

**TOWN OF SURFSIDE, FLORIDA  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDING  
SEPTEMBER 30, 2014**



**SURFSIDE**

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**TOWN OF SURFSIDE, FLORIDA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended September 30, 2014**

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**Prepared by**  
**Finance Department**

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# INTRODUCTORY SECTION



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# **LETTER OF TRANSMITTAL**

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June 30, 2015

***To the Honorable Mayor and Vice Mayor, Town Commissioners, and the Citizens of the Town of Surfside, Florida:***

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Surfside, Florida (the Town), for the fiscal year ended September 30, 2014. Florida Statutes requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. In addition to meeting this legal requirement, the report continues to present the Town's strong tradition of full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the Town's Finance Department and the exhibits and statistical tables included herein.

The CAFR's role is to assist in making economic, social and policy decisions and to assist in assessing accountability to the citizenry by:

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

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of the Town; and that all disclosures necessary to enable the reader to gain an understanding of the Town's financial activity have been included.

Marcum LLP, independent auditors, has issued an unmodified opinion on the Town of Surfside's financial statements for the fiscal year ended September 30, 2014. The



independent auditors' report is located at the front of the financial section of this report. The Town's financial statements have been prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Town's Management Discussion and Analysis (the MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments the letter of transmittal and should be read in conjunction with it.

### ***ACCOUNTING AND INTERNAL CONTROLS***

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived: and
- The valuation of costs and benefits requires estimates and judgments by management.

### ***PROFILE OF THE GOVERNMENT***

The Town is a beautiful oceanfront community located in the tropical paradise of South Florida. The Town was incorporated in 1935 and is home to approximately 5,800 residents. The Town of Surfside includes a tranquil, attractive, residential neighborhood, multi-family residences, a traditional "home town" business district and tourist facilities that welcome visitors year round.

The Town is a Commission-Manager form of government. The Town is governed by a part-time Mayor, Vice-Mayor and three Town Commissioners, elected Town-wide to two-year terms. Collectively known as the Town Commission, they appoint a full-time Town Manager, who is responsible for the administration of the Town's operations. The Town Commission establishes policy for the operation of the government, enacts ordinances for the safety, welfare, and orderly interaction of the citizens of the Town, adopts a millage rate and annual budget, appoints the Town Attorney, as well as members to various boards, agencies, and authorities within the Town, and engages an independent auditor.

### ***SERVICES PROVIDED***

The Town provides a full range of municipal services. These services include police, parks and recreation programs, tourism, public works, human resources, code compliance, finance, town clerk, town attorney, building, and planning and zoning. The Town also provides water and sewer utility, municipal parking, sanitation services and stormwater utility services to its citizens.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment. Surfside has maintained its strong financial position through prudent long-term financial planning, additional non ad-valorem revenue generation and fiscal actions to reduce or contain fixed costs.

The Town of Surfside enjoys a favorable commercial, residential and economic environment. Financial indicators point to increased growth. Additionally, the Surfside real estate market continues to be on the rise as prices of residential homes and condominiums increase. We anticipate a continued upward trend in taxable value growth as new hotel and condominium developments come on line.

Surfside is a tourist destination point in southeast Florida. In fact, Surfside has one mile of pristine beach coastline in Miami-Dade County. Surfside is one square mile in size of residential homes, condominiums and a beautiful tree lined business section. There is no industrial area in the Town. Thanks to the Town's low property tax millage rate, diversified commercial business base, a Town-sponsored shuttle system, and an active community of involved citizens who take a genuine interest in the social, business, cultural and governing aspects of the Town, Surfside continues to flourish and be financially strong.

The Town Commission has adopted financial policies. Management has made every effort to comply with these policies and we believe that we are in compliance with the adopted policies. The Town Commission has adopted a Five Year Financial Plan. This document forecasts the General Fund and several other fund operations for the next five (5) years and is used to guide the development of the annual operating budget.

The Town has also recognized the long-term financial cost implications of its pension plan and continues to fund 100% of the actuarially determined employer contribution. Accordingly, the Pension Plan's funded ratio is 93.7%, well above funded percentages considered to be healthy. The Town continues to monitor its pension costs for sustainability and to provide cost containment so as not to shift the costs to future taxpayers.

The Capital Improvements Program (CIP) is prepared and presented to the Town Commission as part of the annual budget process. The projects represent the Town's plan for infrastructure improvement and major equipment acquisition for the next five years.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the fiscal year ended September 30, 2013. This was the third year that the Town has submitted and received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

It should be noted that the Certificate of Achievement is a prestigious national award, presented to less than 4,000 of approximately 90,000 governmental units nationwide, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

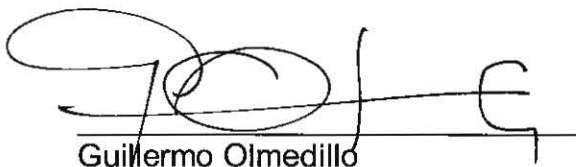
A Certificate of Achievement is valid for a period of one year only. We believe that our current fiscal year 2014 CAFR continues to meet the Certificate of Achievement requirements and we will submit it to GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. The accounting staff consisting of Mayte D Gamiotea, Front Office Manager/Controller, Marisol Rodriguez, Accounting Clerk, and Andria Meiri, Budget Officer are to be especially thanked for preparing this report. Thank you to our Department heads who assisted and contributed to the preparation of this report and who worked diligently to provide quality service. We also wish to extend our appreciation to the auditing firm of Marcum LLP for their professionalism in conducting the audit of the Town's basic financial statements and related note disclosures and their assistance and efforts in helping the Town prepare their CAFR.

Finally, credit also must be given to the Town Commission for their unfailing support for maintaining the highest standards of professionalism and transparency in the management of the Town's finances.

Respectfully Submitted,

  
Guillermo Olmedillo  
Town Manager

  
Donald G. Nelson  
Finance Director

# **TOWN OF SURFSIDE, FLORIDA**

## **LISTING OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL**

**SEPTEMBER 30, 2014**

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### **TOWN COMMISSION**

Daniel Dietch, Mayor

Eli Tourgeman, Vice Mayor

Barry Cohen, Commissioner

Michael Karukin, Commissioner

Marta Olchyk, Commissioner

### **OFFICIALS**

Michael Crotty, Town Manager

David Allen, Chief of Police

Sandra Novoa, Town Clerk

Linda Miller, Town Attorney

Tim Milian, Parks and Recreation Director

Joseph Kroll, Public Works Director

Duncan Tavares, Tourism, Economic Dev, & Community Svs. Director

Rosendo Prieto, Building Official

Joe Damien, Code Compliance Director

Sarah Sinatra Gould, AICP, Planning/Zoning Manager

Yamileth Slate-McCloud, Human Resource Director

Donald G. Nelson, Finance Director

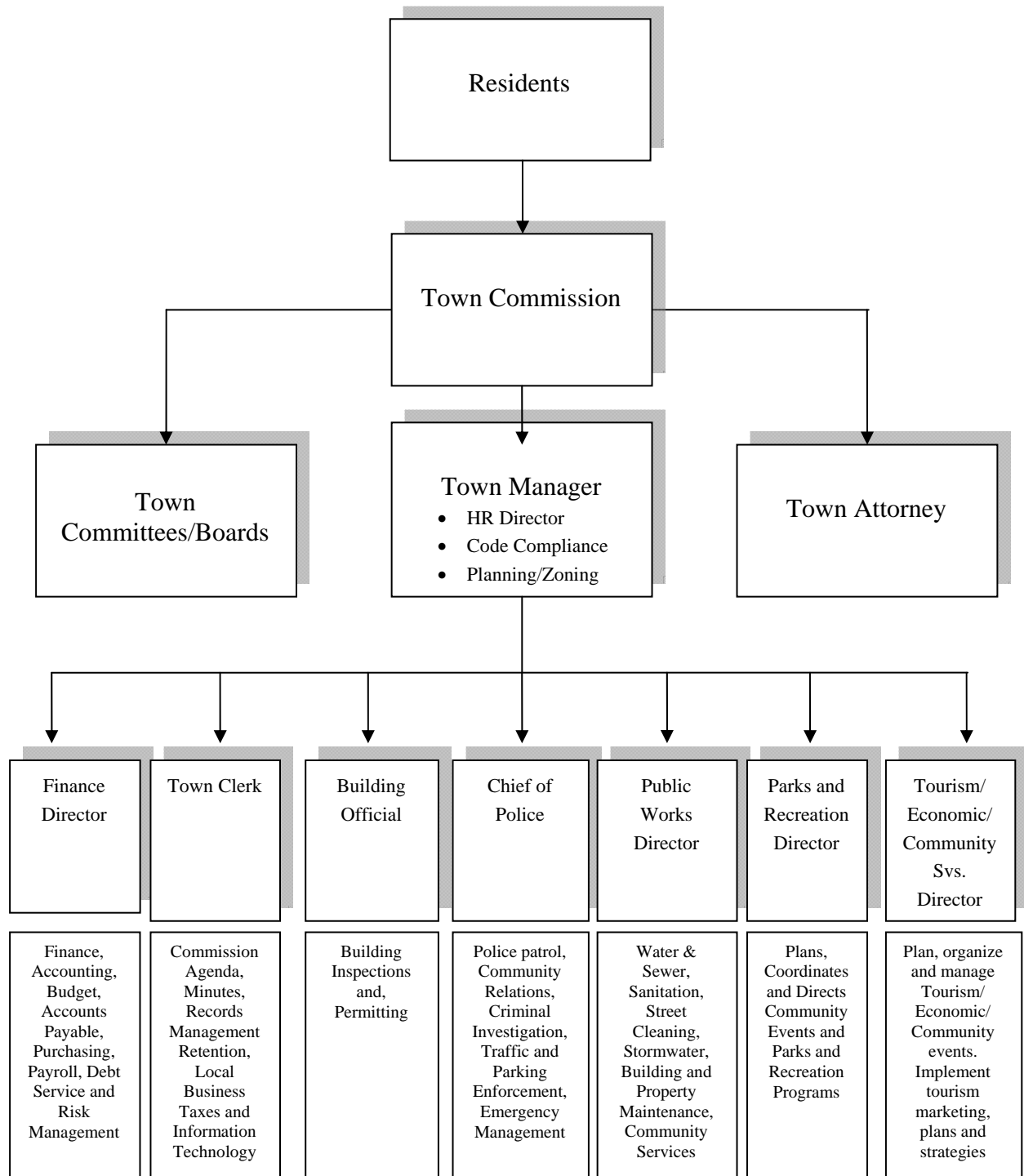
### **INDEPENDENT AUDITORS**

Marcum LLP

# TOWN OF SURFSIDE, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2014





Government Finance Officers Association

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

Presented to

**Town of Surfside  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# FINANCIAL SECTION



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# **INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Commission and Town Manager  
**Town of Surfside, Florida**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 1 to the financial statements, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the budgetary comparison information on pages 59 and 60, and the schedules of funding progress, changes in Town's net pension liability and related ratios, Town's contributions and investment returns on pages 61 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

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 and statistical sections, the combining and individual fund statements and schedules and schedule of expenditures of state financial assistance, as required by Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of state financial assistance, as required by Chapter 10.550, Rules of the Auditor General, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of state financial assistance, as required by Chapter 10.550, Rules of the Auditor General are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Marcum LLP*

Miami, FL  
June 29, 2015

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Within this section of the comprehensive annual financial report for the Town of Surfside (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **2014 FINANCIAL HIGHLIGHTS**

- The Town's assets exceeded its liabilities plus deferred inflows of resources by \$35,097,657 (total net position) as of September 30, 2014.
- Total net position increased \$2,831,556 and is comprised of the following:
  - (1) Capital assets, net of related debt, of \$24,412,449 include property and equipment, net of accumulated depreciation, and reduced by related outstanding debt.
  - (2) Net position of \$2,344,357 are restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.
  - (3) Unrestricted net position consists of \$8,340,851 that may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$7,952,499 at September 30, 2014. This compares to the prior year total ending fund balance of \$5,923,420, showing an increase of \$2,029,079 during the current year. Unassigned fund balance is \$4,204,273 at September 30, 2014.
- At the end of the current fiscal year, the unassigned and assigned fund balance for the General Fund was \$6,204,273 or 57.6% of total General Fund expenditures. The unassigned fund balance for the General fund was \$4,204,273 or 39.1% of total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior fiscal year.

#### **Government-wide Financial Statements**

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Town's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Town's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, leisure services and transportation. Business-type activities include water and sewer, municipal parking, sanitation and storm water utilities activities.

The government-wide financial statements are presented on pages 16 and 17 of this report.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The Town has three types of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 18 - 19 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town's proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 21 - 24 of this report.

The Town's *Fiduciary fund* is reported in the fiduciary fund financial statements, but is excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund the Town's programs. The Town's fiduciary fund reports the Town's single employer pension plan (a pension trust fund) balances and activities.

The basic fiduciary fund financial statements are presented on pages 25 and 26 of this report.

### **Notes to the Basic Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 27 of this report.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison schedule is included as "required supplementary information" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget. In addition, some required trend information for the Town's and other post employment benefits (OPEB) plan are presented in this section. Required supplementary information can be found on pages 59 - 65 of this report.

### **Supplementary Information**

As discussed, the Town reports major funds in the basic financial statements. Combining and individual fund statements and schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 66.

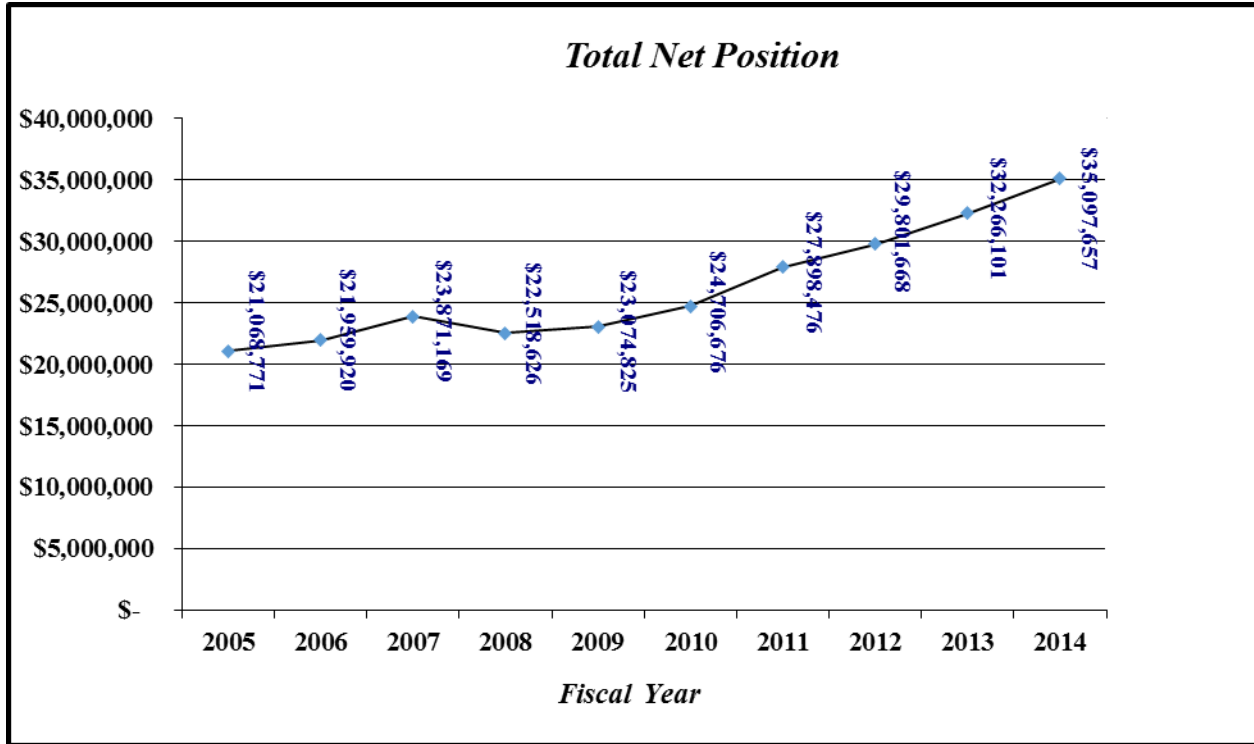
### **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town's net position at fiscal year-end is \$35,097,657.

The following table provides a summary of the Town's net position:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
	<b>Assets:</b>					
Current assets	\$ 9,049,749	\$ 6,881,276	\$ 4,950,786	\$ 1,380,385	\$ 14,000,535	\$ 8,261,661
Non-current assets						
Other	170,262	189,706	1,368,336	3,433,023	1,538,598	3,622,729
Capital assets	14,781,312	13,866,206	27,856,819	28,112,800	42,638,131	41,979,006
<b>Total assets</b>	<b>24,001,323</b>	<b>20,937,188</b>	<b>34,175,941</b>	<b>32,926,208</b>	<b>58,177,264</b>	<b>53,863,396</b>
<b>Liabilities:</b>						
Current liabilities	1,238,142	1,086,852	2,074,508	2,329,770	3,312,650	3,416,622
Long-term liabilities	572,457	554,574	18,651,601	17,602,823	19,224,058	18,157,397
<b>Total liabilities</b>	<b>1,810,599</b>	<b>1,641,426</b>	<b>20,726,109</b>	<b>19,932,593</b>	<b>22,536,708</b>	<b>21,574,019</b>
Deferred inflows of resources	28,399	23,276	514,500	-	542,899	23,276
<b>Net position:</b>						
Net investment in capital assets	14,538,578	13,562,457	9,873,871	12,832,672	24,412,449	26,395,129
Restricted	736,441	364,115	1,607,916	1,283,916	2,344,357	1,648,031
Unrestricted	6,887,306	5,345,914	1,453,545	(1,122,973)	8,340,851	4,222,941
<b>Total net position</b>	<b>\$ 22,162,325</b>	<b>\$ 19,272,486</b>	<b>\$ 12,935,332</b>	<b>\$ 12,993,615</b>	<b>\$ 35,097,657</b>	<b>\$ 32,266,101</b>

The following chart reports the Town's total net position balances from fiscal year 2005 - 2014.



Note over the last ten years, the total net position have increased \$14,028,886 or 66.6%.



Current assets in governmental activities and business-type activities increased in fiscal year September 30, 2014. Unrestricted cash and cash equivalents for governmental activities increased approximately \$2,087,566. For business-type activities, restricted cash decreased approximately \$2 million.

The Town continues to maintain high current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 7.3 to 1 as compared to 6.3 to 1 at September 30, 2013. The current ratio for business-type activities is 2.4 to 1. Overall, the total current ratio at September 30, 2014 was 4.2 to 1 as compared to 2.4 to 1 at September 30, 2013 or an improvement.

The Town reported positive balances in net position for both governmental and business-type activities. During 2014, net position increased \$2,889,839 for governmental activities and decreased \$58,283 for business-type activities. The Town's overall financial position improved during fiscal year 2014. The Town remains in a strong financial position, in spite of a continued depressed economy.

Note that 61.6% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. Approximately, 81.5% of the business-type activities total assets are included in capital assets. These capital assets provide utility and parking services to the Town's citizens. By combining governmental activities with business-type activities, the Town has invested approximately 73.3% of its total assets in capital assets, as presented in the government-wide statement of net position.

(This page continued on the subsequent page)

The following table provides a summary of the Town's changes in net position:

	<b>Summary of Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program:						
Charges for services	\$ 3,591,583	\$ 2,446,239	\$ 5,661,078	\$ 5,427,160	\$ 9,252,661	\$ 7,873,399
Operating grants and contributions	523,432	271,588	-	-	523,432	271,588
Capital grants	1,395,000	350,000	-	1,086,000	1,395,000	1,436,000
General:						
Property taxes	5,660,551	5,257,726	-	-	5,660,551	5,257,726
Other taxes	1,919,394	1,539,957	-	-	1,919,394	1,539,957
Unrestricted intergovernmental	681,956	638,944	-	-	681,956	638,944
Unrestricted investment earnings	-	30,399	139	2,869	139	33,268
Miscellaneous	396,138	241,930	2,361	-	398,499	241,930
<b>Total revenues</b>	<b>14,168,054</b>	<b>10,776,783</b>	<b>5,663,578</b>	<b>6,516,029</b>	<b>19,831,632</b>	<b>17,292,812</b>
Program Expenses:						
General government	3,293,442	3,555,197	-	-	3,293,442	3,555,197
Public safety	5,003,628	4,404,897	-	-	5,003,628	4,404,897
Public works	1,266,810	1,034,890	-	-	1,266,810	1,034,890
Leisure services	1,688,945	1,767,787	-	-	1,688,945	1,767,787
Transportation	209,373	168,417	-	-	209,373	168,417
Interest on long-term debt	5,787	6,045	-	-	5,787	6,045
Water and sewer	-	-	2,936,822	1,854,268	2,936,822	1,854,268
Municipal parking	-	-	898,121	888,502	898,121	888,502
Sanitation	-	-	1,347,714	1,131,680	1,347,714	1,131,680
Stormwater utility	-	-	349,434	145,056	349,434	145,056
<b>Total expenses</b>	<b>11,467,985</b>	<b>10,937,233</b>	<b>5,532,091</b>	<b>4,019,506</b>	<b>17,000,076</b>	<b>14,956,739</b>
Changes in net position before transfers	2,700,069	(160,450)	131,487	2,496,523	2,831,556	2,336,072
Transfers	189,770	402,278	(189,770)	(402,278)	-	-
Changes in net position after transfers	2,889,839	241,828	(58,283)	2,094,245	2,831,556	2,336,073
Beginning net position	19,272,486	19,030,658	12,993,615	10,899,370	32,266,101	29,930,028
Ending net position	<b>\$ 22,162,325</b>	<b>\$ 19,272,486</b>	<b>\$ 12,935,332</b>	<b>\$ 12,993,615</b>	<b>\$ 35,097,657</b>	<b>\$ 32,266,101</b>

### Governmental Activities Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 40% of the Town's total revenues as compared to 48.8% in fiscal year 2013. Other taxes, which includes resort, franchise, utility and communications taxes provided 13.5% of the Town's total revenues as compared to 14.3% in fiscal year 2013. The charges for services increased \$1,145,344 due primarily to increased building permit revenue from large-scale commercial developments on the beachfront.

