate adjustments no longer requiring a General Fund subsidy.
- Total other financing sources, otherwise known as transfers in, increased \$130,742 from the town's other funds providing cost reimbursement to recover general fund management, human resource utilization, payroll/accounts payable functions, pension/benefits management, billing, collection as well as legal recovery services.
- Interest earnings decreased by \$173,624 over the prior year. The continued declining interest rate environment during the current fiscal year was instrumental in this resulting decrease.

The total expenditures of the general fund decreased by \$591,874 or six percent (6%) over the prior year. Key factors in this decrease are as follows:

- Expenditures of the general government decreased by \$945,408 or 28% over the prior year primarily as a result of decreased professional services and contractual commitments.
- Expenditures for capital outlay decreased \$302,220 or 88% over the prior year primarily due to the fact that purchases for machinery and equipment were significantly curtailed in the current year.
- Expenditures for public safety increased by \$386,045 or 11% over the prior year primarily due to increased contractual obligations

Proprietary Funds

The Town of Surfside's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year totaled \$448,793. The unrestricted net assets of the Municipal Parking Fund at the end of the year amounted to \$2,526,725. The unrestricted net assets (deficit) of the Sanitation Fund and Stormwater Utility Fund totaled \$(128,427) and \$(77,136), respectively. The total growth in net assets in the proprietary funds is as follows: Water and Sewer Fund \$264,546; Municipal Parking Fund \$211,863; Sanitation Fund \$165,919 and Stormwater Utility Fund \$104,062. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Surfside's business-type activities.

General Fund Budgetary Highlights

During the year there was a decrease in appropriations between the original and final amended budget in the amount of \$578,974. These decreases were necessitated primarily due to unanticipated reductions in interest earnings (\$398,501), licenses and permits (\$71,047), franchise taxes (\$46,000), and resort taxes (\$45,363).

Capital Assets

The Town of Surfside's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounts to \$10,484,238 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, furniture and equipment, and infrastructure. The investment does not include governmental infrastructure assets acquired prior to fiscal year ended September 30, 2004, as GASB 34 does not require Phase III governments to report infrastructure retroactively. The total increase in the Town's investment in net capital assets for the current fiscal year was four percent (a one percent increase for governmental activities and a three percent increase for business-type activities).

Major capital asset events during the current fiscal year in the governmental activities included:

- A new Community Center and Aquatics Facility construction in progress totaled \$280,405.
- Town Hall building storm shutters and other improvements totaled \$127,789
- Surfside Beach Walk infrastructure improvements totaled \$150,822
- Vehicle acquisitions in the police department totaled \$119,780.
- Acquisitions in general government consisted mainly of computer equipment totaling \$18,202.
- Culture and recreation department acquisitions consisted primarily of library books totaling \$19,883.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital Assets						
Land	\$ 1,461,229	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229	\$ 1,461,229
Construction in progress	1,742,581	1,579,950	685,227	323,466	2,427,808	1,903,416
Buildings	2,827,438	2,772,144	--	--	2,827,438	2,772,144
Machinery, furniture and equipment	1,403,034	1,567,506	126,709	121,562	1,529,743	1,689,068
Infrastructure	1,771,130	1,721,256	466,890	518,168	2,238,020	2,239,424
Total Assets	<u>\$ 9,205,412</u>	<u>\$ 9,102,085</u>	<u>\$ 1,278,826</u>	<u>\$ 963,196</u>	<u>\$ 10,484,238</u>	<u>\$ 10,065,281</u>

Major capital asset events during the current fiscal year in the business-type activities included:

- Continued forward with a Stormwater pollution control project funded through a cost share program with the Florida Department of Environmental Protection resulting in construction in progress of \$83,635.
- Continued forward with phase II of a Wastewater (sewer) system rehabilitation program resulting in construction in progress of \$163,445
- Commenced forward with a Water system replacement and maintenance program resulting in construction in progress of \$114,681

Additional information on the Town of Surfside's capital assets can be found in Note 6 on pages 38 – 39 of this report.

Long-Term Liabilities

The Town of Surfside's long-term liabilities consist only of compensated absences payable to the Town's employees for earned but unused vacation and sick benefits, which are limited to certain maximums. The balances as of September 30, 2009, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Payable Within One Year
Governmental Activities	<u>\$ 283,314</u>	<u>-\$ 56,311</u>	<u>\$ 18,314</u>	<u>\$ 321,311</u>	<u>\$ 100,359</u>
Business-type Activities	<u>\$ 66,426</u>	<u>\$ 12,863</u>	<u>\$ 7,294</u>	<u>\$ 71,995</u>	<u>\$ 7,199</u>

Additional information of the Town of Surfside's long-term liabilities (compensated absences) can be found in Note 7 on page 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 (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and occupational taxes) as well as intergovernmental revenues for their governmental activities. For business-type activities and certain governmental activities (building/construction services and recreational programs), the user pays a related fee or charge associated with the service.

At the time of this analysis one year ago, the country was in the grips of financial crises, and the outlook was dim. One year later, all economic indicators point to a continued uphill struggle. Florida unemployment reached 11.5% in November of 2009, and is expected to peak at greater than 12 percent in the later part of 2010. Economists are predicting that it won't fall below double digits until the last quarter of 2012. High unemployment means more home foreclosures. Historically, high unemployment rates have affected 20 to 30 percent of homeowners' ability to make their mortgage payments.

The Town will continue to focus on providing the best and most cost effective services in these lean times. Through cost cutting measures and prioritizing projects, the Town managed to completely eliminate its expected 2009 budget deficit. Managing reserves will be extremely important in this overall weak economic environment. However, the specific economic condition for the Town during the past year remained positive and the occupancy rate for the commercial business district is favorable.

The adopted operating budget for fiscal year 2009/10 totals nearly \$27 million, only slightly higher than the 26.1 million final operating budget for fiscal year 2008/09. The slight increase is primarily due to the expectations for utilization of fund balance to design and construct a new Community Center and Aquatics Facility and the issuance of revenue bonds for proprietary fund infrastructure improvements.

The Town's current millage rate of 4.7332 was increased from 4.25 that was in effect for the prior fiscal year due to contractual commitments. The Town Commission maintained the millage rate of 4.7332 for the year ending September 30, 2010.

For business-type and certain governmental activities (utility services and recreational programs), the user pays a related fee or charge associated with the services. Effective October 1, 2009, water and sewer rates increased 41% and 24.5%, respectively while commercial business sanitation fees decreased 10%.

During the fiscal year ending September 30, 2010, the Town will be considering the following programs/projects.

- The Town is proceeding with a design and construction project known as the new Community Center, which includes a community/recreational center and an aquatics facility.
- Expanding as well as improving the parking facilities in the downtown area and throughout the Town's boundaries.
- The tourist bureau will continue to sponsor special events, festivals, conduct activities on the beach, and other community activities for the Town's residents.
- Installation of new storm water pump stations pursuant to phase III and in conjunction with the Florida Department of Transportation (FDOT).
- Continued evaluation and progress of a Wastewater (sewer) system rehabilitation program.
- Continued evaluation and progress of a Water system replacement and maintenance program.
- Evaluations of and applications for additional grants and additional funding from the State (revolving loan fund) and County (pursuant to the 2004 Building Better Communities bond referendum) and for various Town projects, as needed.