The \$1,395,000 capital contribution in the governmental activities relates to contributions from developers of large-scale commercial developments.

Note that program revenues covered 48% of governmental operating expenditures as compared to 28% in fiscal year 2013. Much of this change relates to the \$1,395,000 contribution. This means that the

government's taxpayers and the Town's other general revenues normally fund 52% of the governmental activities, primarily from property taxes, other taxes and unrestricted intergovernmental revenue. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams.

### Governmental Activities Expenses

The following table presents the cost of each of the Town's services, including the net costs (i.e., total cost less program revenues generated by the activities). The net costs illustrate the financial burden that is placed on the Town's taxpayers by each of these services.

	<b>Governmental Activities</b>			
	<b>Total Cost of Services</b>	<b>Percentage of Total</b>	<b>Net Cost of Services</b>	<b>Percentage of Total</b>
General government	\$ 3,293,442	28.7%	\$ 1,087,468	18.3%
Public safety	5,003,628	43.6%	4,147,359	69.6%
Public works	1,266,810	11.0%	(128,190)	-2.2%
Leisure services	1,688,945	14.7%	1,080,629	18.1%
Transportation	209,373	1.8%	(235,083)	-3.9%
Interest on long-term debt	5,787	0.2%	5,787	0.2%
<b>Total</b>	<b>\$ 11,467,985</b>	<b>100.0%</b>	<b>\$ 5,957,970</b>	<b>100.0%</b>

The public safety expenditures, both gross and net of program revenues total over 43.6% of total costs.

### Business-type Activities

The Town reports four major enterprise funds.

**Overall Analysis of Major Funds** – Total operating revenues increased \$233,918 or 4.3%. Operating expenses increased \$938,064 or 23.8%. In total, the operating income decreased \$704,146. The total decrease in net position for all enterprise funds in 2014 was \$58,283.

The operating income (loss) for each major enterprise fund was as follows for fiscal years 2014 and 2013:

	<b>2014</b>	<b>2013</b>	<b>Increase (Decrease)</b>
Water and sewer	\$ 471,931	\$ 843,785	\$ (371,854)
Municipal parking	130,619	167,965	(37,346)
Sanitation	(130,033)	107,262	(237,295)
Stormwater	311,011	368,662	(57,651)
<b>Total</b>	<b>\$ 783,528</b>	<b>\$ 1,487,674</b>	<b>\$ (704,146)</b>

The following includes an analysis of the fiscal year 2014 financial activities for each fund.

**Water and Sewer Fund** - The total assets decreased \$1,208,059 due primarily to a \$278,381 decrease in the book value of capital assets and a decrease in restricted cash of about \$1 million. Restricted cash and cash equivalents was reduced to fund the construction cost of the water and sewer capital project.

Total liabilities and deferred inflows of resources decreased \$1,188,382. Operating revenues increased \$285,311 or 10.8% because of increased water consumption and sewage flow from new commercial development.

In total, operating expenses increased \$657,165 or 36.7%. This increase relates primarily to an increase in depreciation expense of \$775,031 because depreciation began on the \$22.9 million new Water and Sewer lines project. Personal services increased about \$42,265 due to the implementation of a new pay rate study, which increased salaries for full time employees and increased employee benefit costs for FICA, retirement and group health.

Sewer system costs decreased \$247,913 or 25.5% because new sewer lines were installed, resulting in reduced water infiltration and reduced sewer disposal cost.

Net position decreased \$19,677 or just 3/10<sup>th</sup> of 1% in fiscal year 2014, resulting in ending net position of \$6,453,979.

**Municipal Parking Fund** – The total assets increased \$362,634 or 10.4%. Capital assets costs increased \$26,298 and the accumulated depreciation increased \$99,230.

Operating revenues decreased \$27,727 or 2.6% and operating expenses increased just \$9,619 or 1.1%. The cost of personal services increased \$23,745 or 6.4%. Salary and benefit costs increased from the effect of the above mentioned compensation study and increased health/life insurance costs.

In total, operating income decreased \$37,346 in fiscal year 2014 from fiscal year 2013. Net position decreased \$59,151 or 1.8% in fiscal year 2014, resulting in an ending net position of \$3,286,843.

**Sanitation Fund** - The total assets decreased \$131,352. Total liabilities increased \$7,292. Operating revenues were \$21,261 below the fiscal year 2013 amount. In total, operating expenses increased \$216,034 or 19.1%. Personal costs increased \$50,218 or 8.7%. Salary and benefit cost increased from the effect of a compensation study and Health/Life insurance cost increase.

Operating income decreased \$237,295. Net position decreased \$130,033 or 44.4% in fiscal year 2014, resulting in an ending net position of \$163,009.

**Stormwater Fund** - The total assets increased \$374,056. Cash and cash equivalents increased \$2,245,546 but restricted cash decreased \$1,054,382.

Total liabilities increased \$223,478. The operating revenues were almost identical to those of fiscal year 2013 and the operating expenses increased \$55,246. As a result, operating income was \$57,651, down from fiscal year 2013.

Net position increased \$150,578 or 5.2% in fiscal year 2014, resulting in ending net position of \$3,031,501.

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## FUND ANALYSIS

### Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$7,952,499 compared to \$5,923,420 at September 30, 2013.

The total governmental revenues exceeded expenditures by \$1,756,750. This difference results primarily from the activity of our two major funds. The general fund's revenues exceeded its expenditures by \$1,444,790. The capital projects fund's expenditures exceeded total revenue, by \$60,588.

Governmental funds report total fund balance of \$7,952,499. Of this year-end total, \$736,441 is restricted. \$2 million is assigned in the General Fund for emergencies and disasters since we are a coastal community subject to hurricane risk and \$849,445 is assigned in the Capital Projects Fund for future capital projects. \$162,340 is considered nonspendable and \$4,204,273 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds show an increase of \$2,029,079 or 34.3% over the prior year.

### Major Governmental Funds

The Town reports two major governmental funds, the General Fund and the Capital Projects Fund.

**General Fund** - The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased \$1,062,349 or 20% as compared to a 7/10<sup>th</sup> of 1% increase in 2013. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 59.1% of annual expenditures. This compares to 50.2% at September 30, 2013.

Property taxes increased approximately \$403,000 or 7.7% due to the growth in property values from new construction and increased property values. Resort taxes increased approximately \$333,000 or 97.4% as the result of a new 340-room hotel opening in advance of the projected date in estimating the budget amount of resort tax.

Utility tax revenue increased approximately \$50,000 or 9.9% because the electric utility tax increased from a new hotel, which resulted in an increased electric consumption. Licenses and permits increased approximately \$810,000 or 58.1% over fiscal year 2013. As indicated above, there were increased building permit revenue from large-scale commercial developments on the beachfront.

Fines and forfeitures increased approximately \$131,000 over the prior year due to increased collections of code enforcement violations and liens. All other revenue streams were consistent with the 2013 amounts.

Total General Fund expenditures increased \$218,928 or 2.1% above the fiscal year 2013 level. The most significant changes, by department, from fiscal year 2013 are described below.

General government costs were approximately \$316,000 or 10.2% below the 2013 amount due to Department implementing operating expenditures cost controls and monitoring.

Public safety expenditures increased approximately \$335,000 or 7.5% due to police officer salary increases per the collective bargaining agreement and related personnel costs.

Public works and Leisure services costs were similar to the prior year.

**Capital Projects Fund** - This fund reported revenue from developer contributions as explained above. This fund spent \$1,452,796 on capital items. At September 30, 2014, this fund reported approximately \$625,000 in cash and investments. At year-end, this fund reported fund balance of \$849,445.

### **Proprietary Funds**

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the Town's enterprise funds.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's revenue budget was amended upward in this fiscal year, by just \$182,813. An increase of \$153,550 in miscellaneous revenue was the largest amendment. In total, actual revenues were below the final budget by just \$59,431 or ½ of 1%.

Resort taxes received were \$177,920 over budget. The second largest revenue stream over budget was miscellaneous revenue by \$72,706. Because of the variety of revenue streams included in miscellaneous, this budget is very difficult to project. Fines and forfeiture revenue was higher than the budget by \$58,403 due to conservative budgeting.

Licenses and permits were below budget by \$621,021 due to the timing of the collection of large commercial building permits.

The General Fund's expenditure (excluding transfers) budget was increased \$393,645 or 3.2%. In total, actual expenditures were below the budget by \$2,101,786.

The executive, finance and administration final budget was underspent by \$1,616,880 because a budgeted contingency to increase reserves of \$1,048,749 was included. The remaining underspending was from operating efficiencies of reduced actual operating expenditures compared to the budget.

The public works budget was underspent by \$133,654. Actual salaries and related personnel costs were below budget and operating costs were lower for repairs and maintenance.

The leisure services budget was underspent by \$252,381. The reductions were due to actual salaries, related personnel cost, repair and maintenance costs, all were below budget from operational efficiencies.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's net investment in capital assets, for governmental and business-type activities as of September 30, 2014, was \$14,781,312 and \$27,856,819 respectively. The change in this net investment was a 6.6% increase for governmental activities and a 9/10<sup>th</sup> of 1% decrease for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ 1,358,011	\$ 1,358,011	\$ 2,819,240	\$ 2,819,240
Construction in progress	213,841	434,878	3,091,122	25,388,873	3,304,963	25,823,751
Total non-depreciable	<u>1,675,070</u>	<u>1,896,107</u>	<u>4,449,133</u>	<u>26,746,884</u>	<u>6,124,203</u>	<u>28,642,991</u>
Depreciable assets:						
Buildings	10,617,206	10,384,409	-	-	10,617,206	10,384,409
Machinery, equipment and furniture	2,770,295	2,955,794	1,081,272	1,003,434	3,851,567	3,959,228
Infrastructure	<u>4,189,330</u>	<u>2,808,646</u>	<u>25,843,286</u>	<u>2,969,014</u>	<u>30,032,616</u>	<u>5,777,660</u>
Total depreciable assets	17,576,831	16,148,849	26,924,558	3,972,448	44,501,389	20,121,297
Less accumulated depreciation	<u>4,470,589</u>	<u>4,178,750</u>	<u>3,516,872</u>	<u>2,606,532</u>	<u>7,987,461</u>	<u>6,785,282</u>
Net book value - depreciable assets	<u>13,106,242</u>	<u>11,970,099</u>	<u>23,407,686</u>	<u>1,365,916</u>	<u>36,513,928</u>	<u>13,336,015</u>
Percentage depreciated	<u>25%</u>	<u>26%</u>	<u>13%</u>	<u>66%</u>	<u>18%</u>	<u>34%</u>
Total net capital assets	<u>\$ 14,781,312</u>	<u>\$ 13,866,206</u>	<u>\$ 27,856,819</u>	<u>\$ 28,112,800</u>	<u>\$ 42,638,131</u>	<u>\$ 41,979,006</u>

At September 30, 2014, the depreciable capital assets for governmental activities were 25% depreciated. This compares to the 26% at September 30, 2013. With the Town's business-type activities, 13% of the asset values were depreciated at September 30, 2014 compared to 66% at September 30, 2013. These percentages for governmental activities indicate that the Town is replacing their capital assets at the same rate, as they are being depreciating, which is a positive financial indicator. However, for the business-type activities, they are only 13% depreciated due to the new infrastructure put into place.

The increase of \$1.4 million in governmental activities infrastructure included the downtown streetscape project of trees and up lighting, 95<sup>th</sup> street end project, and tennis center and tennis court renovations.

The additions to infrastructure of \$22.9 million for business-type activities relate to a new complete new water, sewer and storm water system in the residential and business area of the Town.

**Debt**

In this fiscal year, the Town borrowed \$1,755,072 in a state revolving loan for the funding of the sewer and storm water construction project.

The following table reports long-term debt balances at September 30, 2014 and 2013:

	<b>Outstanding Long-term Debt</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenue bonds	\$ -	\$ -	\$ 10,438,608	\$ 10,985,348	\$ 10,438,608	\$ 10,985,348
Capital lease	242,734	303,749	49,778	-	292,512	303,749
Notes	-	-	-	80,000	-	80,000
State revolving loan	-	-	8,821,720	7,255,844	8,821,720	7,255,844
Compensated absences	314,534	281,316	102,576	96,598	417,110	377,914
Net OPEB obligation	184,480	121,781	32,265	33,414	216,745	155,195
<b>Total</b>	<b>\$ 741,748</b>	<b>\$ 706,846</b>	<b>\$ 19,444,947</b>	<b>\$ 18,451,204</b>	<b>\$ 20,186,695</b>	<b>\$ 19,158,050</b>

See Note 7 for additional information about the Town's long-term debt.

**A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE TOWN**

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 local business 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. The unemployment rate for Miami-Dade County/Fort Lauderdale is currently 6.2%, which is a decrease from a rate of 7.5% a year ago. The Town's residents would expect to have a lower unemployment rate than is reported for the county. In the 2014–2015 adopted budget, we continued operating in a tight economic environment.

Some of the key elements affecting the fiscal year 2014-2015 budget include:

- An increase in taxable property values.
- No increase in the Solid Waste collection rates to customer.
- Large-scale commercial developments will continue for the next three years.
- Building permit activity for residential and commercial construction will increase.
- The General Fund balance is projected to increase over the next three years.

All of these factors result in many budget challenges in fiscal year 2014-2015 and beyond.

The millage rate for fiscal year 2014 was decreased from 5.2000 to 5.0293. This slight decrease was possible through an increase in property values as well as a strict control over expenditures.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance Director, Town of Surfside, 9293 Harding Avenue, Surfside, FL 33154.



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# **BASIC FINANCIAL STATEMENTS**

**These basic financial statements contain  
Government-wide Financial Statements, Fund Financial  
Statements and Notes to the Financial Statements.**

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# TOWN OF SURFSIDE, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Governmental Activities	Business- type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 8,089,250	\$ 3,455,941	\$ 11,545,191
Investments	--	39,055	39,055
Receivables	798,159	1,421,780	2,219,939
Prepaid items	162,340	34,010	196,350
Restricted assets:			
Cash and cash equivalents	--	1,368,336	1,368,336
Net pension asset	170,262	--	170,262
Capital assets not being depreciated	1,675,070	4,449,133	6,124,203
Capital assets being depreciated, net	<u>13,106,242</u>	<u>23,407,686</u>	<u>36,513,928</u>
<b>Total Assets</b>	<u>24,001,323</u>	<u>34,175,941</u>	<u>58,177,264</u>
<b>Liabilities</b>			
Accounts payable	379,864	206,978	586,842
Accrued liabilities	567,988	126,588	694,576
Due to other governments	--	400,287	400,287
Interest payable	--	243,930	243,930
Retainage payable	--	90,956	90,956
Customer deposits	120,999	212,423	333,422
Noncurrent liabilities:			
Due within one year	169,291	829,346	998,637
Due in more than one year	<u>572,457</u>	<u>18,615,601</u>	<u>19,188,058</u>
<b>Total Liabilities</b>	<u>1,810,599</u>	<u>20,726,109</u>	<u>22,536,708</u>
<b>Deferred Inflows of Resources</b>			
Deferred revenue	<u>28,399</u>	<u>514,500</u>	<u>542,899</u>
<b>Net Position</b>			
Net investment in capital assets	14,538,578	9,873,871	24,412,449
Restricted for:			
Tourism	180,075	--	180,075
Transportation	396,740	--	396,740
Police forfeiture	159,626	--	159,626
Renewal and replacement	--	1,283,916	1,283,916
Loan reserve	--	324,000	324,000
Unrestricted	<u>6,887,306</u>	<u>1,453,545</u>	<u>8,340,851</u>
<b>Total Net Position</b>	<u>\$ 22,162,325</u>	<u>\$ 12,935,332</u>	<u>\$ 35,097,657</u>

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

**TOWN OF SURFSIDE, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
<b>Governmental Activities</b>							
General government	\$ 3,293,442	\$ 2,205,974	\$ --	\$ --	\$ (1,087,468)	\$ --	\$ (1,087,468)
Public safety	5,003,628	777,293	78,976	--	(4,147,359)	--	(4,147,359)
Public works	1,266,810	--	--	1,395,000	128,190	--	128,190
Leisure services	1,688,945	608,316	--	--	(1,080,629)	--	(1,080,629)
Transportation	209,373	--	444,456	--	235,083	--	235,083
Interest on long-term debt	5,787	--	--	--	(5,787)	--	(5,787)
<b>Total Governmental Activities</b>	<u>11,467,985</u>	<u>3,591,583</u>	<u>523,432</u>	<u>1,395,000</u>	<u>(5,957,970)</u>	<u>--</u>	<u>(5,957,970)</u>
<b>Business-type Activities</b>							
Water and sewer	2,936,822	2,917,357	--	--	--	(19,465)	(19,465)
Municipal parking	898,121	1,028,740	--	--	--	130,619	130,619
Sanitation	1,347,714	1,217,681	--	--	--	(130,033)	(130,033)
Stormwater utility	349,434	497,300	--	--	--	147,866	147,866
<b>Total Business-type Activities</b>	<u>5,532,091</u>	<u>5,661,078</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>128,987</u>	<u>128,987</u>
<b>Total</b>	<u>\$ 17,000,076</u>	<u>\$ 9,252,661</u>	<u>\$ 523,432</u>	<u>\$ 1,395,000</u>	<u>(5,957,970)</u>	<u>128,987</u>	<u>(5,828,983)</u>
<b>General Revenues</b>							
Taxes							
Property taxes					5,660,551	--	5,660,551
Resort taxes					677,079	--	677,079
Franchise fees based on gross receipts					442,572	--	442,572
Utility taxes					553,407	--	553,407
Communications services tax					282,169	--	282,169
Unrestricted intergovernmental revenues					681,956	--	681,956
Unrestricted investment earnings					--	139	139
Loss on disposal of capital assets					(35,833)	--	(35,833)
Miscellaneous revenues					396,138	2,361	398,499
<b>Transfers</b>					189,770	(189,770)	--
<b>Total General Revenues and Transfers</b>					<u>8,847,809</u>	<u>(187,270)</u>	<u>8,660,539</u>
<b>Change in Net Position</b>					<u>2,889,839</u>	<u>(58,283)</u>	<u>2,831,556</u>
<b>Net Position - Beginning</b>					<u>19,272,486</u>	<u>12,993,615</u>	<u>32,266,101</u>
<b>Net Position - Ending</b>					<u>\$ 22,162,325</u>	<u>\$ 12,935,332</u>	<u>\$ 35,097,657</u>

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

**TOWN OF SURFSIDE, FLORIDA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2014**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 6,248,315	\$ 624,556	\$ 1,216,379	\$ 8,089,250
Receivables	427,051	300,000	71,108	798,159
Due from other funds	517,558	--	--	517,558
Prepaid items	162,118	--	222	162,340
<b>Total Assets</b>	<b><u>\$ 7,355,042</u></b>	<b><u>\$ 924,556</u></b>	<b><u>\$ 1,287,709</u></b>	<b><u>\$ 9,567,307</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 273,914	\$ 75,111	\$ 30,839	\$ 379,864
Accrued liabilities	565,939	--	2,049	567,988
Due to other funds	--	--	517,558	517,558
Customer deposits	120,999	--	--	120,999
<b>Total Liabilities</b>	<b><u>960,852</u></b>	<b><u>75,111</u></b>	<b><u>550,446</u></b>	<b><u>1,586,409</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	27,799	--	600	28,399
<b>Fund Balances</b>				
Non-spendable:				
Prepaid items	162,118	--	222	162,340
Restricted for:				
Tourism	--	--	180,075	180,075
Transportation surtax	--	--	396,740	396,740
Police forfeiture	--	--	159,626	159,626
Assigned for:				
Hurricanes and emergencies	2,000,000	--	--	2,000,000
Capital projects	--	849,445	--	849,445
Unassigned	4,204,273	--	--	4,204,273
<b>Total Fund Balances</b>	<b><u>6,366,391</u></b>	<b><u>849,445</u></b>	<b><u>736,663</u></b>	<b><u>7,952,499</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 7,355,042</u></b>	<b><u>\$ 924,556</u></b>	<b><u>\$ 1,287,709</u></b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				14,781,312
A net pension asset is not considered to represent a financial asset and therefore is not reported in the governmental funds.				170,262
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Compensated absences				(314,534)
Capital lease				(242,734)
Net OPEB obligation				(184,480)
<b>Net Position of Governmental Activities</b>				<b><u>\$ 22,162,325</u></b>

*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**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 5,660,551	\$ --	\$ --	\$ 5,660,551
Resort taxes	677,079	--	353,762	1,030,841
Utility taxes	553,407	--	--	553,407
Communications services tax	282,169	--	--	282,169
Franchise fees	442,572	--	--	442,572
Licenses and permits	2,205,974	--	--	2,205,974
Intergovernmental	681,956	--	444,456	1,126,412
Charges for services	254,554	--	--	254,554
Fines and forfeitures	777,293	--	78,976	856,269
Developer fees	--	1,395,000	--	1,395,000
Miscellaneous	398,707	--	652	399,359
<b>Total Revenues</b>	<u>11,934,262</u>	<u>1,395,000</u>	<u>877,846</u>	<u>14,207,108</u>
<b>Expenditures</b>				
Current:				
General government	2,800,511	--	268,614	3,069,125
Public safety	4,792,069	--	50,422	4,842,491
Public works	1,000,599	--	--	1,000,599
Leisure services	1,629,392	--	--	1,629,392
Transportation	--	--	142,272	142,272
Miscellaneous	--	2,792	429	3,221
Capital outlay	122,878	1,452,796	43,561	1,619,235
Debt service:				
Principal	138,236	--	--	138,236
Interest and fiscal charges	5,787	--	--	5,787
<b>Total Expenditures</b>	<u>10,489,472</u>	<u>1,455,588</u>	<u>505,298</u>	<u>12,450,358</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>1,444,790</u>	<u>(60,588)</u>	<u>372,548</u>	<u>1,756,750</u>
<b>Other Financing Sources (Uses)</b>				
Capital lease	82,559	--	--	82,559
Transfers in	--	654,770	--	654,770
Transfers out	(465,000)	--	--	(465,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(382,441)</u>	<u>654,770</u>	<u>--</u>	<u>272,329</u>
<b>Net Change in Fund Balances</b>	1,062,349	594,182	372,548	2,029,079
<b>Fund Balances - Beginning</b>	<u>5,304,042</u>	<u>255,263</u>	<u>364,115</u>	<u>5,923,420</u>
<b>Fund Balances - Ending</b>	<u>\$ 6,366,391</u>	<u>\$ 849,445</u>	<u>\$ 736,663</u>	<u>\$ 7,952,499</u>

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

**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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Amounts reported for governmental activities in the statement of activities (Page 17) are different because:

Net change in fund balances - total governmental funds (Page 19) \$ 2,029,079

Governmental funds report capital outlay 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 depreciation exceeded capital outlay in the current period.

The details of the difference are as follows:

Cost of assets	\$ 1,632,798	
Depreciation and amortization	<u>(676,521)</u>	
Net adjustment		956,277
Loss on disposal of capital assets		(35,833)

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

This detail of the difference is as follows:

Capital lease	(82,559)	
Repayment of principal	138,236	
		55,677

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	(33,218)	
Net OPEB obligation	<u>(62,699)</u>	
Net adjustment		(95,917)

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 position.

Change in net position of governmental activities (Page 17)	<u>\$ 2,889,839</u>
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SURFSIDE, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**SEPTEMBER 30, 2014**

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ --	\$ 1,036,154	\$ 174,241	\$ 2,245,546	\$ 3,455,941
Receivables	730,736	520,811	72,426	97,807	1,421,780
Due from other funds	--	--	--	1,924,245	1,924,245
Prepaid items	19,647	3,228	7,050	4,085	34,010
<b>Total Current Assets</b>	<u>750,383</u>	<u>1,560,193</u>	<u>253,717</u>	<u>4,271,683</u>	<u>6,835,976</u>
<b>Noncurrent Assets</b>					
Investments	39,055	--	--	--	39,055
Restricted cash and cash equivalents	896,097	--	--	472,239	1,368,336
<b>Capital Assets</b>					
Construction in progress	--	--	--	3,091,122	3,091,122
Land	--	1,358,011	--	--	1,358,011
Infrastructure	24,128,098	1,447,360	--	267,828	25,843,286
Equipment	228,181	474,891	378,200	--	1,081,272
	<u>24,356,279</u>	<u>3,280,262</u>	<u>378,200</u>	<u>3,358,950</u>	<u>31,373,691</u>
Less: accumulated depreciation	(2,077,471)	(993,774)	(331,853)	(113,774)	(3,516,872)
<b>Total Capital Assets, Net</b>	<u>22,278,808</u>	<u>2,286,488</u>	<u>46,347</u>	<u>3,245,176</u>	<u>27,856,819</u>
<b>Total Noncurrent Assets</b>	<u>23,213,960</u>	<u>2,286,488</u>	<u>46,347</u>	<u>3,717,415</u>	<u>29,264,210</u>
<b>Total Assets</b>	<u>23,964,343</u>	<u>3,846,681</u>	<u>300,064</u>	<u>7,989,098</u>	<u>36,100,186</u>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	138,566	16,920	29,870	21,622	206,978
Accrued liabilities	93,370	11,471	19,048	2,699	126,588
Due to other funds	1,924,245	--	--	--	1,924,245
Due to other governments	400,287	--	--	--	400,287
Interest payable	182,947	--	--	60,983	243,930
Retainage payable	81,561	--	--	9,395	90,956
Current portion note payable	11,653	--	--	--	11,653
Current portion of revenue bonds payable	429,410	--	--	143,137	572,547
Current portion of state revolving loan payable	171,894	--	--	62,994	234,888
Compensated absences	2,377	753	7,046	82	10,258
Customer deposits	207,213	5,210	--	--	212,423
<b>Total Current Liabilities</b>	<u>3,643,523</u>	<u>34,354</u>	<u>55,964</u>	<u>300,912</u>	<u>4,034,753</u>
<b>Noncurrent Liabilities</b>					
Net OPEB obligation	10,377	4,210	17,678	--	32,265
Compensated absences	21,386	6,774	63,413	745	92,318
Note payable	38,125	--	--	--	38,125
Revenue bonds payable	7,352,558	--	--	2,513,504	9,866,062
State revolving loan payable	6,444,395	--	--	2,142,436	8,586,831
<b>Total Noncurrent Liabilities</b>	<u>13,866,841</u>	<u>10,984</u>	<u>81,091</u>	<u>4,656,685</u>	<u>18,615,601</u>
<b>Total Liabilities</b>	<u>17,510,364</u>	<u>45,338</u>	<u>137,055</u>	<u>4,957,597</u>	<u>22,650,354</u>
<b>Deferred Inflows of Resources</b>					
Unearned revenue	--	514,500	--	--	514,500
<b>Net Position</b>					
Net investment in capital assets	8,695,087	2,286,488	46,347	(1,154,051)	9,873,871
Restricted for renewal and replacement	1,017,776	--	--	266,140	1,283,916
Restricted for loan reserve	243,000	--	--	81,000	324,000
Unrestricted	(3,501,884)	1,000,355	116,662	3,838,412	1,453,545
<b>Total Net Position</b>	<u>\$ 6,453,979</u>	<u>\$ 3,286,843</u>	<u>\$ 163,009</u>	<u>\$ 3,031,501</u>	<u>\$ 12,935,332</u>

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

# TOWN OF SURFSIDE, FLORIDA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
<b>Operating Revenues</b>					
Charges for services:					
Water sales	\$ 1,547,882	\$ --	\$ --	\$ --	\$ 1,547,882
Sewer charges	1,364,033	--	--	--	1,364,033
Parking fees	--	1,028,740	--	--	1,028,740
Solid waste fees	--	--	1,055,955	--	1,055,955
Recycling fees	--	--	131,027	--	131,027
Drainage fees	--	--	--	497,300	497,300
Miscellaneous	5,442	--	30,699	--	36,141
<b>Total Operating Revenues</b>	<u>2,917,357</u>	<u>1,028,740</u>	<u>1,217,681</u>	<u>497,300</u>	<u>5,661,078</u>
<b>Operating Expenses</b>					
Personal services	321,557	392,959	629,471	90,259	1,434,246
Administrative	124,156	405,932	286,553	82,534	899,175
Water system	498,277	--	--	--	498,277
Sewer system	723,243	--	--	--	723,243
Solid waste system	--	--	412,269	--	412,269
Depreciation	778,193	99,230	19,421	13,496	910,340
<b>Total Operating Expenses</b>	<u>2,445,426</u>	<u>898,121</u>	<u>1,347,714</u>	<u>186,289</u>	<u>4,877,550</u>
<b>Operating Income (Loss)</b>	<u>471,931</u>	<u>130,619</u>	<u>(130,033)</u>	<u>311,011</u>	<u>783,528</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest earnings	--	--	--	139	139
Interest expense	(491,396)	--	--	(163,145)	(654,541)
Miscellaneous	(212)	--	--	2,573	2,361
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(491,608)</u>	<u>--</u>	<u>--</u>	<u>(160,433)</u>	<u>(652,041)</u>
<b>Income (Loss) Before Transfers</b>	<u>(19,677)</u>	<u>130,619</u>	<u>(130,033)</u>	<u>150,578</u>	<u>131,487</u>
Transfers	--	(189,770)	--	--	(189,770)
<b>Total Transfers</b>	<u>--</u>	<u>(189,770)</u>	<u>--</u>	<u>--</u>	<u>(189,770)</u>
<b>Change in Net Position</b>	<u>(19,677)</u>	<u>(59,151)</u>	<u>(130,033)</u>	<u>150,578</u>	<u>(58,283)</u>
<b>Net Position - Beginning</b>	<u>6,473,656</u>	<u>3,345,994</u>	<u>293,042</u>	<u>2,880,923</u>	<u>12,993,615</u>
<b>Net Position - Ending</b>	<u>\$ 6,453,979</u>	<u>\$ 3,286,843</u>	<u>\$ 163,009</u>	<u>\$ 3,031,501</u>	<u>\$ 12,935,332</u>

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



**TOWN OF SURFSIDE, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 2,852,916	\$ 1,038,090	\$ 1,232,865	\$ 496,198	\$ 5,620,069
Payments to suppliers	(3,700,880)	(418,101)	(704,976)	(87,627)	(4,911,584)
Payments to employees	(319,776)	(393,783)	(625,111)	(92,397)	(1,431,067)
Cash received from other funds	--	916,291	--	936,163	1,852,454
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(1,167,740)</u>	<u>1,142,497</u>	<u>(97,222)</u>	<u>1,252,337</u>	<u>1,129,872</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers out	--	(189,770)	--	--	(189,770)
<b>Net Cash Provided (Used) by Noncapital and Financing Activities</b>	<u>--</u>	<u>(189,770)</u>	<u>--</u>	<u>--</u>	<u>(189,770)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(169,363)	(26,298)	--	(155,523)	(351,184)
Principal payments	(563,335)	(80,000)	--	(183,984)	(827,319)
Interest expense and debt related costs	(492,163)	--	--	(163,145)	(655,308)
Proceeds from loan payable	1,377,466	--	--	438,767	1,816,233
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>152,605</u>	<u>(106,298)</u>	<u>--</u>	<u>(63,885)</u>	<u>(17,578)</u>
<b>Cash Flows from Investing Activities</b>					
Interest earnings	--	--	--	2,712	2,712
Purchases of investments	(33,182)	--	--	--	(33,182)
<b>Net Cash Provided by Investing Activities</b>	<u>(33,182)</u>	<u>--</u>	<u>--</u>	<u>2,712</u>	<u>(30,470)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(1,048,317)</u>	<u>846,429</u>	<u>(97,222)</u>	<u>1,191,164</u>	<u>892,054</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,944,414</u>	<u>189,725</u>	<u>271,463</u>	<u>1,526,621</u>	<u>3,932,223</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 896,097</u>	<u>\$ 1,036,154</u>	<u>\$ 174,241</u>	<u>\$ 2,717,785</u>	<u>\$ 4,824,277</u>
<b>Cash and Cash Equivalents per Statement of Net Position</b>					
Unrestricted	\$ --	\$ 1,036,154	\$ 174,241	\$ 2,245,546	\$ 3,455,941
Restricted	896,097	--	--	472,239	1,368,336
	<u>\$ 896,097</u>	<u>\$ 1,036,154</u>	<u>\$ 174,241</u>	<u>\$ 2,717,785</u>	<u>\$ 4,824,277</u>

(Continued)

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

**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
<b>Reconciliation of Operating Income to Net</b>					
<b>Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ 471,931	\$ 130,619	\$ (130,033)	\$ 311,011	\$ 783,528
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities					
Depreciation	778,193	99,230	19,421	13,496	910,340
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	(82,990)	(505,150)	8,079	(1,102)	(581,163)
Prepaid items	(2,467)	(278)	(475)	(3,200)	(6,420)
Due from other funds	--	916,291	7,101	936,163	1,859,555
Increase (decrease) in:					
Accounts payable	(268,883)	(12,758)	1,864	(1,743)	(281,520)
Accrued liabilities	42,513	867	1,068	(150)	44,298
Due to other funds	(1,852,454)	--	--	--	(1,852,454)
Other liabilities	(273,913)	--	--	--	(273,913)
Compensated absences	2,745	252	2,546	435	5,978
Net OPEB obligation	(964)	574	1,814	(2,573)	(1,149)
Unearned revenue	(18,839)	512,850	(8,611)	--	485,400
Customer deposits	37,388	--	--	--	37,388
Total adjustments	<u>(1,639,671)</u>	<u>1,011,878</u>	<u>32,807</u>	<u>941,326</u>	<u>346,340</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (1,167,740)</u></u>	<u><u>\$ 1,142,497</u></u>	<u><u>\$ (97,226)</u></u>	<u><u>\$ 1,252,337</u></u>	<u><u>\$ 1,129,868</u></u>
<b>Non-Cash Investing and Financing Activities:</b>					
Capital lease acquisition	\$ 61,162	\$ --	\$ --	\$ --	\$ 61,162
Unrealized gain on investments	\$ 688	\$ --	\$ --	\$ --	\$ 688

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

# TOWN OF SURFSIDE, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2014

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	<u>2014</u>
<b>Assets</b>	
<b>Cash and Cash Equivalents</b>	\$ 494,567
<b>Investments, at Fair Value</b>	
U.S. Government agency bonds	592,452
U.S. Government securities	680,403
Municipal obligations	190,939
Corporate bonds	2,984,564
Mortgage backed securities	296,428
Common stock	3,222,336
Exchange trade funds	<u>7,716,011</u>
<b>Total Investments</b>	<u>15,683,133</u>
<b>Receivables</b>	
Accrued interest and dividends	39,977
Employee contributions	39,904
Other receivables	<u>21,972</u>
<b>Total Receivables</b>	<u>101,853</u>
<b>Prepaid Expenses</b>	<u>17,215</u>
<b>Total Assets</b>	<u>16,296,768</u>
<b>Liabilities and Net Position</b>	
Accounts payable	31,460
Due to broker	3,535
Refunds due to members	<u>3,743</u>
<b>Total Liabilities</b>	<u>38,738</u>
<b>Net Position Restricted for Pension Benefits</b>	<u>\$ 16,258,030</u>

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

# TOWN OF SURFSIDE, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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	<u>2014</u>
<b>Additions</b>	
<b>Contributions</b>	
Plan members	\$ 349,600
Town	<u>631,584</u>
	<u>981,184</u>
<b>Investment Income</b>	
Net appreciation in fair value of investments	1,124,201
Interest and dividends	<u>346,088</u>
	1,470,289
Less investment expenses	<u>(73,858)</u>
<b>Net Investment Income</b>	<u>1,396,431</u>
<b>Total Additions</b>	<u>2,377,615</u>
<b>Deductions</b>	
Benefit payments	504,547
Refunds of contributions	41,199
Administrative expenses	<u>80,194</u>
<b>Total Deductions</b>	<u>625,940</u>
<b>Net Increase in Net Position</b>	1,751,675
<b>Net Position Restricted for Pension Benefits</b>	
Beginning, as previously reported	14,485,734
Prior period adjustment - GASB 67 adjustment	<u>20,621</u>
Beginning, as restated	<u>14,506,355</u>
Ending	<u>\$ 16,258,030</u>

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



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**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside, Florida (the Town) 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 Town Commissioners and operates under a commissioner-manager form of government. The Town provides services to its approximately 6,000 residents in many areas including general government and administrative services, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water/sewer and stormwater utilities.

The summary of the Town's 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 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 position 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 BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### 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.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided to briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities financial statements.

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as 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.



**TOWN OF SURFSIDE, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Expenditures generally are recorded when a liability is incurred, as required by accrual accounting, except for expenditures related to compensated absences, which are recorded when payment is due.

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.

GAAP sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are presented in the combining and individual fund statements and schedules section.

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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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. Parking citation revenue is allocated to the General Fund.

The *Sanitation Fund* is used to account for the activities of the Town residential, multi-family, and commercial refuse and recycling.

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 (the Plan) covering substantially all of its employees (The Retirement Plan For The Employees Of The Town Of Surfside).

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 enterprise functions and various other functions of the Town for services rendered. 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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 and expenses of the Town's enterprise funds 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.

#### *D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE*

##### *1. Deposits and Investments*

The Town utilizes a pooled cash account for cash of all Town funds other than those that 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, for purposes of the statement of cash flows, 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, and investments with Florida PRIME administered by the State Board of Administration.

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, *Local Government Investment Policies*, 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 pension trust fund are governed by the Plan's investment policy and Florida Statutes Section 112.661. All investments of the Town and the pension trust fund, except Florida PRIME, 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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)*

##### *2. Interfund 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).

##### *3. Receivables*

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

##### *4. Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements. Prepaid items are accounted for under the purchases method.

##### *5. Restricted Assets*

Certain resources set aside for the repayment of certain obligations are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and/or their use is limited such as bond proceeds restricted for debt service and renewal and replacement under the terms of the revenue bonds. Additionally, the Town reports amounts paid for water and sewer development fees as restricted assets.

##### *6. Capital Assets*

Capital assets include property, buildings, machinery, furniture and equipment, intangible and infrastructure assets (e.g., sidewalks and other similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)***

***6. Capital Assets (continued)***

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for infrastructure and intangible assets for which the Town utilizes a \$25,000 capitalization threshold. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 was not required to and did not retroactively report infrastructure assets acquired prior to the implementation of GASB Statement No. 34 during the fiscal year ended September 30, 2004.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest for fiscal year ended September 30, 2014.

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

Assets	Years
Buildings	15-50
Machinery, furniture and equipment	5-10
Infrastructure	10-30
Intangibles	10-30

***7. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are two types of items that qualify for reporting in this category:

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)*

##### *7. Deferred Outflows/Inflows of Resources (continued)*

Business tax receipts that are received by the Town prior to the period for which the taxes are levied are reported as deferred inflows on both the government-wide statement of net position, and on the governmental funds balance sheet. The proprietary funds statement of net position includes deferred parking trust receipts.

##### *8. 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 the governmental funds are typically liquidated from the general fund.

##### *9. Long-Term Obligations*

In the government-wide financial statements and proprietary fund type 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 position.

##### *10. Fund Equity*

The Town follows the criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Town's accounting and financial policies are used to interpret the nature and/or requirements of the funds and their corresponding classification of nonspendable, restricted, committed, assigned or unassigned.

The following are the fund balance classifications:

*Nonspendable fund balance.* Nonspendable fund balances are amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)*

##### *10. Fund Equity (continued)*

*Restricted fund balance.* Restricted fund balances are amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for the specific purposes determined by a formal action (ordinance or resolution, which are equally binding) of the Town Commission, the Town's highest level of decision making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (Ordinance or resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

*Assigned fund balance.* Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by management of the Town to which the Commission has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. There is no formal policy through which this authority has been established. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

##### *11. Fund Balance Flow Assumptions*

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

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)*

##### *11. Fund Balance Flow Assumptions (continued)*

the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the Town Commission has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

##### *12. Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

##### *13. Net Position*

Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. The net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt and deferred inflows/outflows of resources incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Restricted net position is that portion of net position 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 position consists of net position that does not meet the definition of either of the other two components.

##### *14. 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 BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)*

##### *15. Implementation of Governmental Accounting Standards Board Statements*

The Town and the pension trust fund implemented the following GASB Statement during the fiscal year ended September 30, 2014:

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the plan (net pension liability), about which information is required to be presented.

### 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 any other banking institution, eligible collateral of the depository. 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.

#### *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 administered by the Florida State Board of Administration.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – TOWN (CONTINUED)*

Florida PRIME is 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 Florida PRIME. 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. The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

As of September 30, 2014, the Town had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
<b>Investments</b>		
Florida PRIME	\$ 3,457,368	39 days

Florida PRIME is presented as cash and cash equivalents in the financial statements.