All of the above factors were considered in preparing the Town of Surfside's budget for the fiscal year ending September 30, 2010.

Requests for Information

This financial report is designed to provide a general overview of the Town of Surfside's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Surfside, 9293 Harding Avenue, Surfside, Florida 33154.

FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,535,453	\$ 3,505,979	\$ 11,041,432
Investments	217,506	--	217,506
Receivables	969,908	1,112,214	2,082,122
Prepaid items	117,013	11,718	128,731
Restricted assets:			
Cash, cash equivalents and investments	687,461	402,043	1,089,504
Net pension asset	222,138	--	222,138
Capital assets not being depreciated	3,203,810	685,227	3,889,037
Capital assets being depreciated, net	<u>6,001,602</u>	<u>593,599</u>	<u>6,595,201</u>
Total Assets	<u>18,954,891</u>	<u>6,310,780</u>	<u>25,265,671</u>
Liabilities			
Accounts payable	501,638	428,015	929,653
Accrued liabilities	326,062	258,907	584,969
Unearned revenue	45,015	20,629	65,644
Customer deposits	93,629	123,645	217,274
Noncurrent liabilities			
Due within one year	100,359	7,199	107,558
Due in more than one year	<u>220,952</u>	<u>64,796</u>	<u>285,748</u>
Total Liabilities	<u>1,287,655</u>	<u>903,191</u>	<u>2,190,846</u>
Net Assets			
Invested in capital assets	9,205,412	1,278,825	10,484,237
Restricted for			
Law enforcement	85,899	--	85,899
Transportation	488,225	--	488,225
Tourism	149,998	--	149,998
Renewal and replacement	--	1,358,811	1,358,811
Unrestricted	<u>7,737,702</u>	<u>2,769,953</u>	<u>10,507,655</u>
Total Net Assets	<u>\$ 17,667,236</u>	<u>\$ 5,407,589</u>	<u>\$ 23,074,825</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 2,844,246	\$ 198,504	\$ --	\$ --	\$ (2,645,742)	\$ --	\$ (2,645,742)
Public safety	4,094,093	199,614	--	--	(3,894,479)	--	(3,894,479)
Public works	961,381	--	--	--	(961,381)	--	(961,381)
Leisure services	1,558,000	123,327	--	--	(1,434,673)	--	(1,434,673)
Transportation	114,121	--	269,317	--	155,196	--	155,196
Total Governmental Activities	9,571,841	521,445	269,317	--	(8,781,079)	--	(8,781,079)
Business-type Activities							
Water and sewer	1,669,477	1,966,915	--	--	--	297,438	297,438
Municipal parking	174,680	394,975	--	--	--	220,295	220,295
Sanitation	1,018,579	1,251,695	--	--	--	233,116	233,116
Stormwater utility	128,910	243,775	--	--	--	114,865	114,865
Total Business-type Activities	2,991,646	3,857,360	--	--	--	865,714	865,714
Total	\$ 12,563,487	\$ 4,378,805	\$ 269,317	\$ --	(8,781,079)	865,714	(7,915,365)
General Revenues							
Taxes							
Property taxes					6,325,721	--	6,325,721
Resort taxes					366,867	--	366,867
Franchise fees based on gross receipts					416,728	--	416,728
Utility taxes					66,825	--	66,825
Communications services tax					385,486	--	385,486
Unrestricted intergovernmental revenues					862,137	--	862,137
Unrestricted investment earnings (losses)					(36,049)	2,569	(33,480)
Miscellaneous revenues					81,280	--	81,280
Transfers					121,893	(121,893)	--
Total general revenues					8,590,888	(119,324)	8,471,564
Change in Net Assets					(190,191)	746,390	556,199
Net Assets - Beginning					17,857,427	4,661,199	22,518,626
Net Assets - Ending					\$ 17,667,236	\$ 5,407,589	\$ 23,074,825

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

TOWN OF SURFSIDE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,014,926	\$ 520,527	\$ --	\$ 7,535,453
Investments	165,452	52,054	--	217,506
Receivables	908,192	--	61,716	969,908
Prepaid items	117,013	--	--	117,013
Restricted assets:	--	--	--	--
Cash, cash equivalents and investments	--	--	687,461	687,461
Total Assets	\$ 8,205,583	\$ 572,581	\$ 749,177	\$ 9,527,341
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 449,390	\$ 31,241	\$ 21,007	\$ 501,638
Accrued liabilities	322,014	--	4,048	326,062
Unearned revenue	45,015	--	--	45,015
Customer deposits	93,629	--	--	93,629
Total Liabilities	910,048	31,241	25,055	966,344
Fund Balances				
Reserved for prepaid items	117,013	--	--	117,013
Unreserved, undesignated reported in				
General fund	7,178,522	--	--	7,178,522
Capital projects fund	--	541,340	--	541,340
Special revenue funds	--	--	724,122	724,122
Total Fund Balances	7,295,535	541,340	724,122	8,560,997
Total Liabilities and Fund Balances	\$ 8,205,583	\$ 572,581	\$ 749,177	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,205,412
A negative (NPO) net pension obligation is not considered to represent a financial asset and therefore is not reported in the governmental funds.	222,138
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(321,311)
Net Assets of Governmental Activities	\$ 17,667,236

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 6,325,721	\$ --	\$ --	\$ 6,325,721
Resort taxes	239,725	--	127,142	366,867
Utility taxes	66,825	--	--	66,825
Communications services tax	385,486	--	--	385,486
Franchise fees	416,728	--	--	416,728
Licenses and permits	198,504	--	--	198,504
Intergovernmental	962,844	--	168,610	1,131,454
Charges for services	123,327	--	--	123,327
Fines and forfeitures	174,312	--	25,302	199,614
Interest earnings (losses)	(28,829)	(9,369)	2,149	(36,049)
Miscellaneous	85,398	--	10,891	96,289
Total Revenues	<u>8,950,041</u>	<u>(9,369)</u>	<u>334,094</u>	<u>9,274,766</u>
Expenditures				
Current				
General government	2,415,626	96,204	192,038	2,703,868
Public safety	3,855,458	--	73,033	3,928,491
Public works	855,526	--	--	855,526
Leisure services	1,451,163	--	--	1,451,163
Transportation	--	--	99,476	99,476
Capital outlay	38,084	561,608	11,794	611,486
Total Expenditures	<u>8,615,857</u>	<u>657,812</u>	<u>376,341</u>	<u>9,650,010</u>
Excess (Deficiency) of Revenues over Expenditures	<u>334,184</u>	<u>(667,181)</u>	<u>(42,247)</u>	<u>(375,244)</u>
Other Financing Sources (Uses)				
Transfers in	130,742	75,000	27,136	232,878
Transfers out	(57,927)	--	(53,058)	(110,985)
Total Other Financing Sources (Uses)	<u>72,815</u>	<u>75,000</u>	<u>(25,922)</u>	<u>121,893</u>
Net Change in Fund Balances	406,999	(592,181)	(68,169)	(253,351)
Fund Balances - Beginning	<u>6,888,536</u>	<u>1,133,521</u>	<u>792,291</u>	<u>8,814,348</u>
Fund Balances - Ending	<u>\$ 7,295,535</u>	<u>\$ 541,340</u>	<u>\$ 724,122</u>	<u>\$ 8,560,997</u>