#### ***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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – TOWN (CONTINUED)*

##### *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, 2014, the Town's portfolio did not have any investments subject to a concentration of credit risk.

#### *INVESTMENTS – PENSION TRUST FUND*

The investment activity of the Plan is directed by an investment advisory firm. All investments made or held by the Plan shall be limited to the following:

1. Cash equivalents.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Bonds issued by the State of Israel.
4. Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state, organized territory of the United States, or District of Columbia provided the corporation is listed on the recognized national stock exchanges or on the National Market System of the NASDAQ stock market, the issuer has an investment quality rating within the top three rating classifications by at least two major services (Standard and Poor's, Moody's or Fitch). Up to 10% of the bond portfolio may be invested in the fourth rating classification (by two of the above rating services).
5. Equity investments (common stock, convertible bonds and preferred stocks) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market and ETF exchange-traded funds.
6. Commingled equity, bond or money market funds whose investments are restricted to securities meeting the criteria of this section. Investments in equities are not to exceed 70% of the Plan assets at market, and no more than 5% at cost of the equities may be invested in a single company.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*INVESTMENTS – PENSION TRUST FUND (CONTINUED)*

As of September 30, 2014, the percentage of investment in equities, excluding the cash, ETF and IShares funds totaled 15.2% of the total investments. The ETF and IShares Funds are not under management. The cost and fair value of Fiduciary Net Position held in trust for Plan benefits at September 30 follows:

	2014
	Fair Value
Cash and Cash Equivalents:	
U.S. Treasury portfolio	\$ 494,567
Investments:	
U.S. Government securities	680,403
U.S. Government agency bonds	592,452
Mortgage backed securities	296,428
Corporate bonds	2,984,564
Municipal bonds	190,939
Common stocks	3,222,336
Exchange trade funds (ETFs)	7,716,011
	15,683,133
<b>Total</b>	<b>\$ 16,177,700</b>

As of September 30, 2014, the Plan had the following investment types subject to interest rate risk:

Investment Type	Fair Value	Sector Distribution
U.S. Treasury portfolio	\$ 494,567	9.4%
U.S. Government securities	680,403	13.0%
U.S. Government agency bonds	592,452	11.3%
Mortgage backed securities	296,428	5.7%
Corporate bonds	2,984,564	57.0%
Municipal obligations	190,939	3.6%
Total fair value	\$ 5,239,353	

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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### NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – PENSION TRUST FUND (CONTINUED)*

Years	Maturity Distribution		Credit Quality Distribution	
	Years	% of Fixed Income Securities	Rating	% of Fixed Income Securities
0-1		2.3%	AAA	1.3%
1-5		56.0%	AA	53.8%
5-10		30.9%	AA	38.6%
10+		<u>10.8%</u>	BBB	1.4%
		<u>100.0%</u>	Not Rated	<u>4.9%</u>
				<u>100.0%</u>

#### ***Interest Rate Risk***

In accordance with its investment policy, the Plan manages its exposure to declines in the fair 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 this investment type to the top two ratings issued by NRSROs. As of September 30, 2014, the Plan's investments in the U.S. Treasury Portfolio (cash and cash equivalents) were 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 top three 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 Town'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 government's total investments. No investment in any one organization represents five percent or more of total net position.

#### ***Custodial Credit Risk***

For an investment, this is the risk that, in the event of the failure of the counterparty, the Town 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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

#### NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

##### *INVESTMENT POLICY*

The following was the Pension Board's adopted asset allocation policy target allocation during the fiscal year ended September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	52%
International Equity	10
Fixed Income	25
Real Estate	10
Cash	<u>3</u>
Total	<u>100%</u>

##### *Rate of Return*

For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return calculation are determined on a monthly basis.

#### NOTE 3 – RECEIVABLES

Receivables as of September 30, 2014 for the Town's major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Total
<b>Receivables</b>								
Property taxes	\$ 90	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 90
Intergovernmental	170,389	300,000	71,108	--	--	--	--	541,497
Other	256,572	--	--	126,509	520,811	--	--	903,892
Accounts - billed	--	--	--	113,611	--	85,024	14,682	213,317
Accounts - unbilled	--	--	--	<u>496,214</u>	--	--	<u>83,125</u>	<u>579,339</u>
Gross receivables	427,051	300,000	71,108	736,334	520,811	85,024	97,807	2,238,135
Less: allowance for uncollectibles	--	--	--	<u>(5,598)</u>	--	<u>(12,598)</u>	--	<u>(18,196)</u>
<b>Total Receivables, Net</b>	<u>\$ 427,051</u>	<u>\$ 300,000</u>	<u>\$ 71,108</u>	<u>\$ 730,736</u>	<u>\$ 520,811</u>	<u>\$ 72,426</u>	<u>\$ 97,807</u>	<u>\$ 2,219,939</u>

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**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, 2014, was 5.2000. 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, 2014, there were no material delinquent taxes.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of the interfund balances as of September 30, 2014 is as follows:

***DUE TO/FROM OTHER FUNDS***

Receivable Funds	Payable Fund			Total
	Water and Sewer	Transportation Surtax Fund	Police Forfeiture Fund	
General Fund	\$ --	\$ 366,692	\$ 150,866	\$ 517,558
Stormwater Utility Fund	1,924,245	--	--	1,924,245
	<u>\$ 1,924,245</u>	<u>\$ 366,692</u>	<u>\$ 150,866</u>	<u>\$ 2,441,803</u>

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

##### *DUE TO/FROM OTHER FUNDS (CONTINUED)*

Amounts receivable noted above represent short-term loans made to cover temporary negative cash balances in each fund's equity in pooled cash at year end.

##### *INTERFUND TRANSFERS*

Fund	Transfers In	Transfers Out
General Fund	\$ --	\$ 465,000
Capital Projects Fund	654,770	--
Municipal Parking Fund	--	189,770
<b>Total Interfund Transfers</b>	<b>\$ 654,770</b>	<b>\$ 654,770</b>

Capital Projects Fund transfers in consisted of \$654,770 transferred from the General Fund and Municipal Parking Fund to provide funding for on-going construction projects.

#### NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
<b>Governmental Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	434,878	1,159,646	1,380,683	213,841
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,896,107</b>	<b>1,159,646</b>	<b>1,380,683</b>	<b>1,675,070</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	10,384,409	304,476	71,679	10,617,206
Machinery, furniture and equipment	2,955,794	168,678	354,177	2,770,295
Infrastructure	2,808,646	1,380,684	--	4,189,330
<b>Total Capital Assets Being Depreciated</b>	<b>16,148,849</b>	<b>1,853,838</b>	<b>425,856</b>	<b>17,576,831</b>
<b>Less: Accumulated Depreciation for</b>				
Buildings	1,656,836	216,707	59,522	1,814,021
Machinery, furniture and equipment	1,760,896	268,321	325,160	1,704,057
Infrastructure	761,018	191,493	--	952,511
<b>Total Accumulated Depreciation</b>	<b>4,178,750</b>	<b>676,521</b>	<b>384,682</b>	<b>4,470,589</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>11,970,099</b>	<b>1,177,317</b>	<b>41,174</b>	<b>13,106,242</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 13,866,206</b>	<b>\$ 2,336,963</b>	<b>\$ 1,421,857</b>	<b>\$ 14,781,312</b>



# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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### NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balances	Increase	Decrease	Ending Balances
<b>Business-type Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,358,011	\$ --	\$ --	\$ 1,358,011
Construction in progress	<u>25,388,873</u>	<u>226,646</u>	<u>22,524,397</u>	<u>3,091,122</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>26,746,884</u>	<u>226,646</u>	<u>22,524,397</u>	<u>4,449,133</u>
<b>Capital Assets Being Depreciated</b>				
Equipment	1,003,434	77,838	--	1,081,272
Infrastructure	<u>2,969,014</u>	<u>22,874,272</u>	<u>--</u>	<u>25,843,286</u>
<b>Total Capital Assets Being Depreciated</b>	<u>3,972,448</u>	<u>22,952,110</u>	<u>--</u>	<u>26,924,558</u>
<b>Less: Accumulated Depreciation for</b>				
Equipment	603,018	76,830	--	679,848
Infrastructure	<u>2,003,514</u>	<u>833,510</u>	<u>--</u>	<u>2,837,024</u>
<b>Total Accumulated Depreciation</b>	<u>2,606,532</u>	<u>910,340</u>	<u>--</u>	<u>3,516,872</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>1,365,916</u>	<u>22,041,770</u>	<u>--</u>	<u>23,407,686</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 28,112,800</u>	<u>\$ 22,268,416</u>	<u>\$ 22,524,397</u>	<u>\$ 27,856,819</u>

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

#### **Governmental Activities**

General government	\$ 122,519
Public safety	161,137
Physical environment	266,211
Leisure services	59,553
Transportation	<u>67,101</u>
<b>Total Depreciation Expense – Governmental Activities</b>	<u>\$ 676,521</u>

#### **Business-type Activities**

Water and sewer	\$ 778,193
Municipal parking	99,230
Sanitation	19,421
Stormwater utility	<u>13,496</u>
<b>Total Depreciation Expense – Business-type Activities</b>	<u>\$ 910,340</u>

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 7 – LONG TERM LIABILITIES**

***GOVERNMENTAL ACTIVITIES***

The following is summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Capital lease	\$ 298,411	\$ 82,559	\$ 138,236	\$ 242,734	\$ 137,838
Compensated absences	281,316	33,218	--	314,534	31,453
Net OPEB obligation	121,781	65,699	3,000	184,480	--
	<u>\$ 701,508</u>	<u>\$ 181,476</u>	<u>\$ 141,236</u>	<u>\$ 741,748</u>	<u>\$ 169,291</u>

***BUSINESS-TYPE ACTIVITIES***

The following is summary of changes in long-term liabilities of the Town for business-type activities for the fiscal year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Capital lease	\$ --	\$ 61,162	\$ 11,384	\$ 49,778	\$ 11,653
Revenue bonds series 2011	10,985,348	--	546,740	10,438,608	572,547
Note payable	80,000	--	80,000	--	--
State revolving loan	7,255,844	1,755,072	189,196	8,821,720	234,888
Compensated absences	96,598	7,582	1,604	102,576	10,258
Net OPEB obligation	33,414	8,798	9,947	32,265	--
	<u>\$ 18,451,204</u>	<u>\$ 1,832,614</u>	<u>\$ 838,871</u>	<u>\$ 19,444,947</u>	<u>\$ 829,346</u>

The General Fund is typically used to liquidate the compensated absences and the Net OPEB obligation.

***UTILITY SYSTEM REVENUE BONDS SERIES 2011***

On April 28, 2011, the Town issued a \$16,000,000 Utility System Revenue Bonds, Series 2011 to finance the cost of certain construction projects, including improvements for the existing facilities for the water, sewer, and storm water systems. Principal and interest is to be paid from the pledge of Water/Sewer and Storm Water fund revenues. Principal is paid

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 7 – LONG TERM LIABILITIES (CONTINUED)**

*UTILITY SYSTEM REVENUE BONDS SERIES 2011 (CONTINUED)*

annually. The bond bears interest of 4.720% payable semi-annually, and it matures on May 1, 2026. Total principal and interest remaining on the bond is \$14,254,639. For the current year, debt service which is comprised of accrued interest and principal payments is \$1,038,136. Pledged revenues were \$3,409,215.

<b>Fiscal Year Ending September 30</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 572,546	\$ 492,702	\$ 1,065,248
2016	599,571	465,678	1,065,249
2017	627,870	437,378	1,065,248
2018	657,506	407,743	1,065,249
2019	688,540	376,709	1,065,249
2020 - 2024	3,961,971	1,364,271	5,326,242
2025 -2029	<u>3,330,604</u>	<u>271,549</u>	<u>3,602,153</u>
	<u>\$ 10,438,608</u>	<u>\$ 3,816,031</u>	<u>\$ 14,254,639</u>

**NOTE PAYABLE**

On March 24, 2011, the Town signed two non-interest bearing promissory notes for \$120,000 each, proceeds of which were used to acquire property to be used for municipal parking. Payments are due on February 1<sup>st</sup> of each year. Payments are \$40,000 per year, per note, for a total payment of \$80,000 per year for 3 years to be paid from parking revenues. As of September 30, 2014, both promissory notes were paid off.

**STATE REVOLVING LOAN FUND**

The Town executed a Clean Water State Revolving Fund Construction Loan Agreement #WW131710 with the State of Florida Department of Environmental Protection on August 24, 2012 in the amount of \$9,310,000 for the construction of Wastewater and Stormwater improvements. The loan bearing an interest rate of 1.87% matures on January 15, 2033. Proceeds in the amount of \$1,755,072 were received during the 2014 fiscal year.

The principal total outstanding at September 30, 2014 is \$8,821,720. The loan is secured by the net water, sewer and stormwater revenues after payment of debt service on the Town's existing series obligations. Total debt service for fiscal year 2014 was \$324,000 and the pledged revenue was \$3,085,215. The loan is payable in semi-annual payments over

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

#### *STATE REVOLVING LOAN FUND (CONTINUED)*

20 years beginning on July 15, 2013 and is payable each January 15 and July 15. The final repayment of the loan by the Town will be computed after the final disbursement of loan proceeds from the State based on the actual project costs, the actual loan service fee and capitalized interest, and actual dates and amounts of disbursements by the State.

#### *CAPITAL LEASES*

The Town entered into four separate lease agreements, at different dates, totaling approximately \$644,000 for the purpose of financing the acquisition of police vehicles and equipment in the General Fund and Water and Sewer Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

The first lease agreement was entered into on September 26, 2011. The lease agreement was for the amount of \$300,000 with an applicable annual interest rate of 1.58%. The second lease agreement was entered into on March 23, 2012. The lease agreement was for the amount of \$200,000 with an applicable annual interest rate of 1.56%. The third lease agreement, entered on November 1, 2013, was for the amount of \$61,162 with an applicable annual interest rate of 4.30%. The fourth lease agreement, entered on November 7, 2013, was for the amount of \$82,559 with an applicable annual interest rate of 2.35%. All leases are payable monthly.

#### **Asset Acquired Under the Capital Lease**

Machinery and equipment	\$ 635,812
Accumulated depreciation	<u>244,557</u>
	<u>\$ 391,255</u>

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

#### *CAPITAL LEASES (CONTINUED)*

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

Fiscal Year Ending September 30,	Amount
2015	\$ 155,316
2016	82,596
2017	30,869
2018	30,871
2019	2,920
Total minimum lease payments	302,572
Less: interest portion	10,060
<b>Present Value of Future Minimum Lease Payments</b>	<b>\$ 292,512</b>

### NOTE 8 – EMPLOYEE RETIREMENT PLAN

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

#### *PLAN DESCRIPTION*

The Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside. All full-time employees are eligible to participate in 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. The benefits provided to the Fraternal Order of Police (FOP) members are subject to collective bargaining.

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

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### *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 contribution to the Plan which was determined based on the October 1, 2012 actuarial valuation, totaled \$631,584 for the year ended September 30, 2014.

#### *General Employees*

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.

#### *Police Officers*

Certified law enforcement members of the Plan contribute eight percent (8%) of earnable compensation to the Plan.

#### *Deferred Retirement Option Program*

The Town maintains a Deferred Retirement Option Program (DROP) initially for Police officers and dispatchers only. Effective August 13, 2013, the Town Commission passed an Ordinance, which amended the Deferred Retirement Option Program (DROP) to include all members of the retirement Plan who reach the earliest normal retirement age whereby such member shall be eligible to participate in the DROP Plan. The maximum period of participation in the DROP is sixty months. No payments may be made from the DROP until the employee actually separates from service with the Town. One (1) Police Officer is currently participating in the DROP program as of September 30, 2014. Three (3) general employees are currently participating in the DROP as of September 30, 2014. As of September 30, 2014, the balance in the DROP account was \$100,974. This amount is included in the total investment balance presented on the statement of fiduciary net position.

#### *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

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

##### *Basis of Accounting (continued)*

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

The net position of the Plan is 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 in the Fair Value of Investments.

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	\$ 649,193
Interest on Net Pension Asset	(14,228)
Adjustment to ARC	<u>16,063</u>
Annual Pension Cost	651,028
Town Contributions	<u>(631,584)</u>
Decrease in NPA	19,444
Net Pension Asset:	
Beginning of year	<u>(189,706)</u>
End of year	<u>\$ (170,262)</u>

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)**

*ANNUAL PENSION COST AND NET PENSION ASSET (CONTINUED)*

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, 2012	\$ 525,734	98%	\$ (207,392)
September 30, 2013	551,891	97%	(189,706)
September 30, 2014	651,028	97%	(170,262)

*FUNDED STATUS AND FUNDING PROGRESS*

The funded status of the Plan as of October 1, 2013, the date of the most recent actuarial valuation date, is as follows:

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
October 1, 2014	\$ 15,746,684	\$ 17,438,415	\$ 1,691,731	90.3%	\$ 5,098,304	33.2%

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.



# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

#### *FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)*

Additional information as of the latest Actuarial Valuation Report dated October 1, 2014 is as follows:

Actuarial valuation date	October 1, 2014
Contribution rates:	
Employer	14.9%
Plan members	6.9%
Actuarial cost method	Entry age
Amortization method	Level dollar amount, closed
Remaining amortization	30 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions	
Investment rate of return*	7.5%
Projected salary increases*	4.0% - 13.5%
Cost of living adjustments	1.5%
*Includes inflation at	4.0%

### NOTE 9 – NET PENSION LIABILITY OF THE TOWN

The components of the net pension liability at September 30, 2014:

Total pension liability	\$ 17,338,384
Plan fiduciary net position	<u>(16,258,030)</u>
Net pension liability	<u>\$ 1,080,354</u>
Plan fiduciary net position as a percentage of the total pension liability	93.77%

#### *SIGNIFICANT ACTUARIAL ASSUMPTIONS*

The total pension liability was determined by an actuarial valuation as of October 1, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.50%
Investment rate of return	7.50%

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 9 – NET PENSION LIABILITY OF THE TOWN (CONTINUED)**

*SIGNIFICANT ACTUARIAL ASSUMPTIONS (CONTINUED)*

RP 2000 Combined Healthy – Sex Distinct. For disabled participants, the RP 2000 Combined Disabled Mortality Table was used with separate rates for males and females 15 years generational projection from valuation date for actives – 7 years generational projection from valuation date for inactives with Scale AA.

*LONG-TERM EXPECTED RATE OF RETURN*

The long-term expected rate of return on pension plan investments was determined based upon the historical average (means returns) which best-estimate ranges of expected future real rates of return. In order to determine the real rates of return, it is necessary to subtract the expected inflation rate from the nominal investment return and investment expenses. The long-term expected rate of return for the Plan was calculated by weighting the expected future rates of return of each asset class by the corresponding target allocation percentages. Best estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	8.80%
International Equity	2.90%
Fixed Income	4.80%
Real Estate	5.60%
Cash	1.30%

*DISCOUNT RATE*

A discount rate of 7.50% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.50%. The projection of cash flow used to determine this discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability of the Town.

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 9 – NET PENSION LIABILITY OF THE TOWN (CONTINUED)**

*SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following presents the net pension liability of the Plan sponsor, calculated using the discount rate of 7.50%, as well as what the plan sponsor’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability of the Town	<u>\$ 3,451,113</u>	<u>\$ 1,080,354</u>	<u>\$ (876,671)</u>

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS**

The Town follows the standards for *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer’s Statement of Net Position as an increase (or decrease) in the Net OPEB obligation.

***PLAN DESCRIPTION***

The Town provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The Plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health and dental insurance benefits upon retirement. The benefits of the Plan conform to Florida Statutes, which are the legal authority for the Plan. The Plan has no assets and does not issue a separate financial report.

***FUNDING POLICY AND ANNUAL OPEB COST***

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

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***FUNDING POLICY AND ANNUAL OPEB COST (CONTINUED)***

The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

	<u>Pay-as-you-go</u>
Required contribution rates:	
Employer	N/A
Plan members	N/A
Annual required contribution	\$ 54,732
Interest on normal cost	5,942
Adjustment to the annual required contribution	(6,430)
Annual OPEB cost	54,244
Estimated employer contribution	7,306
Increase in net OPEB obligation	61,550
Net OPEB obligation - Beginning of Year	155,195
Net OPEB Obligation - End of Year	\$ 216,745

***THREE YEAR TREND INFORMATION***

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation is as follows:

	2014	2013	2012
Annual OPEB cost	\$ 54,244	\$ 47,809	\$ 51,252
Percentage of OPEB cost contributed	13.5%	10.3%	25.2%
Net OPEB obligation	216,745	155,195	112,333

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*FUNDED STATUS AND FUNDING PROGRESS*

The funded status of the plan as of October 1, 2012, the latest actuarial valuation, was as follows:

Actuarial Value of Assets (a)	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
\$ --	\$ 271,313	\$ 271,313	0.0%	\$ 4,359,957	6.2%

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

*ACTUARIAL METHODS AND ASSUMPTIONS*

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

Actuarial valuation date	10/1/2012
Actuarial cost method	Entry Age
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Unfunded

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)*

Actuarial assumptions:

Investment rate of return*	4.0%
Projected salary increases*	4.0% - 13.5%
Payroll growth assumptions	3.0%
Initial trend rate	9.0%
Ultimate trend rate	4.5%
* Includes inflation at	4.0%

### NOTE 11 – 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 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 provides that the pools will be self-sustaining through member premiums and will re-insure 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 were no reductions, only increases 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 Legal Counsel, 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
(OTHER THAN MANAGEMENT'S DISCUSSION AND  
ANALYSIS)**

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**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 5,651,711	\$ 5,651,711	\$ 5,660,551	\$ 8,840
Resort taxes	491,209	499,159	677,079	177,920
Utility taxes	470,000	470,000	553,407	83,407
Communications services tax	303,320	303,320	282,169	(21,151)
Franchise taxes	434,000	434,000	442,572	8,572
Licenses and permits	2,806,750	2,826,995	2,205,974	(621,021)
Intergovernmental	632,098	632,101	681,956	49,855
Charges for services	236,950	238,015	254,554	16,539
Fines and forfeitures	718,890	718,890	777,293	58,403
Interest earnings	7,500	7,500	--	(7,500)
Miscellaneous	172,451	326,001	398,707	72,706
<b>Total Revenues</b>	<u>11,924,879</u>	<u>12,107,692</u>	<u>11,934,262</u>	<u>(173,430)</u>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	78,600	79,359	72,107	7,252
Legal services	400,698	517,695	477,491	40,204
Executive, finance and administration	3,995,739	3,927,351	2,250,913	1,676,438
Total general government	4,475,037	4,524,405	2,800,511	1,723,894
Public safety	4,729,769	4,920,937	4,936,092	(15,155)
Public works	1,123,122	1,134,253	1,000,599	133,654
Leisure services	1,850,985	1,881,773	1,629,392	252,381
Capital outlay	18,700	129,890	122,878	7,012
<b>Total Expenditures</b>	<u>12,197,613</u>	<u>12,591,258</u>	<u>10,489,472</u>	<u>2,101,786</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(272,734)</u>	<u>(483,566)</u>	<u>1,444,790</u>	<u>1,928,356</u>
<b>Other Financing Sources (Uses)</b>				
Capital lease	--	82,559	82,559	--
Transfers in	272,734	272,734	--	272,734
Transfers out	--	(465,000)	(465,000)	--
<b>Total Other Financing Sources (Uses)</b>	<u>272,734</u>	<u>(109,707)</u>	<u>(382,441)</u>	<u>272,734</u>
<b>Net Change in Fund Balances</b>	<u>\$ --</u>	<u>\$ (593,273)</u>	<u>\$ 1,062,349</u>	
<b>Appropriated Beginning Fund Balance</b>	<u>\$ --</u>	<u>\$ 593,273</u>		

*See notes to budgetary comparison schedule.*



**TOWN OF SURFSIDE, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**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 the 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 have not been 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 department (general fund) or 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. All necessary supplemental appropriations are adopted by the Town Commission as part of the budget review process and are included in the Final Budget columns on the schedule of revenues, expenditures and changes in fund balance – budget and actual. There was \$393,645 of supplemental appropriations in the General Fund.

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of each year, the succeeding year's budget ordinance specifically provides for the reappropriation of year end encumbrances.

**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
10/1/09	\$ 11,697,998	\$ 11,662,297	\$ (35,701)	100.3%	\$ 4,059,522	(0.9)%
10/1/10	12,304,770	12,414,859	110,089	99.1%	4,016,852	2.7%
10/1/11	12,487,404	13,272,023	784,619	94.1%	4,053,208	19.4%
10/1/12 *	12,768,869	14,165,870	1,397,001	90.1%	4,359,957	32.0%
10/1/12 **	12,768,869	14,671,617	1,902,748	87.0%	4,359,957	43.6%
10/1/13 *	14,125,280	15,732,302	1,607,022	89.8%	5,181,920	31.0%
10/1/13 **	14,125,280	15,767,546	1,642,266	89.6%	5,181,920	31.7%
10/1/14	15,746,684	17,438,415	1,691,731	90.3%	5,098,304	33.2%

\* Prior to Plan Amendment and update in actuarial assumptions

\*\* After Plan Amendment and update in actuarial assumptions

**TOWN OF SURFSIDE, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS\*  
OTHER POST EMPLOYMENT BENEFITS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) ÷ c)
October 1, 2009	\$ --	\$ 315,926	\$ 315,926	0.0%	\$ 4,364,293	7.2%
October 1, 2012	--	271,313	271,313	0.0%	4,359,957	6.2%

\*GASB Statement No. 45, Other Post Employment Benefits (OPEB), was implemented for the fiscal year ended September 30, 2010.

**TOWN OF SURFSIDE, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

	2014
<b>Total Pension Liability</b>	
Service cost	\$ 888,988
Interest	1,227,596
Benefit changes	35,244
Difference between actual and expected experience	170,264
Changes of assumptions	--
Benefit payments, including refunds of member contributions	(545,746)
<b>Net Change in Total Pension Liability</b>	1,776,346
<b>Total Pension Liability - Beginning</b>	15,562,038
<b>Total Pension Liability - Ending (a)</b>	\$ 17,338,384
<b>Plan Fiduciary Net Position</b>	
Contributions - Town	\$ 631,584
Contributions - Members	349,600
Net Investment income	1,396,431
Benefit payments, including refunds of member contributions	(545,746)
Administrative expense	(80,194)
<b>Net Change in Plan Fiduciary Net Position</b>	1,751,675
<b>Plan Fiduciary Net Position - Beginning</b>	14,506,355
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 16,258,030
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 1,080,354
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.77%
Covered Employee Payroll	\$ 5,305,109
Net Pension Liability as a Percentage of Covered-Employee Payroll	20.36%

*This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.*

**TOWN OF SURFSIDE, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN CONTRIBUTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year End 9/30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	\$ --	\$ 102,410	\$ (102,410)	\$ 2,857,045	3.58%
2006	203,274	230,812	(27,538)	3,170,278	7.28%
2007	264,370	264,370	--	3,653,048	7.24%
2008	384,905	384,416	489	3,978,291	9.66%
2009	423,747	423,747	--	4,568,544	9.28%
2010	553,919	553,919	--	4,059,522	13.64%
2011	625,963	625,963	--	4,016,852	15.58%
2012	515,440	515,440	--	4,053,208	12.72%
2013	534,209	534,209	--	4,359,957	12.25%
2014	631,584	631,584	--	5,305,109	11.91%

**Notes to the schedule**

Valuation date: October 1, 2012

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Significant methods and assumptions used to determine contribution rates for fiscal year end September 30, 2014:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset valuation method	5 year smoothed market
Salary increases	4.0% - 13.5%
Inflation	3.5%
Cost of living adjustments	1.5%
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Generational Mortality Table for healthy Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

**TOWN OF SURFSIDE, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF INVESTMENT RETURNS**

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	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.80%

*This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.*



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **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 34 percent portion of the resort tax collections, which are restricted to promote tourism related activities of the Town which are restricted to approved functions and activities.

**Transportation Surtax Fund** – This fund is used to account for the restricted 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 restricted 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, 2014**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
<b>Assets</b>				
Cash and cash equivalents	\$ 168,602	\$ 733,544	\$ 314,233	\$ 1,216,379
Receivables	21,279	49,829	--	71,108
Prepaid items	<u>222</u>	<u>--</u>	<u>--</u>	<u>222</u>
<b>Total Assets</b>	<u>\$ 190,103</u>	<u>\$ 783,373</u>	<u>\$ 314,233</u>	<u>\$ 1,287,709</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 7,157	\$ 19,941	\$ 3,741	\$ 30,839
Accrued liabilities	2,049	--	--	2,049
Due to other funds	<u>--</u>	<u>366,692</u>	<u>150,866</u>	<u>517,558</u>
<b>Total Liabilities</b>	<u>9,206</u>	<u>386,633</u>	<u>154,607</u>	<u>550,446</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	<u>600</u>	<u>--</u>	<u>--</u>	<u>600</u>
<b>Fund Balances</b>				
Non-spendable:				
Prepaid items	222	--	--	222
Restricted for:				
Tourism	180,075	--	--	180,075
Transportation surtax	--	396,740	--	396,740
Police forfeiture	<u>--</u>	<u>--</u>	<u>159,626</u>	<u>159,626</u>
<b>Total Fund Balances</b>	<u>180,297</u>	<u>396,740</u>	<u>159,626</u>	<u>736,663</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 190,103</u>	<u>\$ 783,373</u>	<u>\$ 314,233</u>	<u>\$ 1,287,709</u>

**TOWN OF SURFSIDE, FLORIDA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
<b>Revenues</b>				
Resort taxes	\$ 353,762	\$ --	\$ --	\$ 353,762
Intergovernmental	--	444,456	--	444,456
Forfeitures	--	--	78,976	78,976
Miscellaneous	652	--	--	652
	<u>354,414</u>	<u>444,456</u>	<u>78,976</u>	<u>877,846</u>
<b>Total Revenues</b>				
	<u>354,414</u>	<u>444,456</u>	<u>78,976</u>	<u>877,846</u>
<b>Expenditures</b>				
General government	268,614	--	--	268,614
Public safety	--	--	50,422	50,422
Transportation	--	142,272	--	142,272
Capital outlay	--	36,919	6,642	43,561
Miscellaneous	--	--	429	429
	<u>268,614</u>	<u>179,191</u>	<u>57,493</u>	<u>505,298</u>
<b>Total Expenditures</b>				
	<u>268,614</u>	<u>179,191</u>	<u>57,493</u>	<u>505,298</u>
<b>Excess of Revenues Over Expenditures</b>	85,800	265,265	21,483	372,548
<b>Fund Balances - Beginning</b>	<u>94,497</u>	<u>131,475</u>	<u>138,143</u>	<u>364,115</u>
<b>Fund Balances - Ending</b>	<u>\$ 180,297</u>	<u>\$ 396,740</u>	<u>\$ 159,626</u>	<u>\$ 736,663</u>

**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Resort taxes	\$ 253,471	\$ 259,183	\$ 353,762	\$ 94,579
Miscellaneous	--	--	652	652
<b>Total Revenues</b>	<u>253,471</u>	<u>259,183</u>	<u>354,414</u>	<u>95,231</u>
<b>Expenditures</b>				
General government	<u>287,471</u>	<u>293,183</u>	<u>268,614</u>	<u>24,569</u>
<b>Total Expenditures</b>	<u>287,471</u>	<u>293,183</u>	<u>268,614</u>	<u>24,569</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(34,000)	(34,000)	85,800	(119,800)
<b>Other Financing Sources</b>				
Contributions from developers	<u>34,000</u>	<u>34,000</u>	--	<u>34,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 85,800</u>	<u>\$ (85,800)</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>		

**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 196,916	\$ 424,080	\$ 444,456	\$ 20,376
<b>Total Revenues</b>	<u>196,916</u>	<u>424,080</u>	<u>444,456</u>	<u>20,376</u>
<b>Expenditures</b>				
Current:				
General government	142,366	149,646	142,272	7,374
Capital outlay	<u>--</u>	<u>50,968</u>	<u>36,919</u>	<u>14,049</u>
<b>Total Expenditures</b>	<u>142,366</u>	<u>200,614</u>	<u>179,191</u>	<u>21,423</u>
<b>Excess of Revenues over Expenditures</b>	<u>54,550</u>	<u>223,466</u>	<u>265,265</u>	<u>(41,799)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(9,846)</u>	<u>(9,846)</u>	<u>--</u>	<u>(9,846)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 44,704</u>	<u>\$ 213,620</u>	<u>\$ 265,265</u>	<u>\$ (51,645)</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$ (44,704)</u>	<u>\$ (213,620)</u>		

**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Forfeitures	\$       --	\$    21,107	\$    78,976	\$    57,869
<b>Total Revenues</b>	<u>          --</u>	<u>      21,107</u>	<u>      78,976</u>	<u>      57,869</u>
<b>Expenditures</b>				
Current:				
Public safety	46,000	63,130	50,422	12,708
Capital outlay	--	6,642	6,642	--
Miscellaneous	--	--	429	429
<b>Total Expenditures</b>	<u>      46,000</u>	<u>      69,772</u>	<u>      57,493</u>	<u>      13,137</u>
<b>Net Change in Fund Balance</b>	<u>\$   (46,000)</u>	<u>\$   (48,665)</u>	<u>\$    21,483</u>	<u>\$    71,006</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$    46,000</u>	<u>\$    48,665</u>		

# STATISTICAL SECTION



**Town of Surfside, Florida**  
***Introduction to Statistical Section***  
***(Unaudited)***

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This part of the Town of Surfside, Florida's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

**Contents**

***Exhibits***

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**Financial Trends**

These tables contain trend information that may assist the reader in assessing the Town's current financial performance by placing it in historical perspective.

I - XII

**Revenue Capacity**

These tables contain information that may assist the reader in assessing the viability of the Town's most significant "own-source" revenue source, property taxes.

XIII - XVII

**Debt Capacity**

These tables present information that may assist the reader in analyzing the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. However, the Town does not have any outstanding general obligation bonded debt.

XVIII - XX

**Demographic and Economic Information**

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Town operates and (2) to provide information that facilitates comparisons of financial statement information over time and among towns.

XXI - XXIV

**Operating Information**

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the Town's financial statements relates to the services the Town provides and the activities it performs.

XXV

***Data Source:***

Unless otherwise noted, the information in these tables is derived from the financial statements/comprehensive annual financial report for the applicable year.



**Town of Surfside, Florida**  
**Changes in Net Position - Governmental Activities (Unaudited)**  
**Last Ten Fiscal Years <sup>1</sup>**  
**(accrual basis of accounting)**

**For the Fiscal Year Ended September 30,**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Expenses:</b>										
General government	\$ 2,464,164	\$ 4,016,141	\$ 3,586,294	\$ 3,933,155	\$ 2,844,246	\$ 2,404,067	\$ 2,791,917	\$ 3,117,750	\$ 3,555,197	\$ 3,329,275
Public safety	2,664,931	3,029,368	3,599,072	3,703,961	4,094,093	3,786,485	4,099,678	4,418,680	4,404,897	5,003,628
Public works	909,393	1,161,599	959,705	848,334	961,381	803,147	829,383	980,590	1,034,890	1,266,810
Leisure services	1,247,493	1,460,284	1,238,174	1,748,556	1,558,000	1,086,071	1,139,460	1,691,572	1,767,787	1,688,945
Tourism development	131,335	146,885	89,635	-	-	-	-	-	-	-
Transportation	37,034	53,941	-	173,759	114,121	105,682	124,500	138,815	168,417	209,373
Interest	-	-	-	-	-	-	-	4,754	6,045	5,787
<b>Total Expenses</b>	<b>7,454,350</b>	<b>9,868,218</b>	<b>9,472,880</b>	<b>10,407,765</b>	<b>9,571,841</b>	<b>8,185,452</b>	<b>8,984,938</b>	<b>10,352,161</b>	<b>10,937,233</b>	<b>11,503,818</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	370,259	257,767	340,597	169,749	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974
Public safety	180,367	150,781	205,692	287,324	199,614	-	479,795	626,372	645,803	777,293
Leisure services	359,731	391,914	162,549	125,120	123,327	144,757	166,570	387,170	404,443	608,316
Transportation	-	-	-	-	-	-	516	-	-	-
Operating grants and contributions	-	350,165	316,547	325,309	269,317	382,635	401,300	245,305	271,588	523,432
Capital grants and contributions	-	-	-	-	-	-	1,275	-	350,000	1,395,000
<b>Total Program Revenues</b>	<b>910,357</b>	<b>1,150,627</b>	<b>1,025,385</b>	<b>907,502</b>	<b>790,762</b>	<b>901,948</b>	<b>1,509,005</b>	<b>2,533,793</b>	<b>3,067,827</b>	<b>5,510,015</b>
<b>Net (Expense) Revenue</b>	<b>(6,543,993)</b>	<b>(8,717,591)</b>	<b>(8,447,495)</b>	<b>(9,500,263)</b>	<b>(8,781,079)</b>	<b>(7,283,504)</b>	<b>(7,475,933)</b>	<b>(7,818,368)</b>	<b>(7,869,406)</b>	<b>(5,993,803)</b>
<b>General Revenues:</b>										
Taxes:										
Property taxes	4,735,259	5,846,079	7,377,056	6,292,755	6,325,721	5,323,728	5,619,494	5,264,387	5,257,726	5,660,551
Resort taxes	505,346	546,264	477,563	424,279	366,867	390,873	435,175	344,063	343,733	677,079
Franchise fees based on gross receipts	385,984	470,541	453,901	463,823	416,728	414,835	416,277	399,621	394,613	442,572
Utility taxes	717,418	446,933	457,905	438,335	66,825	120,307	470,350	471,994	503,592	553,407
Communications services tax	-	281,143	272,870	337,348	385,486	343,440	353,667	325,102	298,019	282,169
Unrestricted intergovernmental revenues	590,402	662,034	584,219	519,837	862,137	905,255	657,120	639,582	638,944	681,956
Unrestricted investment earnings (losses)	263,603	563,494	639,616	194,695	(36,049)	98,208	37,368	62,782	30,399	-
Miscellaneous	58,743	544,216	57,941	49,503	81,280	56,481	138,283	205,832	241,930	396,138
<b>Total General Revenues</b>	<b>7,256,755</b>	<b>9,360,704</b>	<b>10,321,071</b>	<b>8,720,575</b>	<b>8,468,995</b>	<b>7,653,127</b>	<b>8,127,734</b>	<b>7,713,363</b>	<b>7,708,956</b>	<b>8,693,872</b>
<b>Net Transfers In (Out)</b>	<b>(258,833)</b>	<b>(284,134)</b>	<b>-</b>	<b>(110,940)</b>	<b>121,893</b>	<b>208,502</b>	<b>212,172</b>	<b>26,329</b>	<b>402,278</b>	<b>189,770</b>
<b>Total General Revenues and Net Transfers</b>	<b>6,997,922</b>	<b>9,076,570</b>	<b>10,321,071</b>	<b>8,609,635</b>	<b>8,590,888</b>	<b>7,861,629</b>	<b>8,339,906</b>	<b>7,739,692</b>	<b>8,111,234</b>	<b>8,883,642</b>
<b>Change in Net Position</b>	<b>\$ 453,929</b>	<b>\$ 358,979</b>	<b>\$ 1,873,576</b>	<b>\$ (890,628)</b>	<b>\$ (190,191)</b>	<b>\$ 578,125</b>	<b>\$ 863,973</b>	<b>\$ (78,676)</b>	<b>\$ 241,828</b>	<b>\$ 2,889,839</b>

**Data Source:**

Applicable years' comprehensive annual financial report.