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

TOWN OF SURFSIDE, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Amounts reported for governmental activities in the statement of activities (Page 16) are different because:

Net change in fund balances - total governmental funds (Page 18) \$ (253,351)

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

The details of the difference are as follows:

Cost of assets	\$ 610,901	
Depreciation	<u>(492,565)</u>	
Net adjustment		118,336
Loss on disposal of capital assets		(15,009)

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

The detail of the difference is as follows:

Compensated absences		(37,997)
----------------------	--	----------

Governmental funds report pension contributions as expenditures. However, contributions in excess of annual pension cost is reported as a net pension asset in the statement of net assets

Change in net assets of governmental activities (Page 16)		<u>\$ (190,191)</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,162,969	\$ 2,322,389	\$ --	\$ 20,621	\$ 3,505,979
Accounts receivables, net	829,748	3,850	182,937	95,679	1,112,214
Due from other funds	--	209,201	--	--	209,201
Prepaid items	3,024	756	7,938	--	11,718
Total Current Assets	<u>1,995,741</u>	<u>2,536,196</u>	<u>190,875</u>	<u>116,300</u>	<u>4,839,112</u>
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	389,739	--	--	--	389,739
Investments	12,304	--	--	--	12,304
Total restricted assets	<u>402,043</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>402,043</u>
Capital Assets					
Construction in progress	306,669	--	--	378,558	685,227
Infrastructure	1,273,253	729,279	--	265,728	2,268,260
Equipment	145,341	95,645	343,512	--	584,498
	1,725,263	824,924	343,512	644,286	3,537,985
Less accumulated depreciation	<u>(1,245,394)</u>	<u>(717,634)</u>	<u>(249,629)</u>	<u>(46,502)</u>	<u>(2,259,159)</u>
Total Capital Assets, Net	<u>479,869</u>	<u>107,290</u>	<u>93,883</u>	<u>597,784</u>	<u>1,278,826</u>
Total Noncurrent Assets	<u>881,912</u>	<u>107,290</u>	<u>93,883</u>	<u>597,784</u>	<u>1,680,869</u>
Total Assets	<u>2,877,653</u>	<u>2,643,486</u>	<u>284,758</u>	<u>714,084</u>	<u>6,519,981</u>
Liabilities					
Current Liabilities					
Accounts payable	321,627	5,552	55,210	45,626	428,015
Accrued liabilities	245,903	2,141	9,196	1,667	258,907
Due to other funds	--	--	209,201	--	209,201
Compensated absences	3,066	177	3,751	205	7,199
Unearned revenue	12,442	--	8,187	--	20,629
Payable from restricted assets					
Customer deposits	123,645	--	--	--	123,645
Total Current Liabilities	<u>706,683</u>	<u>7,870</u>	<u>285,545</u>	<u>47,498</u>	<u>1,047,596</u>
Noncurrent Liabilities					
Compensated absences	27,596	1,602	33,757	1,841	64,796
Total Noncurrent Liabilities	<u>27,596</u>	<u>1,602</u>	<u>33,757</u>	<u>1,841</u>	<u>64,796</u>
Total Liabilities	<u>734,279</u>	<u>9,472</u>	<u>319,302</u>	<u>49,339</u>	<u>1,112,392</u>
Net Assets					
Invested in capital assets	479,868	107,290	93,883	597,784	1,278,825
Restricted for renewal and replacement	1,214,713	--	--	144,098	1,358,811
Unrestricted (deficit)	448,793	2,526,724	(128,427)	(77,137)	2,769,953
Total Net Assets (Deficit)	<u>\$ 2,143,374</u>	<u>\$ 2,634,014</u>	<u>\$ (34,544)</u>	<u>\$ 664,745</u>	<u>\$ 5,407,589</u>

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

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	
Operating Revenues					
Charges for services					
Water sales	\$ 880,739	\$ --	\$ --	\$ --	\$ 880,739
Sewer charges	1,085,976	--	--	--	1,085,976
Parking fees	--	394,975	--	--	394,975
Garbage charges	--	--	1,079,511	--	1,079,511
Recycling fees	--	--	119,580	--	119,580
Drainage fees	--	--	--	243,775	243,775
Miscellaneous	200	--	52,604	--	52,804
Total Operating Revenues	<u>1,966,915</u>	<u>394,975</u>	<u>1,251,695</u>	<u>243,775</u>	<u>3,857,360</u>
Operating Expenses					
Personal services	302,085	90,630	503,742	66,393	962,850
Administrative	61,063	67,495	137,813	49,231	315,602
Water system	590,886	--	--	--	590,886
Sewer system	682,391	--	--	--	682,391
Solid waste system	--	--	375,367	--	375,367
Depreciation	33,052	16,555	1,657	13,286	64,550
Total Operating Expenses	<u>1,669,477</u>	<u>174,680</u>	<u>1,018,579</u>	<u>128,910</u>	<u>2,991,646</u>
Operating Income	<u>297,438</u>	<u>220,295</u>	<u>233,116</u>	<u>114,865</u>	<u>865,714</u>
Nonoperating Revenues					
Interest earnings	592	1,931	--	46	2,569
Total Nonoperating Revenues	<u>592</u>	<u>1,931</u>	<u>--</u>	<u>46</u>	<u>2,569</u>
Income before Transfers	298,030	222,226	233,116	114,911	868,283
Other Financing Uses					
Transfers Out	(33,484)	(10,363)	(67,197)	(10,849)	(121,893)
Change in Net Assets	264,546	211,863	165,919	104,062	746,390
Net Assets (Deficit) - Beginning	<u>1,878,828</u>	<u>2,422,151</u>	<u>(200,463)</u>	<u>560,683</u>	<u>4,661,199</u>
Net Assets (Deficit) - Ending	<u>\$ 2,143,374</u>	<u>\$ 2,634,014</u>	<u>\$ (34,544)</u>	<u>\$ 664,745</u>	<u>\$ 5,407,589</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,472,212	\$ 394,975	\$ 1,115,883	\$ 183,988	\$ 3,167,058
Payments to suppliers	(1,202,652)	(85,128)	(488,295)	(37,935)	(1,814,010)
Payments to employees	(271,201)	(89,816)	(515,817)	(65,088)	(941,922)
Net Cash Provided (Used) by Operating Activities	<u>(1,641)</u>	<u>220,031</u>	<u>111,771</u>	<u>80,965</u>	<u>411,126</u>
Cash Flows from Noncapital Financing Activities					
Due to other funds	--	--	(44,574)	--	(44,574)
Transfers out	(33,484)	(10,363)	(67,197)	(10,849)	(121,893)
Net Cash Provided by (Used) Noncapital and Related Financing Activities	<u>(33,484)</u>	<u>73,334</u>	<u>(111,771)</u>	<u>(10,849)</u>	<u>(82,770)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(296,546)	--	--	(83,634)	(380,180)
Net Cash Used by Capital and Related Financing Activities	<u>(296,546)</u>	<u>--</u>	<u>--</u>	<u>(83,634)</u>	<u>(380,180)</u>
Cash Flows from Investing Activities					
Interest received	592	1,931	--	46	2,569
Sale of investments	9,339	--	--	--	9,339
Net Cash Provided by Investing Activities	<u>9,931</u>	<u>1,931</u>	<u>--</u>	<u>46</u>	<u>11,908</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(321,740)	295,296	--	(13,472)	(39,916)
Cash and Cash Equivalents- Beginning	<u>1,874,448</u>	<u>2,027,093</u>	<u>--</u>	<u>34,093</u>	<u>3,935,634</u>
Cash and Cash Equivalents- Ending	<u>\$ 1,552,708</u>	<u>\$ 2,322,389</u>	<u>\$ -</u>	<u>\$ 20,621</u>	<u>\$ 3,895,718</u>
Cash and Cash Equivalents per Statement of Net Assets					
Unrestricted	\$ 1,162,969	\$ 2,322,389	\$ --	\$ 20,621	\$ 3,505,979
Restricted	389,739	--	--	--	389,739
	<u>\$ 1,552,708</u>	<u>\$ 2,322,389</u>	<u>\$ -</u>	<u>\$ 20,621</u>	<u>\$ 3,895,718</u>