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

**Town of Surfside, Florida**  
**Changes in Net Position- Governmental Activities - Percentage of Total (Unaudited)**  
**Last Ten Fiscal Years <sup>1</sup>**  
**(accrual basis of accounting)**

	For the Fiscal Year Ended September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
General government	33.1%	40.7%	37.9%	37.8%	29.7%	29.4%	31.1%	30.1%	32.5%	28.9%
Public safety	35.8%	30.7%	38.0%	35.6%	42.8%	46.3%	45.6%	42.7%	40.3%	43.5%
Public works	12.2%	11.8%	10.1%	8.2%	10.0%	9.8%	9.2%	9.5%	9.5%	11.0%
Leisure services	16.7%	14.8%	13.1%	16.8%	16.3%	13.3%	12.7%	16.3%	16.2%	14.7%
Tourism development	1.8%	1.5%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation	0.5%	0.5%	0.0%	1.7%	1.2%	1.3%	1.4%	1.4%	1.5%	1.8%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	40.7%	22.4%	33.2%	18.7%	25.1%	41.5%	30.5%	50.3%	45.5%	40.0%
Public safety	19.8%	13.1%	20.1%	31.7%	25.2%	0.0%	31.8%	24.7%	21.1%	14.1%
Leisure services	39.5%	34.1%	15.9%	13.8%	15.6%	16.0%	11.0%	15.3%	13.2%	11.0%
Operating grants and contributions	0.0%	30.4%	30.9%	35.8%	34.1%	42.5%	26.7%	9.7%	8.9%	9.6%
Capital grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	25.3%
<b>Total Program Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>General Revenues:</b>										
Taxes:										
Property taxes	65.3%	62.5%	71.5%	72.2%	74.7%	69.6%	69.1%	68.3%	68.2%	65.1%
Resort taxes	7.0%	5.8%	4.6%	4.9%	4.3%	5.1%	5.4%	4.5%	4.5%	7.8%
Franchise fees based on gross receipts	5.3%	5.0%	4.4%	5.3%	4.9%	5.4%	5.1%	5.2%	5.1%	5.1%
Utility taxes	9.9%	4.8%	4.4%	5.0%	0.8%	1.6%	5.8%	6.1%	6.5%	6.4%
Communications services tax	0.0%	3.0%	2.6%	3.9%	4.6%	4.5%	4.4%	4.2%	3.9%	3.2%
Unrestricted intergovernmental revenues	8.1%	7.1%	5.7%	6.0%	10.2%	11.8%	8.1%	8.3%	8.3%	7.8%
Unrestricted investment earnings (losses)	3.6%	6.0%	6.2%	2.2%	-0.4%	1.3%	0.5%	0.8%	0.4%	0.0%
Miscellaneous	0.8%	5.8%	0.6%	0.5%	0.9%	0.7%	1.6%	2.6%	3.1%	4.6%
<b>Total General Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
*Changes in Net Position - Business-type Activities*  
*Last Ten Fiscal Years <sup>1</sup>*  
*(accrual basis of accounting)*

For the Fiscal Year Ended September 30,										
Source	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
Water and sewer	\$ 1,178,986	\$ 1,360,734	\$ 1,428,258	\$ 1,788,324	\$ 1,669,477	\$ 1,990,702	\$ 1,818,762	\$ 1,730,300	\$ 1,837,645	\$ 2,936,822
Municipal parking	143,472	107,555	176,715	188,086	174,680	222,108	368,497	622,208	888,502	898,121
Sanitation	920,923	1,412,283	1,172,075	1,139,619	1,018,579	949,505	1,022,897	1,073,281	1,131,680	1,347,714
Stormwater utility	62,268	82,940	100,970	115,723	128,910	114,086	122,207	130,323	144,999	349,434
<b>Total Expenses</b>	<b>2,305,649</b>	<b>2,963,512</b>	<b>2,878,018</b>	<b>3,231,752</b>	<b>2,991,646</b>	<b>3,276,401</b>	<b>3,332,363</b>	<b>3,556,112</b>	<b>4,002,826</b>	<b>5,532,091</b>
<b>Program Revenues:</b>										
Charges for services:										
Water and sewer	1,555,453	1,521,173	1,512,757	1,352,247	1,966,915	2,518,218	2,876,010	2,785,348	2,632,046	2,917,357
Municipal parking	335,327	282,430	288,959	296,600	394,975	404,293	679,970	893,026	1,056,467	1,028,740
Sanitation	750,510	806,053	798,028	782,024	1,251,695	1,244,547	1,231,887	1,219,689	1,238,942	1,217,681
Stormwater utility	115,407	115,324	114,134	114,219	243,775	247,002	501,655	502,972	499,705	497,300
Operating grants and contributions	12,952	333,674	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	761	12,500	-	-	567,710	276,844	1,086,000	-
<b>Total Program Revenues</b>	<b>2,769,649</b>	<b>3,058,654</b>	<b>2,714,639</b>	<b>2,557,590</b>	<b>3,857,360</b>	<b>4,414,060</b>	<b>5,857,232</b>	<b>5,677,879</b>	<b>6,513,160</b>	<b>5,661,078</b>
<b>Net (Expense) Revenue</b>	<b>464,000</b>	<b>95,142</b>	<b>(163,379)</b>	<b>(674,162)</b>	<b>865,714</b>	<b>1,137,659</b>	<b>2,524,869</b>	<b>2,121,767</b>	<b>2,510,334</b>	<b>128,987</b>
<b>General Revenues:</b>										
Investment earnings	82,036	151,372	201,052	101,307	2,569	15,622	15,130	14,790	(13,811)	139
Capital contributions	-	-	-	-	-	108,947	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	2,361
Net Transfers	258,833	285,656	-	110,940	(121,893)	(208,502)	(212,172)	(26,329)	(402,278)	(189,770)
<b>Total General Revenues</b>	<b>340,869</b>	<b>437,028</b>	<b>201,052</b>	<b>212,247</b>	<b>(119,324)</b>	<b>(83,933)</b>	<b>(197,042)</b>	<b>(11,539)</b>	<b>(416,089)</b>	<b>(187,270)</b>
<b>Change in Net Position</b>	<b>\$ 804,869</b>	<b>\$ 532,170</b>	<b>\$ 37,673</b>	<b>\$ (461,915)</b>	<b>\$ 746,390</b>	<b>\$ 1,053,726</b>	<b>\$ 2,327,827</b>	<b>\$ 2,110,228</b>	<b>\$ 2,094,245</b>	<b>\$ (58,283)</b>

**Data Source:**

Applicable years' comprehensive annual financial report.

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

**Town of Surfside, Florida**  
**Changes in Total Net Position**  
**Last Ten Fiscal Years <sup>3</sup>**  
**(accrual basis of accounting)**

	For the Fiscal Year Ended September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
Governmental activities <sup>1</sup>	\$ 7,454,350	\$ 9,868,218	\$ 9,472,880	\$ 10,407,765	\$ 9,571,841	\$ 8,185,452	\$ 8,984,938	\$ 10,352,161	\$ 10,937,233	\$ 11,467,985
Business-type activities <sup>2</sup>	2,305,649	2,963,512	2,878,018	3,231,752	2,991,646	3,276,401	3,332,363	3,556,112	4,002,826	5,532,091
<b>Total Expenses</b>	<b>9,759,999</b>	<b>12,831,730</b>	<b>12,350,898</b>	<b>13,639,517</b>	<b>12,563,487</b>	<b>11,461,853</b>	<b>12,317,301</b>	<b>13,908,273</b>	<b>14,940,059</b>	<b>17,000,076</b>
<b>Program Revenues:</b>										
Governmental activities <sup>1</sup>	910,357	1,150,627	1,025,385	907,502	790,762	901,948	1,509,005	2,533,793	3,067,827	5,510,015
Business-type activities <sup>2</sup>	2,769,649	3,058,654	2,714,639	2,557,590	3,857,360	4,414,060	5,857,232	5,677,879	6,513,160	5,661,078
<b>Total Program Revenues</b>	<b>3,680,006</b>	<b>4,209,281</b>	<b>3,740,024</b>	<b>3,465,092</b>	<b>4,648,122</b>	<b>5,316,008</b>	<b>7,366,237</b>	<b>8,211,672</b>	<b>9,580,987</b>	<b>11,171,093</b>
<b>Net (Expense) Revenue</b>	<b>(6,079,993)</b>	<b>(8,622,449)</b>	<b>(8,610,874)</b>	<b>(10,174,425)</b>	<b>(7,915,365)</b>	<b>(6,145,845)</b>	<b>(4,951,064)</b>	<b>(5,696,601)</b>	<b>(5,359,072)</b>	<b>(5,828,983)</b>
<b>General Revenues and Transfers:</b>										
Governmental activities <sup>1</sup>	6,997,922	9,076,570	10,321,071	8,609,635	8,590,888	7,861,629	8,339,906	7,739,692	8,111,234	8,847,809
Business-type activities <sup>2</sup>	340,869	437,028	201,052	212,247	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)
<b>Total General Revenues</b>	<b>7,338,791</b>	<b>9,513,598</b>	<b>10,522,123</b>	<b>8,821,882</b>	<b>8,471,564</b>	<b>7,777,696</b>	<b>8,142,864</b>	<b>7,728,153</b>	<b>7,695,145</b>	<b>8,660,539</b>
<b>Change in Net Position</b>	<b>\$ 1,258,798</b>	<b>\$ 891,149</b>	<b>\$ 1,911,249</b>	<b>\$ (1,352,543)</b>	<b>\$ 556,199</b>	<b>\$ 1,631,851</b>	<b>\$ 3,191,800</b>	<b>\$ 2,031,552</b>	<b>\$ 2,336,073</b>	<b>\$ 2,831,556</b>

**Notes:**<sup>1</sup> See Exhibit I<sup>2</sup> See Exhibit III

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

**Town of Surfside, Florida**  
**Government-wide Net Position by Category <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

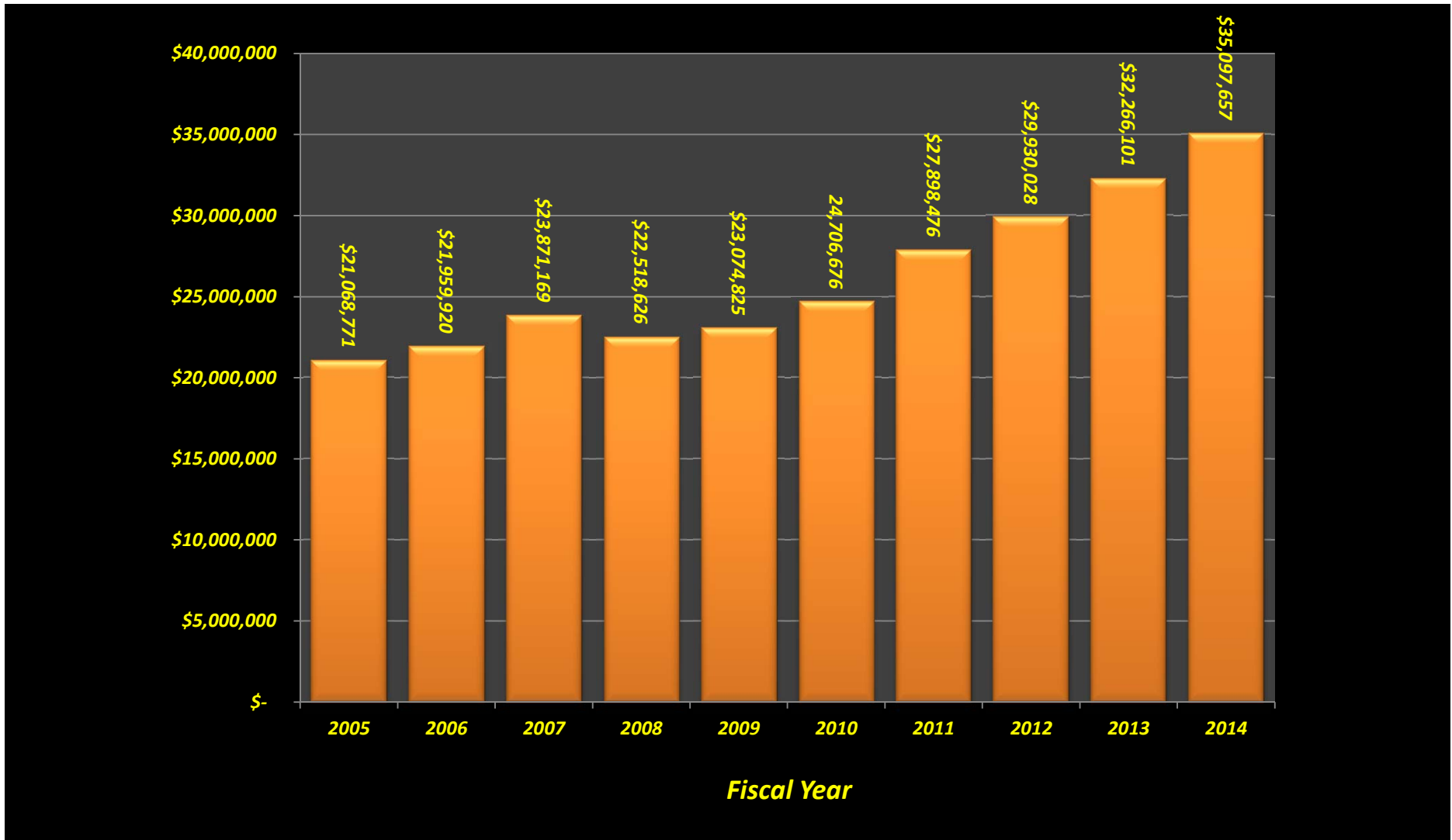
	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in										
capital assets										
Restricted	\$ 6,583,160	\$ 8,204,180	\$ 8,014,197	\$ 9,102,085	\$ 9,205,412	\$ 9,596,672	\$ 14,039,238	\$ 13,528,097	\$ 13,562,457	\$ 14,538,578
Unrestricted	3,538,145	822,422	788,412	819,427	724,122	667,360	542,516	416,070	364,115	736,441
Unrestricted	6,394,195	7,847,877	9,945,446	7,935,915	7,737,702	7,981,329	4,527,580	5,086,491	5,345,914	6,887,306
<b>Subtotal Governmental Activities Net Position</b>	<b>16,515,500</b>	<b>16,874,479</b>	<b>18,748,055</b>	<b>17,857,427</b>	<b>17,667,236</b>	<b>18,245,361</b>	<b>19,109,334</b>	<b>19,030,658</b>	<b>19,272,486</b>	<b>22,162,325</b>
<b>Business-type Activities</b>										
Net investment in										
capital assets										
Restricted	778,258	921,947	740,133	963,195	1,278,825	2,037,308	4,102,675	11,239,664	12,832,672	9,873,871
Unrestricted	342,346	343,868	343,868	1,689,815	1,358,811	1,822,858	1,822,858	1,283,916	1,607,916	1,607,916
Unrestricted	3,432,667	3,819,626	4,039,113	2,008,189	2,769,953	2,601,149	2,863,609	(1,624,210)	(1,446,973)	1,453,545
<b>Subtotal Business-type Activities Net Position</b>	<b>4,553,271</b>	<b>5,085,441</b>	<b>5,123,114</b>	<b>4,661,199</b>	<b>5,407,589</b>	<b>6,461,315</b>	<b>8,789,142</b>	<b>10,899,370</b>	<b>12,993,615</b>	<b>12,935,332</b>
<b>Primary Government</b>										
Net investment in										
capital assets										
Restricted	7,361,418	9,126,127	8,754,330	10,065,280	10,484,237	11,633,980	18,141,913	24,767,761	26,395,129	24,412,449
Unrestricted	3,880,491	1,166,290	1,132,280	2,509,242	2,082,933	2,490,218	2,365,374	1,699,986	1,972,031	2,344,357
Unrestricted	9,826,862	11,667,503	13,984,559	9,944,104	10,507,655	10,582,478	7,391,189	3,462,281	3,898,941	8,340,851
<b>Total Primary Government Net Position</b>	<b>\$ 21,068,771</b>	<b>\$ 21,959,920</b>	<b>\$ 23,871,169</b>	<b>\$ 22,518,626</b>	<b>\$ 23,074,825</b>	<b>\$ 24,706,676</b>	<b>\$ 27,898,476</b>	<b>\$ 29,930,028</b>	<b>\$ 32,266,101</b>	<b>\$ 35,097,657</b>

Notes:

<sup>1</sup> Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Florida or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the Town. There are no restrictions currently reported as a result of enabling legislation.

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

**Town of Surfside, Florida**  
**Chart-Total Government-wide Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



**Town of Surfside, Florida**  
**General Governmental Revenues by Source (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

For the Fiscal Year Ended September 30,										
Revenue Source	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Amounts										
Taxes	\$ 6,344,007	\$ 7,590,960	\$ 9,039,295	\$ 7,956,540	\$ 7,561,627	\$ 6,936,623	\$ 7,294,963	\$ 6,984,747	\$ 6,977,949	\$ 7,969,540
Intergovernmental	788,467	1,008,198	858,405	887,507	1,131,454	745,540	967,988	830,878	844,891	1,126,412
Licenses and permits	259,024	256,007	340,597	169,749	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974
Charges for services	356,725	391,537	162,549	125,120	123,327	144,757	166,183	207,563	224,177	254,554
Fines and forfeitures	311,961	156,755	205,692	287,324	199,614	190,243	570,227	678,567	711,444	856,269
Developer fees	-	-	-	-	-	-	-	-	350,000	1,395,000
Investment earnings	263,603	563,494	639,616	194,695	(36,049)	103,576	39,545	58,819	30,399	-
Miscellaneous	59,941	544,379	57,941	49,503	96,289	59,781	138,283	211,636	244,234	399,359
<b>Total Revenues</b>	<b>\$ 8,383,728</b>	<b>\$ 10,511,330</b>	<b>\$ 11,304,095</b>	<b>\$ 9,670,438</b>	<b>\$ 9,274,766</b>	<b>\$ 8,555,076</b>	<b>\$ 9,636,738</b>	<b>\$ 10,247,156</b>	<b>\$ 10,779,087</b>	<b>\$ 14,207,108</b>
<b>% change from prior year</b>	<b>5.5%</b>	<b>25.4%</b>	<b>7.5%</b>	<b>-14.5%</b>	<b>-4.1%</b>	<b>-7.8%</b>	<b>12.6%</b>	<b>6.3%</b>	<b>5.2%</b>	<b>31.8%</b>
Percentages										
Taxes	75.7%	72.2%	80.0%	82.3%	81.5%	81.1%	75.7%	68.2%	64.7%	56.1%
Intergovernmental	9.4%	9.6%	7.6%	9.2%	12.2%	8.7%	10.0%	8.1%	7.8%	7.9%
Licenses and permits	3.1%	2.4%	3.0%	1.8%	2.1%	4.4%	4.8%	12.4%	13.0%	15.5%
Charges for services	4.3%	3.7%	1.4%	1.3%	1.3%	1.7%	1.7%	2.0%	2.1%	1.8%
Fines and forfeitures	3.7%	1.5%	1.8%	3.0%	2.3%	2.2%	5.9%	6.6%	6.6%	6.0%
Developer fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	9.8%
Investment earnings	3.1%	5.4%	5.7%	2.0%	-0.4%	1.2%	0.4%	0.6%	0.3%	0.0%
Miscellaneous	0.7%	5.2%	0.5%	0.4%	1.0%	0.7%	1.4%	2.1%	2.3%	2.9%
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

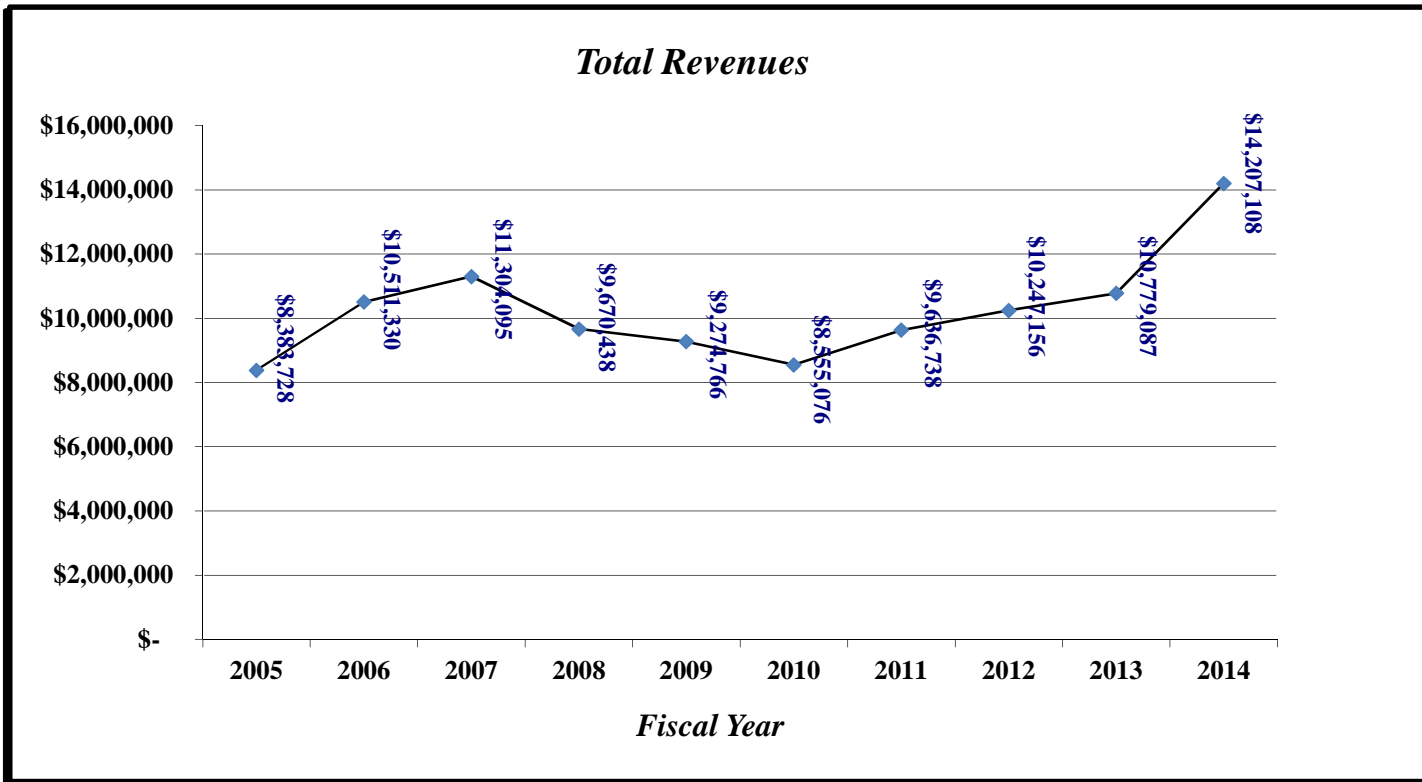
**Notes:**

<sup>1</sup> Includes all governmental fund types.

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
*Chart-Total General Governmental Revenues (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*





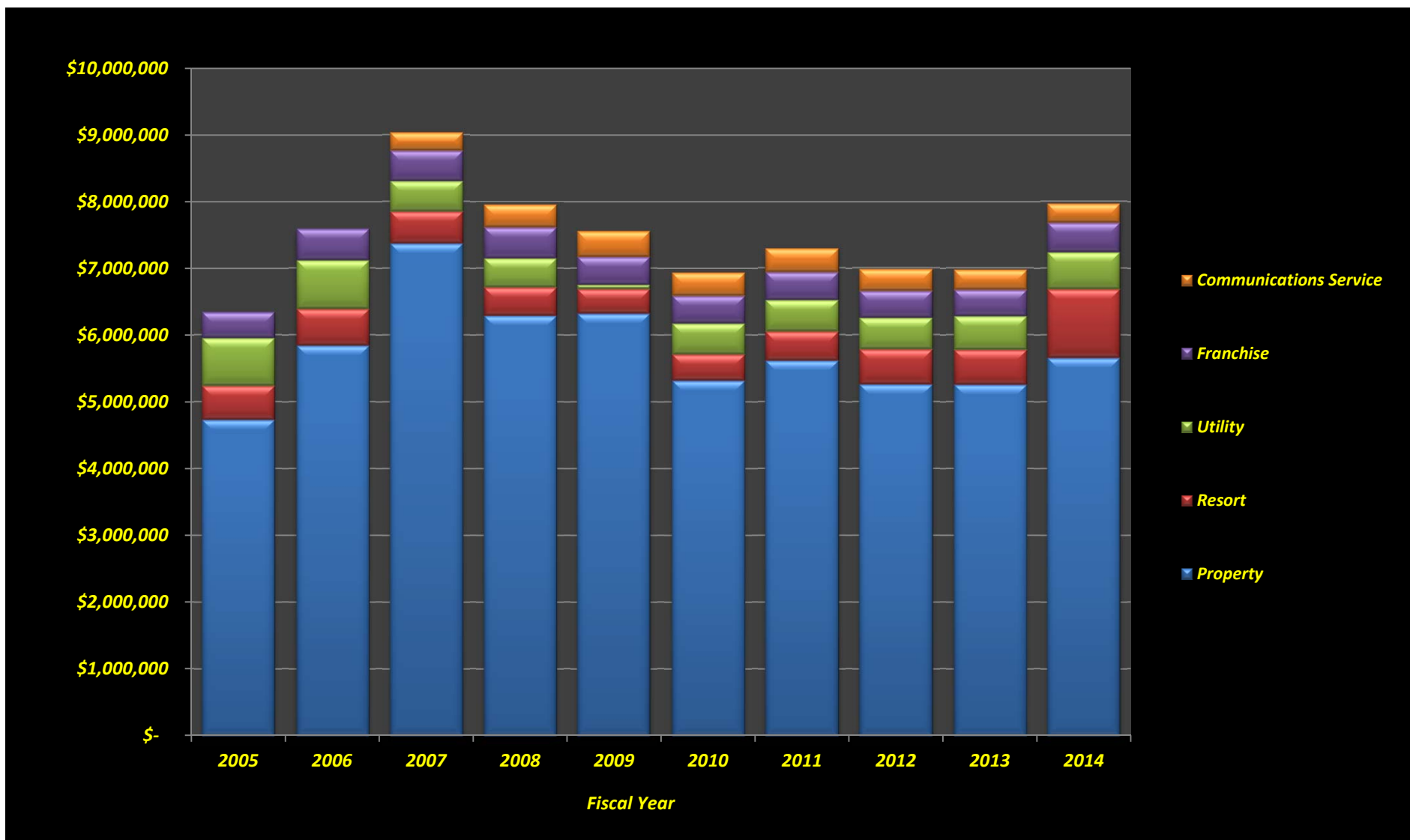
**Town of Surfside, Florida**  
**Tax Revenues by Source - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>For The Fiscal Year Ended September 30,</b>	<b>Property</b>	<b>Resort</b>	<b>Utility</b>	<b>Franchise</b>	<b>Communications Service</b>	<b>Total</b>
<b>Amounts</b>						
2005	\$ 4,735,259	\$ 505,346	\$ 717,418	\$ 385,984	\$ -	\$ 6,344,007
2006	5,846,079	546,264	728,076	470,541	-	7,590,960
2007	7,377,056	477,563	457,905	453,901	272,870	9,039,295
2008	6,292,755	424,279	438,335	463,823	337,348	7,956,540
2009	6,325,721	366,867	66,825	416,728	385,486	7,561,627
2010	5,323,728	390,873	463,747	414,835	343,440	6,936,623
2011	5,619,494	435,175	470,350	416,277	353,667	7,294,963
2012	5,264,387	523,643	471,994	399,621	325,102	6,984,747
2013	5,257,726	523,999	503,592	394,613	298,019	6,977,949
2014	5,660,551	1,030,841	553,407	442,572	282,169	7,969,540
<b>% Change in Dollars Over 10 Years</b>	<u>19.5%</u>	<u>104.0%</u>	<u>-22.9%</u>	<u>14.7%</u>	<u>3.4%</u>	<u>25.6%</u>
<b>Percentage of Total</b>						
2005	74.6%	8.0%	11.3%	6.1%	0.0%	100.0%
2006	77.0%	7.2%	9.6%	6.2%	0.0%	100.0%
2007	81.6%	5.3%	5.1%	5.0%	3.0%	100.0%
2008	79.1%	5.3%	5.5%	5.8%	4.2%	100.0%
2009	83.7%	4.9%	0.9%	5.5%	5.1%	100.0%
2010	76.7%	5.6%	6.7%	6.0%	5.0%	100.0%
2011	77.0%	6.0%	6.4%	5.7%	4.8%	100.0%
2012	75.4%	7.5%	6.8%	5.7%	4.6%	100.0%
2013	75.3%	7.5%	7.2%	5.7%	4.6%	100.0%
2014	71.0%	12.9%	6.9%	5.6%	3.6%	100.0%

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
*Chart-Tax Revenues by Source - Governmental Funds (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*



**Town of Surfside, Florida**  
**General Governmental Expenditures by Function (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

For the Fiscal Year Ended September 30,										
Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Current:</b>										
General government	\$ 2,763,146	\$ 4,556,094	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046	\$ 3,072,346
Public safety	2,537,447	2,870,994	3,501,367	3,584,295	3,928,491	3,648,766	3,957,265	3,990,274	4,507,840	4,842,491
Public works	882,428	869,936	833,631	749,358	855,526	695,642	720,888	873,549	925,189	1,000,599
Leisure services	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449	1,123,446	1,529,608	1,581,992	1,629,392
Transportation	-	-	76,722	159,979	99,476	91,037	106,292	117,044	123,254	142,272
<b>Total Current</b>	<b>7,165,395</b>	<b>9,424,974</b>	<b>9,105,711</b>	<b>9,610,094</b>	<b>9,038,524</b>	<b>7,728,448</b>	<b>8,211,414</b>	<b>9,428,240</b>	<b>10,526,321</b>	<b>10,687,100</b>
<b>% Change From Prior Year</b>	<b>12.1%</b>	<b>31.5%</b>	<b>-3.4%</b>	<b>5.5%</b>	<b>-5.9%</b>	<b>-14.5%</b>	<b>6.2%</b>	<b>14.8%</b>	<b>11.6%</b>	<b>1.5%</b>
<b>Capital Outlay</b>	<b>474,141</b>	<b>1,979,702</b>	<b>321,287</b>	<b>1,903,727</b>	<b>611,486</b>	<b>877,372</b>	<b>5,157,666</b>	<b>650,979</b>	<b>591,077</b>	<b>1,619,235</b>
<b>% Change From Prior Year</b>	<b>-33.5%</b>	<b>317.5%</b>	<b>-83.8%</b>	<b>492.5%</b>	<b>-67.9%</b>	<b>43.5%</b>	<b>487.9%</b>	<b>-87.4%</b>	<b>-9.2%</b>	<b>173.9%</b>
<b>Debt Service</b>										
Principal	-	-	-	-	-	-	-	72,944	123,380	138,236
Interest	-	-	-	-	-	-	-	4,754	6,045	5,787
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,698</b>	<b>129,425</b>	<b>144,023</b>
<b>% Change From Prior Year</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Total Expenditures</b>	<b>\$ 7,639,536</b>	<b>\$ 11,404,676</b>	<b>\$ 9,426,998</b>	<b>\$ 11,513,821</b>	<b>\$ 9,650,010</b>	<b>\$ 8,605,820</b>	<b>\$ 13,369,080</b>	<b>\$ 10,156,917</b>	<b>\$ 11,246,823</b>	<b>\$ 12,450,358</b>
<b>% Change From Prior Year</b>	<b>7.5%</b>	<b>49.3%</b>	<b>-17.3%</b>	<b>22.1%</b>	<b>-16.2%</b>	<b>-10.8%</b>	<b>55.3%</b>	<b>-24.0%</b>	<b>10.7%</b>	<b>10.7%</b>
<b>Debt Service as a % of Noncapital Expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.2%</b>	<b>1.5%</b>

**Notes:**

<sup>1</sup> Includes all governmental fund types.

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
**General Governmental Current Expenditures by Function (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

**For the Fiscal Year Ended September 30,**

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Current:</b>										
General government	\$ 2,763,146	\$ 4,556,094	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046	\$ 3,072,346
Public safety	2,537,447	2,870,994	3,501,367	3,584,295	3,928,491	3,648,766	3,957,265	3,990,274	4,507,840	4,842,491
Physical environment	882,428	869,936	833,631	749,358	855,526	695,642	720,888	873,549	925,189	1,000,599
Leisure services	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449	1,123,446	1,529,608	1,581,992	1,629,392
Transportation	-	-	76,722	159,979	99,476	91,037	106,292	117,044	123,254	142,272
<b>Total Current</b>	<b>\$ 7,165,395</b>	<b>\$ 9,424,974</b>	<b>\$ 9,105,711</b>	<b>\$ 9,610,094</b>	<b>\$ 9,038,524</b>	<b>\$ 7,728,448</b>	<b>\$ 8,211,414</b>	<b>\$ 9,428,240</b>	<b>\$ 10,526,321</b>	<b>\$ 10,687,100</b>

**For the Fiscal Year Ended September 30,**

<b>Current:</b>										
General government	38.6%	48.3%	39.0%	39.8%	29.9%	30.0%	28.1%	30.9%	32.2%	28.7%
Public safety	35.4%	30.5%	38.5%	37.3%	43.5%	47.2%	48.2%	42.3%	42.8%	45.3%
Physical environment	12.3%	9.2%	9.2%	7.8%	9.5%	9.0%	8.8%	9.3%	8.8%	9.4%
Leisure services	13.7%	12.0%	12.6%	13.4%	16.1%	12.6%	13.7%	16.2%	15.0%	15.2%
Transportation	0.0%	0.0%	0.7%	1.7%	1.0%	1.2%	1.3%	1.3%	1.3%	1.4%
<b>Total Current</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

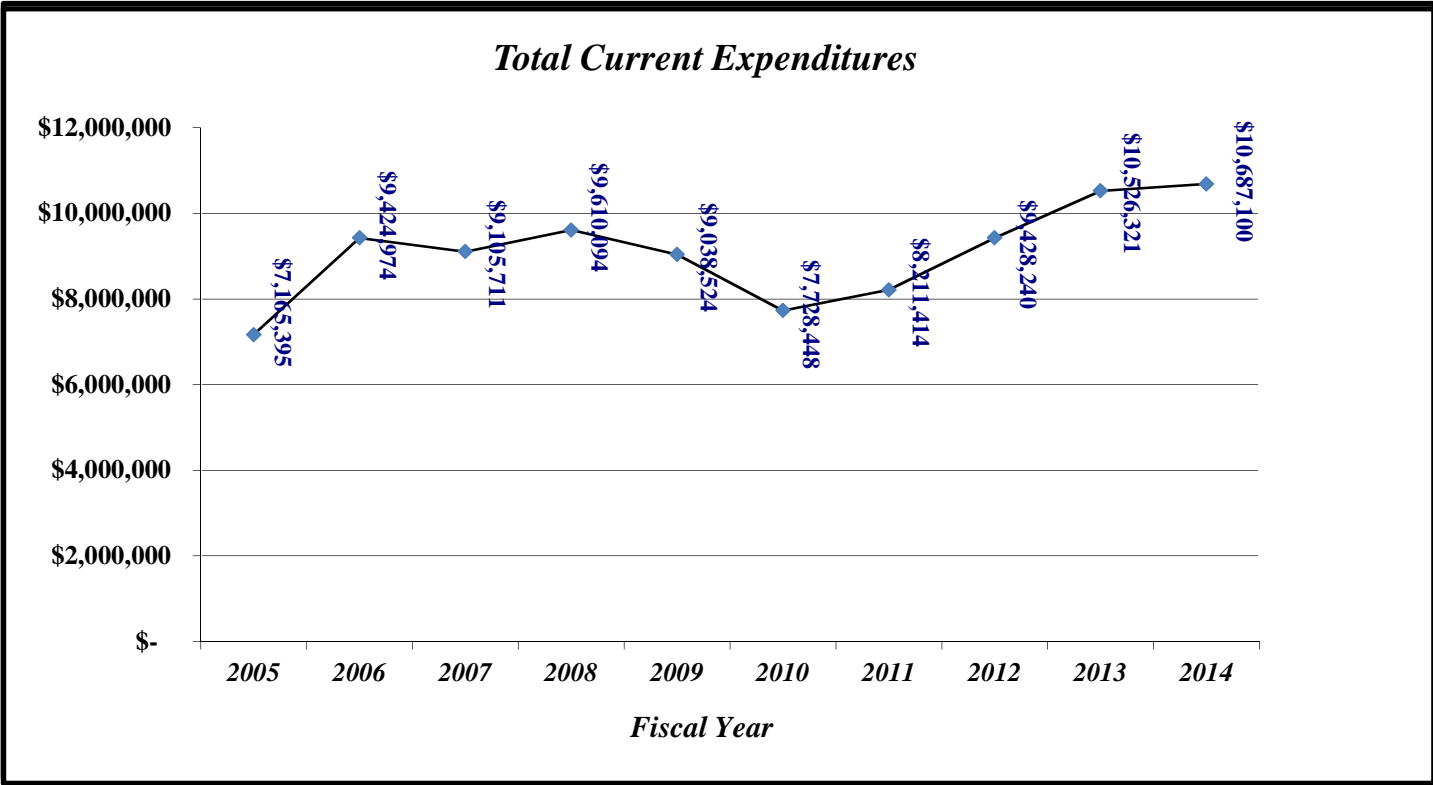
**Notes:**

<sup>1</sup> Includes all governmental fund types.

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
*Chart-Total General Governmental Current Expenditures (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*



**Town of Surfside, Florida**  
**Summary of Changes in Fund Balances - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Total Revenues</b>	\$ 8,383,728	\$ 10,511,330	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076	\$ 9,636,738	\$ 10,247,156	\$ 10,779,087	\$ 14,207,108
<b>Total Expenditures</b>	7,639,536	11,404,676	9,426,998	11,513,821	9,650,010	8,605,820	13,369,080	10,156,917	11,246,823	12,450,358
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	744,192	(893,346)	1,877,097	(1,843,383)	(375,244)	(50,744)	(3,732,342)	90,239	(467,736)	1,756,750
<b>Other Financing Sources (Uses)</b>										
Inception of capital leases	-	-	-	-	-	-	-	500,074	-	82,559
Transfers in	56,926	-	161,738	2,665,101	232,878	5,239,461	356,532	394,565	411,560	654,770
Transfers out	(315,759)	(284,134)	(161,738)	(2,776,041)	(110,985)	(5,030,959)	(144,360)	(368,236)	(9,282)	(465,000)
<b>Total Other Financing Sources (Uses)</b>	(258,833)	(284,134)	-	(110,940)	121,893	208,502	212,172	526,403	402,278	272,329
<b>Net Change in Fund Balances</b>	\$ 485,359	\$ (1,177,480)	\$ 1,877,097	\$ (1,954,323)	\$ (253,351)	\$ 157,758	\$ (3,520,170)	\$ 616,642	\$ (65,458)	\$ 2,029,079

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
**Chart-Changes in Fund Balances - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*



Town of Surfside, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2005 - 2009
(modified accrual basis of accounting)

Table with columns for years 2005-2009 and rows for General Fund, All Other Governmental Funds, and Total Governmental Funds. Includes sub-rows for Reserved and Unreserved amounts and percentage changes from prior years.

Notes:

The Town implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions, in Fiscal Year 2010 (see Exhibit XII). The Town did not restate the prior years.

Data Source:

Applicable years' comprehensive annual financial report.



**Town of Surfside, Florida**  
**Fund Balances - Governmental Funds (Unaudited)**  
**Fiscal Years 2010 - 2014**  
*(modified accrual basis of accounting)*

	September 30,				
	2010	2011	2012	2013	2014
<b>General Fund:</b>					
Assigned to:					
Emergencies and cash flows	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Subsequent years' expenditures	-	95,175	-	-	-
Nonspendable:					
Prepaid items	107,171	109,532	144,738	152,767	162,118
Asset held for resale	188,000	-	-	-	-
Unassigned	867,867	2,051,608	3,121,636	3,151,275	4,204,273
<b>Total General Fund</b>	<b>3,163,038</b>	<b>4,256,315</b>	<b>5,266,374</b>	<b>5,304,042</b>	<b>6,366,391</b>
<b>General Fund % Change From Prior Year</b>	<b>-56.5%</b>	<b>34.6%</b>	<b>23.7%</b>	<b>0.7%</b>	<b>20.0%</b>
<b>All Other Governmental Funds:</b>					
Nonspendable:					
Prepaid items	-	-	-	-	222
Restricted for:					
Tourism	179,035	184,867	171,496	94,497	180,075
Transportation surtax	416,500	239,760	122,302	131,475	396,740
Police forfeiture	71,825	117,889	122,272	138,143	159,626
Committed to:					
Capital projects	4,201,479	-	-	-	-
Assigned to:					
Capital projects	686,878	399,754	132,783	255,263	849,445
<b>Total All Other Governmental Funds:</b>	<b>5,555,717</b>	<b>942,270</b>	<b>548,853</b>	<b>619,378</b>	<b>1,586,108</b>
<b>All Other Governmental Funds % Change From Prior Year</b>	<b>339.0%</b>	<b>-100.0%</b>	<b>-41.8%</b>	<b>12.8%</b>	<b>156.1%</b>
<b>Total Governmental Funds</b>	<b>\$ 8,718,755</b>	<b>\$ 5,198,585</b>	<b>\$ 5,815,227</b>	<b>\$ 5,923,420</b>	<b>\$ 7,952,499</b>
<b>All Governmental Funds % Change From Prior Year</b>	<b>1.8%</b>	<b>-100.0%</b>	<b>11.9%</b>	<b>1.9%</b>	<b>34.3%</b>

**Notes:**

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2010. The Town did not restate the prior years.

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Surfside, Florida**  
**Taxable Assessed Value - Real and Personal Property (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property		Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate <sup>2</sup>	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
2005	\$ 922,780,341	16.8%	\$ 13,798,601	-0.7%	\$ 936,578,942	5.6030	16.5%
2006	1,130,237,073	22.5%	16,959,267	22.9%	1,147,196,340	5.6030	22.5%
2007	1,434,501,842	26.9%	15,720,579	-7.3%	1,450,222,421	5.6000	26.4%
2008	1,644,730,371	14.7%	15,702,111	-0.1%	1,660,432,482	4.2500	14.5%
2009	1,513,235,324	-8.0%	18,434,095	17.4%	1,531,669,419	5.3580	-7.8%
2010	1,270,680,301	-16.0%	12,720,930	-31.0%	1,283,401,231	4.7332	-16.2%
2011	1,050,695,131	-17.3%	12,264,492	-3.6%	1,062,959,623	5.9499	-17.2%
2012	1,005,246,014	-4.3%	12,412,260	1.2%	1,017,658,274	5.5000	-4.3%
2013	1,049,846,041	4.4%	12,350,185	-0.5%	1,062,196,226	5.3000	4.4%
2014	1,130,937,104	7.7%	13,134,146	6.3%	1,144,071,250	5.2000	7.7%
*	\$ 1,246,513,300		\$ 14,751,542		\$ 1,261,264,841		
**	22.6%		-4.8%		22.2%		

\* Dollar average for ten years.

\*\* Percentage change in dollars over ten years.