(Continued)

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

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)**

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	Totals
	Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 297,438	\$ 220,295	\$ 233,116	\$ 114,865	\$ 865,714
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation	33,052	16,555	1,657	13,286	64,550
Changes in assets and liabilities:					
(Increase) decrease in					
Accounts receivable	(492,439)	(1,923)	(134,188)	(59,787)	(688,337)
Due from other funds	26,125	--	--	--	26,125
Prepaid items	2,360	514	12,985	--	15,859
Increase (decrease) in					
Accounts payable	127,173	(16,224)	11,900	11,296	134,145
Accrued liabilities	489	244	(11,756)	257	(10,766)
Compensated absences	4,270	570	(319)	1,048	5,569
Unearned revenue	(2,264)	--	(1,624)	--	(3,888)
Customer deposits	2,155	--	--	--	2,155
Total adjustments	(299,079)	(264)	(121,345)	(33,900)	(454,588)
Net Cash Provided (Used) by Operating Activities	\$ (1,641)	\$ 220,031	\$ 111,771	\$ 80,965	\$ 411,126

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUND

SEPTEMBER 30, 2009

Assets	
Cash and Cash Equivalents	\$ <u>296,392</u>
Receivables	
Plan members' contributions	23,712
Interest	<u>37,530</u>
Total Receivables	<u>61,242</u>
Prepaid insurance	<u>1,230</u>
Investments, at Fair Value	
U.S. Government securities	627,909
U.S. Government agency bonds	292,125
Mortgage backed securities	581,634
Corporate bonds	1,256,289
Municipal obligations	91,711
Common stocks	<u>6,621,100</u>
Total Investments	<u>9,470,768</u>
Total Assets	<u>9,829,632</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	15,283
Refunds payable	<u>66,017</u>
Total Liabilities	<u>81,300</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 9,748,332</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Additions

Contributions

Employer's contributions	\$ 423,747
Plan members' contributions	<u>318,692</u>
Total Contributions	<u>742,439</u>

Investment Earnings

Interest	168,104
Dividends	159,421
Net depreciation in fair value of investments	<u>(476,246)</u>
	(148,721)
Less investment expenses	<u>58,032</u>

Net Investment Loss	<u>(206,753)</u>
Total Additions	<u>535,686</u>

Deductions

Benefits paid	483,668
Refunds of contributions	123,009
Administrative expenses	<u>78,049</u>
Total Deductions	<u>684,726</u>

Net Decrease	(149,040)
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Net Assets in Trust for Pension Benefits

Net assets - beginning	<u>9,897,372</u>
Net assets - ending	<u>\$ 9,748,332</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Board of Commissioners and operates under a commissioner-manager form of government. The Town provides services to its approximately 5,600 residents in many areas including general government, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water and sewer utilities, and general administrative services.

The summary of the Town of Surfside, Florida's (the Town) significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town of Surfside, Florida have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

A. FINANCIAL REPORTING ENTITY

In accordance with accounting principles generally accepted in the United States of America, these financial statements present the Town and its organizations for which the Town is considered financially accountable. Financial accountability includes 1) the appointment of a voting majority of the organization's governing body, 2) the ability of the primary government to impose its will on the organization, or 3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based on 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *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*. The Town does not employ an indirect cost allocation system.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

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 are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 Town 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 required by accrual accounting, except for debt service expenditures and expenditures related to compensated absences, which are recorded when payment is due.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Property taxes and other taxes (such as franchise taxes, utilities taxes, and sales tax), charges for services, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The reporting practices of the proprietary fund types closely parallel comparable commercial financial reporting, which recognize revenue when earned and expenses when incurred (the accrual basis) including, in the case of the enterprise funds, depreciation on its exhaustible capital assets. Earned, but unbilled service receivables have been accrued as revenue in the enterprise funds.

The Town reports the following major governmental funds:

The *General Fund* is the Town'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 *Capital Projects Fund* is used to account for the capital projects of the Town which have received the approval of the Town Commission. Transfers from the general and other funds are made to this fund to cover such expenditures.

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer utility operations, which are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Municipal Parking Fund* accounts for all parking revenues and expenses.

The *Sanitation Fund* is used to account for the activities of the Town residential and commercial refuse, recycling and waste collection system.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The nonmajor proprietary fund of the Town is as follows:

The *Stormwater Utility Fund* is used to account for the stormwater utility fees, which are collected to construct, operate, and maintain a stormwater management system.

Additionally, the government reports the following fund type:

The *Pension Trust Fund* is used to account for the Town's single-employer defined benefit pension plan covering substantially all of its employees.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund-financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town. 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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than *program revenues*. The general revenues include all taxes.

Proprietary Funds distinguish *operating revenues* and expenses from *nonoperating* 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 Town's enterprise fund are charges to customers for services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The Town utilizes a pooled cash account for cash and investments of all Town funds other than those which are required to be physically segregated. The pooled cash account concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The pooled cash system utilizes a single checking account for Town receipts and disbursements with a separate checking account for payroll disbursements.

The Town's cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition. The Town's cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and investments with Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)) administered by the State Board of Administration. Fund B, which is also administered by the State Board of Administration, is classified as an investment.

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. Investments in the Town of Surfside's local government surplus funds are governed by the provisions of Florida Statutes Section 218.415. Investments in the Town's retirement plan are governed by the Plan's investment policy. All investments of the Town, except Florida PRIME and Fund B, are reported at fair value using quoted market prices. The Florida PRIME is recorded at its value of the pool shares (2a-7 like pool), which is fair value. Income or loss is recorded in the respective funds as it is earned.

2. Receivables and Payables

Activity 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

4. Restricted Assets

Certain resources set aside for the repayment of certain obligations are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and/or their use is limited. Additionally, the Town reports amounts paid by customers for water and sewer deposits as restricted assets.

5. Capital Assets

Capital assets, which include property, plant, machinery, furniture and equipment, and infrastructure assets (e.g., sidewalks and other 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, except for the Library Fund, which records the purchases of all books as assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Town has not retroactively reported infrastructure assets acquired prior to the implementation of GASB Statement No. 34 and is not required due to its classification as a phase 3 government.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Machinery, furniture and equipment	5-10
Infrastructure	10-30

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

6. Compensated Absences

The Town's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums. All vacation and sick pay 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. Compensated absences of governmental funds are typically liquidated from the general fund.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net assets.

8. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, where noted, represent tentative management plans that are subject to change.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

Restricted net assets is that portion of net assets that has been restricted for general 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 net assets consist of all net assets that do not meet the definition of either of the other two components.

9. Use of Estimates

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

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 another 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 insured or collateralized with securities held by the entity or its agent in the entity's name.

INVESTMENTS – TOWN

The Town's Investment Policy authorizes Town officials to invest in those instruments authorized by the Florida Statutes and the Town's Investment Policy, including the certificates of deposit and money market funds (placed with "qualified public depositories"); U.S. Treasury and Government Agency securities; corporate bonds; commercial paper; mutual funds; repurchase agreements; and the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)) administered by the Florida State Board of Administration.

Florida PRIME and Fund B are both governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2009, the fair value factor for Fund B was \$.54915 per share. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN

As of September 30, 2009, the Town had the following investments:

Investments	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Florida PRIME	\$ 3,501,325	33 days
Fund B	<u>237,776</u>	8.36 years
	<u>\$ 3,739,101</u>	

Interest Rate Risk

The Town has an investment policy to invest in a manner that is consistent with sound business practices in order to protect the assets of the Town residents, provide effective cash management to meet anticipated obligations and earn a rate of return consistent with these inherent restraints. Safety of capital and liquidity are also inherent in the Town’s policy. The policy is structured to provide sufficient liquidity to pay obligations as they come due. The Town’s investment policy limits the maturities to no more than 7 years for direct United States obligations and to no more than 5 years for United States agency obligations and corporate obligations. Term repurchase agreements are limited to maturities of 90 days or less and certificate of deposits are limited to 2 years or less.

Credit Risk

The Town’s investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). The Florida PRIME is rated AAAM by Standard and Poor’s. The Fund B is not rated by an NRSRO.

Concentration of Credit Risk

The Town’s investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2009, the value of each position held in the Town’s portfolio is less than five percent in any one issuer.

INVESTMENTS – PENSION TRUST FUND

The investment activity of the Plan is directed by an investment advisory firm. The Investment Manager is empowered to invest in cash or cash equivalents, to which quality and minimum risk guidelines apply. The Investment Manager may also invest in U.S. Government obligations; certificates of deposit with major money center banks; commercial

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

paper rated A-1 or P-1 by Standard and Poor's or Moody's respectively; U.S. Government and Government agency securities; and bonds or other evidence of indebtedness issued by a corporation listed on one or more of the recognized national stock exchanges or National Market System of the NASDAQ with an investment quality rating within the top three rating classifications by either Standard and Poor's or Moody's; and equity securities listed on one of the Nation's major stock exchanges with an investment quality ranking within the top three quality classifications by a major rating service. The aggregate investment in any issuing company shall not exceed five percent of the outstanding capital stock, nor shall it exceed ten percent of the fund equity assets. According to the Investment Policy the allowable investment in equities is sixty-five percent (65%) of total assets at market value.

As of September 30, 2009, the investment in equities totaled 62.5% of the total assets excluding the mutual funds, which are not under management.

As of September 30, 2009, the Plan has the following investments types.

	Fair Value	Weighted Average Maturity (Years)
Investments		
U.S. treasuries	\$ 538,628	6.21
Government agency bonds	560,434	0.84
Mortgage backed securities	719,518	3.58
Corporate bonds	1,249,711	4.32
Build America bonds (Municipal obligations)	91,711	9.90
	<u>\$ 3,160,002</u>	
Portfolio weighted average maturity		3.82

Interest Rate Risk

In accordance with its investment policy, the Plan manages its exposure to declines in the fair market value of its securities through a conservative approach of managing portfolio exposure to duration, maturity and sector relative to market indices.

Credit Risk

State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Plan's policy to limit its investments in these investment types to the top rating issued by the NRSROs.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Credit Risk (CONTINUED)

As of September 30, 2009, the Plan's investments in the U.S. Treasury Portfolio was rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the three top rating classifications by at least two major rating services (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were rated AAA and Aaa by Standard & Poor's, and Moody's, respectively.

Concentration of Credit Risk

The Plan's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent of the Plan's total net assets. No investment in any one organization represents five percent or more of the net assets available for benefits.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the securities, whether fixed or equities are held in the name of the Plan.

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2009 for the Town's individual major funds and non-major stormwater fund, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility (Nonmajor)	Total
Receivables							
Property taxes	\$ 398,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,735
Intergovernmental	88,232	61,716	--	--	--	--	149,948
Other	421,225	--	--	3,850	--	--	425,075
Accounts - billed	--	--	171,850	--	215,371	13,953	401,174
Accounts - unbilled	--	--	669,341	--	--	81,726	751,067
Gross receivables	908,192	61,716	841,191	3,850	215,371	95,679	2,125,999
Less allowance for uncollectibles	--	--	(11,443)	--	(32,434)	--	(43,877)
Total Receivables, Net	\$ 908,192	\$ 61,716	\$ 829,748	\$ 3,850	\$ 182,937	\$ 95,679	\$ 2,082,122

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments, also, are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mils. The millage rate assessed by the Town for the fiscal year ended September 30, 2009, was 4.7332. The tax levy of the Town is established by the Town Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 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 are due and payable on November 1 of each year or as soon 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 taxes due and Miami-Dade County collects the taxes for the Town. 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 the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of the State of Florida. As of September 30, 2009, there were no material delinquent taxes.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

INTERFUND TRANSFERS

The composition of the interfund transfers as of September 30, 2009 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 130,742	\$ 57,927
Capital Projects Fund	75,000	--
Transportation Surtax Fund	--	53,058
Library Fund	27,137	--

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

INTERFUND TRANSFERS (CONTINUED)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Water and Sewer Fund (Enterprise Fund)	--	33,484
Municipal Parking Fund (Enterprise Fund)	--	10,363
Solid Waste Fund (Enterprise Fund)	--	10,850
Sanitation Fund (Enterprise Fund)	--	67,197
	<u>\$ 232,879</u>	<u>\$ 232,879</u>

General Fund Transfers In consisted entirely of \$130,742 from the Town's other funds providing cost reimbursement to recover general fund management, human resource utilization, payroll/accounts payable functions, pension/benefits management, billing, collection as well as legal recovery services.

General Fund Transfers Out consisted of \$27,137 to support the closure of the library special revenue fund plus \$30,790 to provide the capital projects fund with an amount to provide for transportation improvements required pursuant to the receipt of state shared gas tax revenues.

Capital Projects Fund Transfers In includes the \$30,790 previously mentioned in the General Fund Transfers-Out plus \$44,210 in citizens initiative transportation taxes (CITT) received.

Transportation Surtax Fund Transfers Out includes \$44,210 in CITT transferred to the Capital Projects Fund plus \$8,848 transferred to cost reimburse the General Fund as previously mentioned.

Library Fund Transfers In (\$27,137) was received entirely from the General Fund to close the Fund at fiscal year end.

All of the Transfers Out pertaining to the Water and Sewer, Municipal Parking, Solid Waste and Sanitation Funds were transferred to cost reimburse the General Fund as previously mentioned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	1,579,950	305,160	142,529	1,742,581
Total Capital Assets Not Being Depreciated	<u>3,041,179</u>	<u>305,160</u>	<u>142,529</u>	<u>3,203,810</u>
Capital Assets Being Depreciated				
Buildings	3,785,177	127,789	--	3,912,966
Machinery, furniture and equipment	3,028,896	169,659	79,429	3,119,126
Infrastructure	1,945,903	150,822	--	2,096,725
Total Capital Assets Being Depreciated	<u>8,759,976</u>	<u>448,270</u>	<u>79,429</u>	<u>9,128,817</u>
Less-Accumulated Depreciation for				
Buildings	1,013,033	72,495	--	1,085,528
Machinery, furniture and equipment	1,461,391	319,121	64,420	1,716,092
Infrastructure	224,646	100,949	--	325,595
Total Accumulated Depreciation	<u>2,699,070</u>	<u>492,565</u>	<u>64,420</u>	<u>3,127,215</u>
Total Capital Assets Being Depreciated, Net	<u>6,060,906</u>	<u>(44,295)</u>	<u>15,009</u>	<u>6,001,602</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,102,085</u>	<u>\$ 260,865</u>	<u>\$ 157,538</u>	<u>\$ 9,205,412</u>
Business-type Activities				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 323,466	\$ 361,761	\$ --	\$ 685,227
Total Capital Assets Not Being Depreciated	<u>323,466</u>	<u>361,761</u>	<u>--</u>	<u>685,227</u>
Capital Assets Being Depreciated				
Equipment	566,079	18,419	--	584,498
Infrastructure	2,268,260	--	--	2,268,260
Total Capital Assets Being Depreciated	<u>2,834,339</u>	<u>18,419</u>	<u>--</u>	<u>2,852,758</u>
Less Accumulated Depreciation for				
Equipment	444,519	13,270	--	457,789
Infrastructure	1,750,090	51,280	--	1,801,370
Total Accumulated Depreciation	<u>2,194,609</u>	<u>64,550</u>	<u>--</u>	<u>2,259,159</u>
Total Capital Assets Being Depreciated, Net	<u>639,730</u>	<u>(46,131)</u>	<u>--</u>	<u>593,599</u>
Business-type Activities Capital Assets, Net	<u>\$ 639,730</u>	<u>\$ 315,630</u>	<u>\$ --</u>	<u>\$ 1,278,826</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General government	\$ 117,470
Public safety	147,758
Public works	105,855
Leisure Services	106,837
Transportation	<u>14,645</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 492,565</u>

Business-type Activities

Water and sewer	\$ 33,052
Municipal parking	16,555
Sanitation	1,657
Stormwater utility	<u>13,286</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 64,550</u>

NOTE 7 – LONG-TERM LIABILITIES

COMPENSATED ABSENCES

Changes in long-term liabilities for the fiscal year ended September 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	<u>\$ 283,314</u>	<u>\$ 56,311</u>	<u>\$ 18,314</u>	<u>\$ 321,311</u>	<u>\$ 100,359</u>
Business-type Activities					
Compensated absences	<u>\$ 66,426</u>	<u>\$ 12,863</u>	<u>\$ 7,294</u>	<u>\$ 71,995</u>	<u>\$ 7,199</u>

NOTE 8 – EMPLOYEE RETIREMENT PLAN

The following brief description of the Retirement Plan is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

PLAN DESCRIPTION

The Retirement Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside. All full-time employees became members of the Plan immediately upon employment. The administration of the Plan is under the responsibility of a five-member Board of Trustees, which is subject to the ultimate authority of the Town Commission.

The Retirement Plan was established by a Town ordinance approved by the Commissioners and effective January 1, 1962. The Plan is also subject to certain provisions of Chapter 112, Florida Statutes. The benefit provisions and all other requirements, and amendments are established by Town Ordinance.

Financial statements for the Retirement Plan for Employees of the Town are separately issued and are available at the Town Hall location at 9293 Harding Avenue, Surfside, Florida.

CONTRIBUTIONS AND FUNDING POLICY

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contributions to the Plan totaled \$423,747 for the year ended September 30, 2009.

Initially employees were required to contribute either 5% of their salary or after October 1, 1979, members as of that date had the irrevocable option to contribute either 5% or 7% of their compensation. Effective July 1, 1996, each member had the irrevocable option to increase his or her contribution rate from 5% to 7% or 8% of compensation. See the section below entitled Police Officers for the funding policy and service retirement benefits and other provisions for Police Officers effective October 1, 2005.

Police Officers

The Town negotiated a Contract with the Police Officers, which included several changes in the Retirement Plan provisions only for certified law enforcement members of the Plan. Some of the changes are summarized as follows:

Police Officers contribute eight percent (8%) of earnable compensation to the Plan.

The Retirement Plan multiplier for creditable service rendered on or after October 1, 2005, is 3% of the monthly average final compensation multiplied by the number of years of creditable service on or after October 1, 2005.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS AND FUNDING POLICY (CONTINUED)

Police Officers (continued)

The benefit accrual was increased to 3-1/2% for creditable service rendered on or after October 1, 2007.

At a multiplier of 3-1/2%, the maximum total annuity payable to a Police Officer is ninety percent of average final compensation.

The Town maintains a five-year Deferred Retirement Option (DROP) Program for Police Officers. The eligibility requirement is attainment of normal retirement date. The maximum period of participation in the DROP is five years. A Police Officer's account shall be credited with interest based upon the actual Fund investment return. No payments may be made from the DROP until the employee actually separates from service with the Town.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Retirement Plan for Employees of the Town of Surfside's financial statements are prepared on the accrual basis of accounting, reflecting income when earned and contributions for the year (regardless of when received) and expenses and other obligations when incurred (regardless of when paid}. Benefit payments and refunds of contributions are recorded as they become due, and payable in accordance with the terms of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and payable, and the employer has made a formal commitment to provide the contributions.

Method Used to Value Investments

The Retirement Plan investments are reported at fair value, and are managed by third-party money managers. The Retirement Plan's custodian and individual money manager price each instrument (using various third party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated value. Performance reporting, manager fees, and the retirement's asset valuation are based on the custodian's determination of value.

The net assets of the Retirement Fund are the difference between the total plan assets and the total plan liabilities, and are held in trust for pension benefits.

Both realized and unrealized gains/losses are recognized under the Net Appreciation (Depreciation) in the Fair Value of Investments.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method Used to Value Investments (continued)

Investment and administrative expenses of the Plan may be paid either by the Town or by the Plan. It is the policy of the Town that these expenses are to be paid by the Plan.

ANNUAL PENSION COST AND NET PENSION ASSET

The Town's annual pension cost and net pension asset (NPA) for the current year are as follows:

Annual Required Contribution	\$ 423,747
Interest on Net Pension Asset (NPA)	(16,823)
Adjustment to ARC	<u>18,993</u>
Annual Pension Cost	425,917
Town Contributions	<u>(423,747)</u>
Decrease in NPA	2,170
Net Pension Asset	
Beginning of year	<u>(224,308)</u>
End of year	<u>\$ (222,138)</u>

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the last three fiscal years follows:

Fiscal Year End	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net-Pension Obligation (Asset)
September 30, 2007	\$ 266,589	99%	\$ (227,276)
September 30, 2008	387,284	99%	(224,308)
September 30, 2009	425,917	99%	(222,138)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2008, the most recent actuarial valuation date, is as follows:

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
October 1, 2008	\$ 11,701,487	\$ 10,971,286	\$ (730,201)	106.7%	\$ 4,568,544	-16.0%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the October 1, 2007, Actuarial valuation Report, which was used to compute the annual required contribution for the year ended September 30, 2009, as well as information as of the latest Actuarial Valuation Report dated October 1, 2007 is as follows:

Actuarial valuation date	October 1, 2007	October 1, 2008
Contribution rates:		
Employer	9.7%	9.3%
Plan members	6.9%	6.9%
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization	29 years	30 years
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	6.0% - 15.0%	6.0% - 15.0%
Cost of living adjustments	1.5%	1.5%
*Includes inflation at	4.0%	4.0%

NOTE 9 – COMMITMENTS AND CONTINGENCIES

RISK MANAGEMENT

The Town is exposed to various risks and losses related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town participates with other municipalities and governmental units in a public entity

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

risk pool administered by the Florida League of Cities Public Risk Services known as the Florida Municipal Insurance Trust (FMIT). The Town pays annual premiums to the FMIT for its general liability insurance, commercial real and personal property, including electronic data processing equipment, automobile, liability, and physical damage insurance coverage.

The Town also participates in the Florida League of Cities public risk pool known as the Florida Municipal Self Insurers Fund (FMSIF) to which it pays annual premiums for its workers compensation insurance. The agreement with these public risk pools provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for workers' compensation and liability insurance for claims in excess of \$1,000,000. All policies are issued by FMIT and FMSIF on a non-assessable basis.

The Town maintains commercial insurance for corporate fiduciary liability, flood, and windstorm coverage. There was no reduction in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

LITIGATION

The Town is a defendant in various lawsuits incidental to its operations. It is the opinion of Town Management and Town Council, that the ultimate resolution of these matters will not have a material adverse effect on the financial position and results of operations of the Town.

NOTE 10 – FUND DEFICITS

The Sanitation Fund has a deficit balance in unrestricted net assets as of September 30, 2009 of \$128,427 and a total fund deficit of \$34,544. The stormwater utility fund also has a deficit fund balance in unrestricted net assets as of September 30, 2009 of \$77,137. The deficits in the sanitation and stormwater funds were addressed through rate increases which were effective October 1, 2008.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended September 30, 2009, expenditures exceeded appropriations in Legal Services by \$23,298. The difference is primarily due to unexpected transition costs incurred to facilitate the establishment of an in-house legal department.

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

TOWN OF SURFSIDE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,297,112	\$ 6,248,112	\$ 6,325,721	\$ 77,609
Resort taxes	273,863	228,500	239,725	11,225
Utility taxes	143,163	131,502	66,825	(64,677)
Communications services tax	328,937	338,355	385,486	47,131
Franchise taxes	466,000	420,000	416,728	(3,272)
Licenses and permits	268,500	158,924	198,504	39,580
Intergovernmental	943,591	967,889	962,844	(5,045)
Charges for services	115,400	136,865	123,327	(13,538)
Fines and forfeitures	171,000	166,921	174,312	7,391
Interest earnings (losses)	428,501	30,000	(28,829)	(58,829)
Miscellaneous	25,999	40,999	85,398	44,399
Total Revenues	<u>9,462,066</u>	<u>8,868,067</u>	<u>8,950,041</u>	<u>81,974</u>
Expenditures				
Current:				
General government:				
Legislative	89,900	89,900	80,680	9,220
Legal services	500,000	416,886	440,184	(23,298)
Executive, finance and administration	2,020,333	1,931,335	1,912,963	18,372
Total general government	2,610,233	2,438,121	2,433,827	4,294
Public safety	4,304,205	4,057,900	3,855,458	202,442
Public works	1,000,366	908,640	855,526	53,114
Leisure services	1,613,714	1,544,883	1,471,046	73,837
Total Expenditures	<u>9,528,518</u>	<u>8,949,544</u>	<u>8,615,857</u>	<u>333,687</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(66,452)</u>	<u>(81,477)</u>	<u>334,184</u>	<u>415,661</u>
Other Financing Uses				
Transfers in	130,742	130,742	130,742	--
Transfers out	(30,790)	(30,790)	(57,927)	--
Total Other Financing Uses	<u>99,952</u>	<u>99,952</u>	<u>72,815</u>	<u>--</u>
Net Change in Fund Balances	<u>\$ 33,500</u>	<u>\$ 18,475</u>	<u>\$ 406,999</u>	
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ 15,000</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures to establish the budgetary data reflected in the financial statements:

Annual appropriated budgets for the governmental (except for the capital projects fund) and proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to August 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Commission holds a public workshop on the proposed budget. Formal public hearings are conducted in September to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally adopted by resolution.

Budgets are monitored at department level. Budgetary control over expenditures, including capital outlay and transfers, is maintained at the fund level whereby management cannot transfer or over expend appropriations at the individual fund level. Beginning fund balances, available for financing current appropriations, are considered in the budgetary process but are not included in the financial statements of the governmental fund types as budgeted revenues.

The Town Manager is authorized to transfer part or all of an encumbered appropriation balance within a particular department or fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission.

If during the course of the fiscal year, it becomes evident that a particular fund is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption. There were no supplemental appropriations during the fiscal year ended September 30, 2009.

**TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/04	\$ 9,649,666	\$ 7,823,748	\$ (1,825,918)	123.3%	\$ 2,857,045	(63.9)%
10/1/05	9,924,144	8,992,940	(931,204)	110.4%	3,170,278	(29.4)%
10/1/06	10,500,533	9,980,193	(520,340)	105.2%	3,653,148	(14.2)%
10/1/07	11,201,453	10,225,271	(976,182)	109.5%	3,978,291	(24.5)%
10/1/08	11,701,487	10,971,286	(730,201)	106.7%	4,568,544	(16.0)%
10/1/09	11,697,998	11,662,297	(35,701)	100.3%	4,059,522	(0.9)%

**TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended September 30,	Annual Required Contribution (ARC)	Percentage Contributed
2004	\$ --	N/A
2005	--	N/A
2006	203,274	114%
2007	264,370	100%
2008	384,905	100%
2009	423,747	100%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism Fund – This fund is used to account for the portion of the resort tax collections, which are to be designated to promote tourism related activities of the Town which are restricted to approved functions and activities.

Library Fund – This fund is used to account for the operations of the Surfside Library. Operations in this fund ceased in fiscal year ended September 30, 2008 but was closed out in fiscal year ended September 30, 2009 with a transfer in to cover a small deficit fund balance.

Transportation Surtax Fund – This fund is used to account for the proceeds of the Town's allocable share of the Miami-Dade County Transit System Surtax. The expenditures from this fund are restricted to specific purposes.

Police Forfeiture Fund – This fund is used to account for the proceeds of police forfeitures and confiscations, and expenditures, which are restricted to approved functions and activities.

TOWN OF SURFSIDE, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Tourism	Library	Transportation Surtax	Police Forfeiture	
Assets					
Cash and cash equivalents	\$ 150,350	\$ --	\$ 462,294	\$ 66,851	\$ 679,495
Investments	--	--	--	7,966	7,966
Receivables	8,742	--	39,928	13,046	61,716
Total Assets	<u>\$ 159,092</u>	<u>\$ --</u>	<u>\$ 502,222</u>	<u>\$ 87,863</u>	<u>\$ 749,177</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 5,046	\$ --	\$ 13,997	\$ 1,964	\$ 21,007
Accrued liabilities	4,048	--	--	--	4,048
Total Liabilities	<u>9,094</u>	<u>--</u>	<u>13,997</u>	<u>1,964</u>	<u>25,055</u>
Fund Balances					
Unreserved, undesignated	149,998	--	488,225	85,899	724,122
Total Fund Balances	<u>149,998</u>	<u>--</u>	<u>488,225</u>	<u>85,899</u>	<u>724,122</u>
Total Liabilities and Fund Balances	<u>\$ 159,092</u>	<u>\$ --</u>	<u>\$ 502,222</u>	<u>\$ 87,863</u>	<u>\$ 749,177</u>

TOWN OF SURFSIDE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Tourism	Library	Transportation Surtax	Police Forfeiture	
Revenues					
Resort taxes	\$ 127,142	\$ --	\$ --	\$ --	\$ 127,142
Forfeitures	--	--	--	25,302	25,302
Intergovernmental	--	--	168,610	--	168,610
Interest	412	--	2,970	(1,233)	2,149
Miscellaneous	10,891	--	--	--	10,891
Total Revenues	<u>138,445</u>	<u>--</u>	<u>171,580</u>	<u>24,069</u>	<u>334,094</u>
Expenditures					
General government	192,038	--	--	--	192,038
Public safety	--	--	--	73,033	73,033
Transportation	--	--	99,476	--	99,476
Capital outlay	--	--	--	11,794	11,794
Total Expenditures	<u>192,038</u>	<u>--</u>	<u>99,476</u>	<u>84,827</u>	<u>376,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,593)</u>	<u>--</u>	<u>72,104</u>	<u>(60,758)</u>	<u>(42,247)</u>
Other Financing Sources					
Transfers in	--	27,136	--	--	27,136
Transfers out	--	--	(53,058)	--	(53,058)
Total Other Financing Sources (Uses)	<u>--</u>	<u>27,136</u>	<u>(53,058)</u>	<u>--</u>	<u>(25,922)</u>
Net Change in Fund Balances	<u>(53,593)</u>	<u>27,136</u>	<u>19,046</u>	<u>(60,758)</u>	<u>(68,169)</u>
Fund Balances (Deficit) - Beginning	<u>203,591</u>	<u>(27,136)</u>	<u>469,179</u>	<u>146,657</u>	<u>792,291</u>
Fund Balances - Ending	<u>\$ 149,998</u>	<u>\$ --</u>	<u>\$ 488,225</u>	<u>\$ 85,899</u>	<u>\$ 724,122</u>

TOWN OF SURFSIDE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TOURISM FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Resort taxes	\$ 141,138	\$ 114,273	\$ 127,142	\$ 12,869
Interest	500	500	412	(88)
Miscellaneous	<u>17,000</u>	<u>17,000</u>	<u>10,891</u>	<u>(6,109)</u>
Total Revenues	<u>158,638</u>	<u>131,773</u>	<u>138,445</u>	<u>6,672</u>
Expenditures				
Current				
General government	232,588	207,098	192,038	15,060
Leisure services	<u>1,375</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>233,963</u>	<u>207,098</u>	<u>192,038</u>	<u>15,060</u>
Deficiency of Revenues over Expenditures	<u>\$ (75,325)</u>	<u>\$ -(75,325)</u>	<u>\$ (53,593)</u>	<u>\$ 21,732</u>
Appropriated Beginning Fund Balance	<u>\$ 75,325</u>	<u>\$ 75,325</u>		

TOWN OF SURFSIDE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSPORTATION SURTAX FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 173,450	\$ 173,450	\$ 168,610	\$ (4,840)
Interest	<u>3,500</u>	<u>3,500</u>	<u>2,970</u>	<u>(530)</u>
Total Revenues	<u>176,950</u>	<u>176,950</u>	<u>171,580</u>	<u>(5,370)</u>
Expenditures				
Current				
General government	<u>170,828</u>	<u>170,828</u>	<u>99,476</u>	<u>71,352</u>
Total Expenditures	<u>170,828</u>	<u>170,828</u>	<u>99,476</u>	<u>71,352</u>
Excess of Revenues over Expenditures	<u>6,122</u>	<u>6,122</u>	<u>72,104</u>	<u>65,982</u>
Other Financing Uses				
Transfers out	<u>(53,058)</u>	<u>(53,058)</u>	<u>(53,058)</u>	<u>--</u>
Total Other Financing Uses	<u>(53,058)</u>	<u>(53,058)</u>	<u>(53,058)</u>	<u>--</u>
Net Changes in Fund Balances	<u>\$ (46,936)</u>	<u>\$ (46,936)</u>	<u>\$ 19,046</u>	<u>\$ 65,982</u>
Appropriated Beginning Fund Balance	<u>\$ 46,936</u>	<u>\$ 46,936</u>	<u>\$ --</u>	<u>\$ --</u>

TOWN OF SURFSIDE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
POLICE FORFEITURE FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Forfeitures	\$ 25,000	\$ 25,000	\$ 25,302	\$ 302
Interest earnings	<u>2,500</u>	<u>2,500</u>	<u>(1,233)</u>	<u>(3,733)</u>
Total Revenues	<u>27,500</u>	<u>27,500</u>	<u>24,069</u>	<u>(3,431)</u>
Expenditures				
Current:				
Public safety	80,732	80,732	73,033	7,699
Capital outlay	<u>46,745</u>	<u>46,745</u>	<u>11,794</u>	<u>34,951</u>
Total Expenditures	<u>127,477</u>	<u>127,477</u>	<u>84,827</u>	<u>42,650</u>
Deficiency of Revenues over Expenditures	<u>\$ (99,977)</u>	<u>\$ (99,977)</u>	<u>\$ (60,758)</u>	<u>\$ 39,219</u>
-Appropriated Beginning Fund Balance	<u>\$ 99,977</u>	<u>\$ 99,977</u>		