**Notes:**

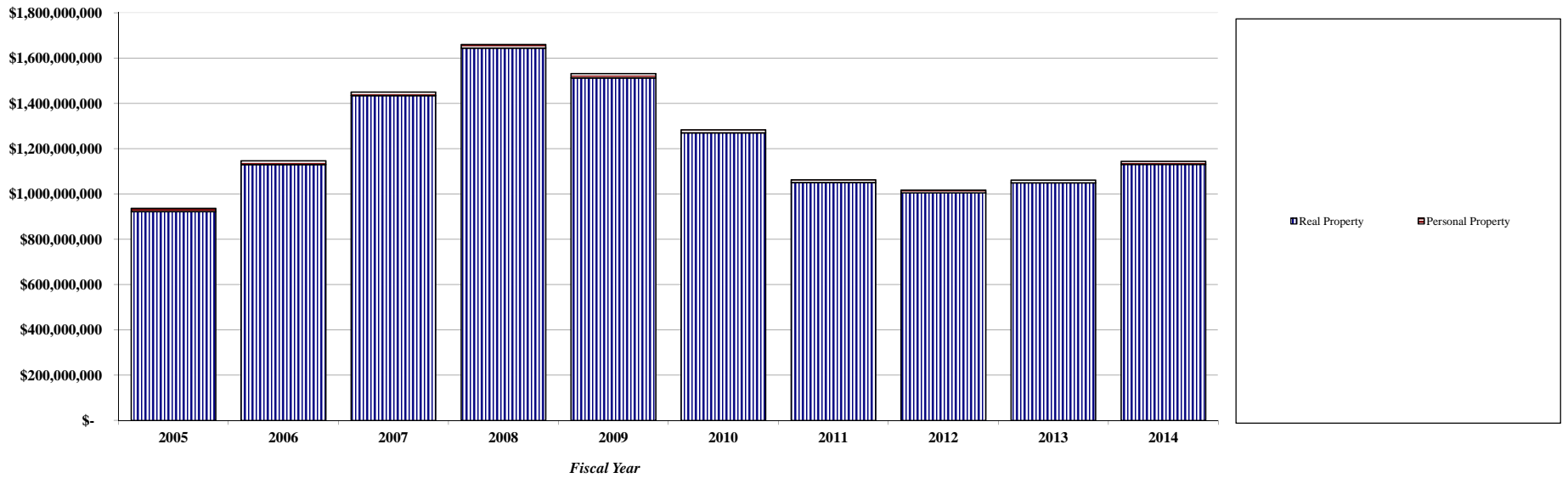
<sup>1</sup> All property is assessed at 100% of fair market value.

<sup>2</sup> Tax rates expressed in rate per \$1,000

**Data Source:**

Miami-Dade County Property Appraiser

Town of Surfside, Florida  
Chart-Total Assessed Value (Unaudited)  
Last Ten Calendar Years  
(modified accrual basis of accounting)



**Town of Surfside, Florida**  
**Direct and Overlapping Property Tax Rates (Unaudited)**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed taxable value)*

**Overlapping Rates <sup>1</sup>**

Fiscal Year	Direct	Miami-Dade County			Miami-Dade County School Board			Water Management District	Environmental Project	Special District <sup>2</sup>	Children's Trust	Fire and Rescue	Fire Debt	Total Direct and Overlapping Millage
	City Operating Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage							
2005	5.6030	5.9350	0.2850	6.2200	8.0900	0.5970	8.6870	0.5970	0.1000	0.0385	0.4442	2.5920	0.0690	24.3507
2006	5.6030	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	0.5970	0.1000	0.0385	0.4288	2.6090	0.0520	23.9863
2007	5.6000	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	0.5970	0.1000	0.0385	0.4223	2.6090	0.0420	23.4138
2008	4.2500	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0894	0.0345	0.4223	2.2067	0.0420	20.3921
2009	4.7332	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0894	0.0345	0.4212	2.1851	0.0420	20.9599
2010	4.7332	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0894	0.0345	0.5000	2.1851	0.0420	21.2367
2011	5.5000	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0624	0.0345	0.5000	2.4496	0.0131	22.0285
2012	5.3000	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0613	0.0345	0.5000	2.4496	0.0131	21.7126
2013	5.2000	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0587	0.0345	0.5000	2.4496	0.0127	21.7103
2014	5.0293	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0548	0.2062	0.5000	2.4207	0.0114	21.4710

**Notes:**

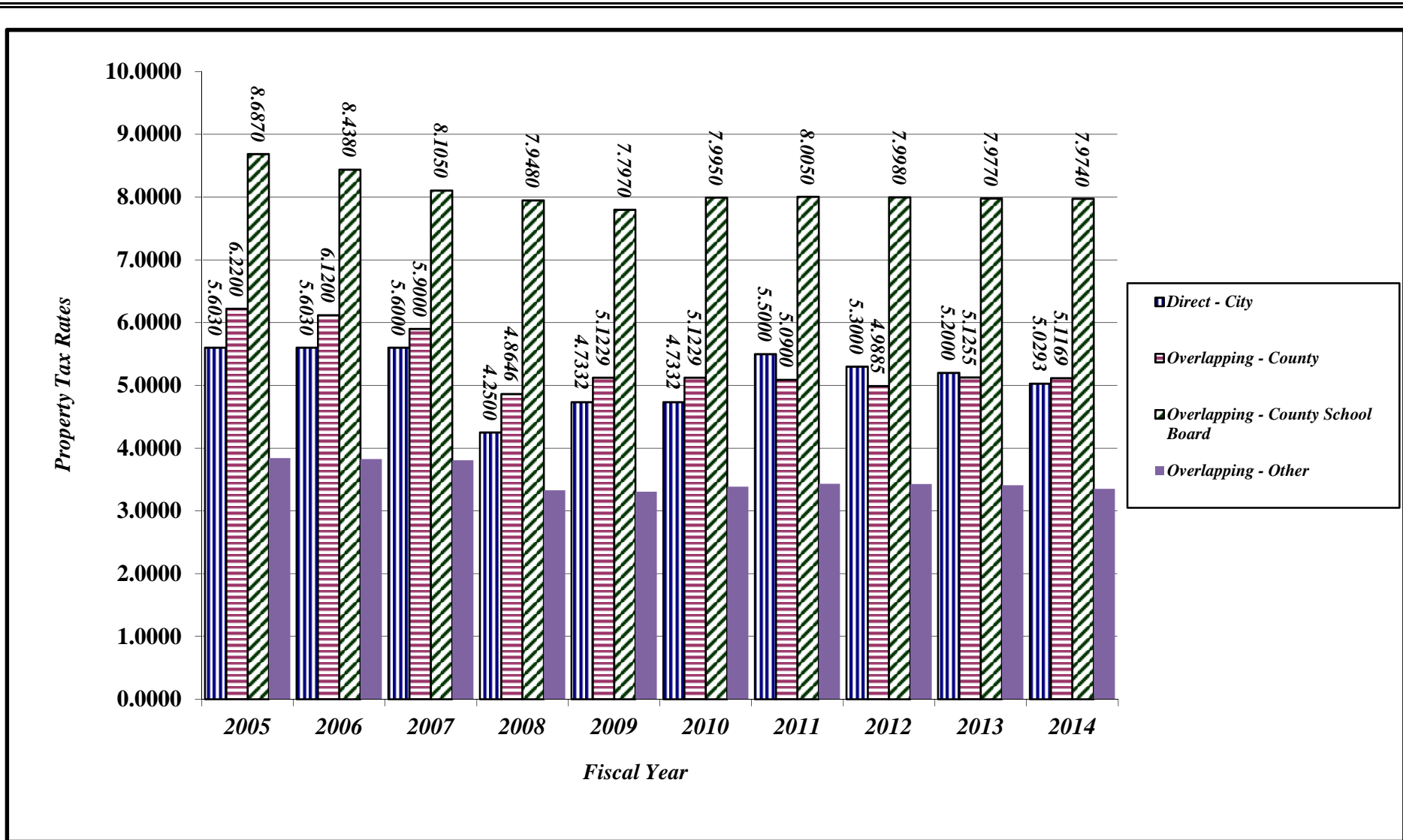
<sup>1</sup> Overlapping rates are those of governments that overlap the Town's geographic boundaries

<sup>2</sup> Beginning in fiscal year 2014, this classification includes a FIND and the Okeechobee Basin.

**Data Source:**

Miami-Dade County Property Appraiser Office, [http://www.miamidade.gov/pa/millage\\_tables.asp](http://www.miamidade.gov/pa/millage_tables.asp)

**Town of Surfside, Florida**  
*Chart-Direct and Overlapping Property Tax Rates (Unaudited)*  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed taxable value)



**Town of Surfside, Florida**  
**Total Property Tax Levies and Collections (Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Total Taxes Collected		Total Uncollected Taxes	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2005	\$ 4,914,637	\$ 4,735,259	96.35%	\$ 179,378	3.65%
2006	6,013,274	5,846,079	97.22%	167,195	2.78%
2007	7,675,734	7,377,056	96.11%	298,678	3.89%
2008	6,702,904	6,292,755	93.88%	410,149	6.12%
2009	7,503,530	6,325,721	84.30%	1,177,809	15.70%
2010	5,550,925	5,323,728	95.91%	227,197	4.09%
2011	6,364,758	5,619,494	88.29%	745,264	11.71%
2012	5,597,121	5,264,387	94.06%	332,734	5.94%
2013	5,348,249	5,257,726	98.31%	90,523	1.69%
2014	5,949,170	5,660,551	95.15%	288,619	4.85%

**Notes:**

Currently, the tax collections are not available for the year to which they apply.

**Data Source:**

Town Finance Department

**Town of Surfside, Florida**  
**Principal Real Property Taxpayers (Unaudited)**  
**Fiscal Years Ended September 30, 2014 and 2010**

2014				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
The Surf Club	\$ 27,081,604	1	2.39%	The Surf Club	\$ 40,373,960	1	3.18%
Chateau Ocean LLC	12,294,260	2	1.09%	9379 Realty Group	13,970,000	2	1.10%
Beach House Property, LLC	11,409,795	3	1.01%	Beach House Property, LLC	9,000,000	3	0.71%
Publix Super Markets, Inc.	7,108,833	4	0.63%	Publix Super Markets, Inc.	8,380,000	4	0.66%
New York Community Bank	4,837,701	5	0.43%	Ohio Savings Bank	5,736,360	5	0.45%
Greystone Residential LLC	3,289,000	6	0.29%	Transactaa Lanai Development LTD	5,695,000	6	0.45%
Kelvim Escobar	2,499,294	7	0.22%	Collins Avenue Investment Group	3,800,000	7	0.30%
Collins Avenue Investment Group	2,432,753	8	0.22%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
Danya Lindenfield	2,422,489	9	0.21%	Robert and Rita Swerdlow	2,993,148	9	0.24%
Robert and Rita Swerdlow	2,291,424	10	0.20%	Yoram and Yleana Izhak	2,614,259	10	0.21%
<b>Total Principal Taxpayers</b>	75,667,153		6.69%	<b>Total Principal Taxpayers</b>	95,851,727		7.54%
<b>All Other Taxpayers</b>	1,055,269,951		93.31%	<b>All Other Taxpayers</b>	1,174,828,574		92.46%
<b>Total</b>	<u>\$ 1,130,937,104</u>		<u>100.00%</u>	<b>Total</b>	<u>\$ 1,270,680,301</u>		<u>100.00%</u>

**Data Source:**

Town records.

Note: Principal real property taxpayers not available prior to 2010.

**Town of Surfside, Florida**  
**Principal Personal Property Taxpayers (Unaudited)**  
**Fiscal Years Ended September 30, 2014 and 2010**

2014				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power and Light Company	\$ 6,056,676	1	46.11%	Florida Power and Light Company	\$ 5,242,893	1	41.21%
Atlantic Broadband	897,741	2	6.84%	Atlantic Broadband	1,209,127	2	9.51%
Bell South Telecommunications, Inc.	873,797	3	6.65%	Bell South Telecommunications, Inc.	857,154	3	6.74%
People's Gas System	720,551	4	5.49%	Publix Super Markets, Inc.	814,421	4	6.40%
The Surf Club	618,903	5	4.71%	People's Gas System	652,838	5	5.13%
Publix Super Markets, Inc.	578,189	6	4.40%	The Surf Club	332,063	6	2.61%
Yudah Ari Benmergui DDS	224,985	7	1.71%	Café Ragazzi	258,972	7	2.04%
JP Morgan Chase Bank NA	153,978	8	1.17%	CVS	196,807	8	1.55%
Flanigan's Seafood Bar & Grill	148,299	9	1.13%	Modular Space Corporation	148,275	9	1.17%
Cine Citta Grill	146,700	10	1.12%	Food Gang Restaurant	147,000	10	1.16%
<b>Total Principal Taxpayers</b>	10,419,819		79.33%	<b>Total Principal Taxpayers</b>	9,859,550		77.51%
<b>All Other Taxpayers</b>	2,714,327		20.67%	<b>All Other Taxpayers</b>	2,861,380		22.49%
<b>Total</b>	<u>\$ 13,134,146</u>		<u>100.00%</u>	<b>Total</b>	<u>\$ 12,720,930</u>		<u>100.00%</u>

**Data Source:**

Town records.

Note: Principal person property taxpayers not available prior to 2010.



**Town of Surfside, Florida**  
*Ratios of Total Debt Outstanding by Type*  
*Last Ten Fiscal Years*

Fiscal Year	Governmental Activities	Business-type Activities					Grand Total	Population <sup>1</sup>	Total Debt Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Loans Payable	Capital Leases	Total	Total		
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
2006	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	5,775	-
2008	-	-	-	-	-	-	-	5,789	-
2009	-	-	-	-	-	-	-	5,838	-
2010	-	-	-	-	-	-	-	5,744	-
2011	-	16,000,000	240,000	-	-	16,240,000	16,240,000	5,760	2,819
2012	427,130	11,507,445	160,000	-	-	11,667,445	12,094,575	5,776	2,094
2013	303,749	10,985,348	80,000	7,255,844	-	18,321,192	18,624,941	5,924	3,144
2014	242,734	10,438,608	-	8,821,720	49,778	19,310,106	19,552,840	5,924	3,301

**Data Sources:**<sup>1</sup> Exhibit XXI**Notes:**

Information not presented, not readily available

There are no public schools located within the Town.

There is no personal income data for the Town to calculate "debt as a percentage of personal income."

**Town of Surfside, Florida**  
**Pledged Revenue Coverage**  
**Last Four Fiscal Years**

Fiscal Year	Revenues <sup>2</sup>	Less Operating Expenses <sup>3</sup>	Net Available Revenues	Principal <sup>5</sup>	Interest	Total	Coverage Ratio <sup>4</sup>	Coverage Required	Excess Coverage
2011	\$ 3,389,732	\$ 1,985,169	\$ 1,404,563	\$ -	\$ 320,960	\$ 320,960	4.38	1.10	3.28
2012	3,303,943	1,834,360	1,469,583	492,555	761,493	1,254,048	1.17	1.10	0.07
2013	3,134,620	1,902,646	1,231,974	522,097	620,245	1,142,342	1.08	1.10	-0.02
2014	3,414,657	1,843,026	1,571,631	735,936	654,541	1,390,477	1.13	1.10	0.03

**Notes:**

<sup>1</sup> Bonds first issued in fiscal year 2011.

<sup>2</sup> Includes, water, sewer and wastewater revenues.

<sup>3</sup> Excludes depreciation expense.

<sup>4</sup> Combined ratio requirements are 1.1000.

<sup>5</sup> Excludes \$4 million bond payment.

**Town of Surfside, Florida**  
**Direct and Overlapping Governmental Activities Debt (Unaudited)**  
**September 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Underlying Debt</u>
<b>Direct Debt</b>			
Capital leases	\$ 242,734	100%	<u>\$ 242,734</u>
<b>Overlapping Debt</b>			
Miami-Dade County <sup>2</sup>	1,313,548,000	0.56%	\$ 6,607,922
Miami-Dade County School Board <sup>3</sup>	123,345,000	0.56%	<u>690,732</u>
<b>Total Overlapping Debt</b>			<u><u>\$ 7,298,654</u></u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 7,541,388</u></u>

**Notes:**

<sup>1</sup> Applicable percentage was estimated by determining the portion of the Town's assessed value of \$1,062,214,226 for 2012-13 that is within the County's geographic boundaries.

<sup>2</sup> As of September 30, 2014

<sup>3</sup> As of June 30, 2014

**Data Source:**

Each specific government

**Town of Surfside, Florida**  
*Demographic and Economic Statistics (Unaudited)*  
*Last Ten Calendar Years*

Calendar Year	Population <sup>1</sup>	Per Capita Personal Income <sup>2</sup>	Unemployment Rate		
			County <sup>3</sup>	State of Florida <sup>3</sup>	United States <sup>4</sup>
2005	-	\$ 31,867	4.3%	6.4%	5.0%
2006	-	34,709	3.8%	5.8%	4.6%
2007	5,775	35,791	3.6%	5.5%	5.0%
2008	5,789	37,264	5.3%	6.5%	7.3%
2009	5,838	37,909	8.9%	9.3%	9.9%
2010	5,744	35,972	12.0%	9.4%	9.3%
2011	5,760	38,870	12.7%	10.2%	8.5%
2012	5,776	39,466	9.7%	9.0%	7.9%
2013	5,924	40,680	8.9%	8.5%	6.7%
2014	5,954	41,929	7.2%	7.8%	5.6%

**Notes:**

Information not presented, not readily available  
 There are no public schools located within the Town.

**Data Sources:**

<sup>1</sup> Bureau of Economic and Business Research, University of Florida, April 1 of each year

<sup>2</sup> 2005-2013, Miami-Dade County comprehensive annual financial report  
 2014 estimated by management.

<sup>3</sup> 2005-2014, Miami-Dade County comprehensive annual financial report

<sup>4</sup> Real Estate Center, <http://recenter.tamu.edu/data/emp/emps/st12.asp>

<sup>5</sup> U.S. Department of Labor, Bureau of Labor Statistics,

**Town of Surfside, Florida**  
**Principal Employers (Unaudited) <sup>1</sup>**  
**For the Fiscal Years Ended September 30, 2014 and 2007 <sup>2</sup>**

<b>2014</b>			
<b>Employer</b>	<b>Type of Business</b>	<b>Number of Employees</b>	<b>Rank</b>
Beach House Hotel D/B/A Grand Beach	Hotel	275	1
Publix Super Market, Inc.	Supermarket	96	2
Town of Surfside	Government	96	3
Flanigan's Seafood Bar & Grill	Restaurant	51	4
The Surf Club	Resort	50	5
M. Kotler Realty	Real Estate Agency	31	6
Harding Realty	Real Estate Agency	30	7
Holiday CVS, LLC.	Pharmacy	27	8
Harbor Pita D/B/A Harbor Grill	Restaurant	25	9
Gold & Silver Exchange	Jewelry	18	10
<b>Total Principal Employers</b>		<b>699</b>	
<b>2007</b>			
<b>Employer</b>	<b>Type of Business</b>	<b>Number of Employees</b>	<b>Rank</b>
Public Supermarkets	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	117	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Apartment Rentals	28	6
Flanigan's	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
<b>Total Principal Employers</b>		<b>576</b>	

**Notes:**

<sup>1</sup> The total number of employees in the Town is not available

<sup>2</sup> Information only available back to 2007

**Data Source:**

<sup>3</sup> Town records.

**Town of Surfside, Florida**  
*Full-time Funded Positions by Function/Program (Unaudited)*  
*Last Ten Fiscal Years*

<u>Function/program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Government</b>										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Town Attorney	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Executive	9.00	10.00	10.00	6.00	5.00	4.00	4.00	4.00	5.00	5.00
Financial Support Services	-	-	-	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Town Clerk	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Building Services	2.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	4.00	4.00
<b>Total General Government</b>	<b>18.00</b>	<b>19.00</b>	<b>20.00</b>	<b>19.00</b>	<b>19.00</b>	<b>18.00</b>	<b>19.00</b>	<b>20.00</b>	<b>22.00</b>	<b>22.00</b>
<b>Public Safety</b>										
Public Safety	35.00	41.00	42.00	44.00	44.00	34.50	33.00	31.75	32.25	33.25
Municipal Parking	1.00	1.00	2.00	2.00	2.00	2.50	3.00	5.00	6.75	6.75
<b>Total Public Safety</b>	<b>36.00</b>	<b>42.00</b>	<b>44.00</b>	<b>46.00</b>	<b>46.00</b>	<b>37.00</b>	<b>36.00</b>	<b>36.75</b>	<b>39.00</b>	<b>40.00</b>
<b>Public Works</b>										
Public Works	10.00	9.00	9.00	8.00	7.25	5.25	6.25	5.25	6.25	6.65
Water/Sewer	5.00	5.00	5.00	5.00	5.25	5.25	5.25	5.75	5.25	4.55
Solid Waste	11.00	12.00	12.00	12.00	12.25	10.25	10.25	10.25	10.25	11.25
Stormwater	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.55
<b>Total Public Works</b>	<b>27.00</b>	<b>27.00</b>	<b>27.00</b>	<b>26.00</b>	<b>26.00</b>	<b>22.00</b>	<b>23.00</b>	<b>22.50</b>	<b>23.00</b>	<b>24.00</b>
<b>Leisure Services</b>										
Leisure Services	18.00	23.00	23.00	17.00	17.00	7.00	10.00	10.75	11.32	11.32
Tourism	2.00	2.00	1.00	1.00	2.00	1.00	1.00	1.00	0.68	0.68
Library Services	4.00	4.00	3.00	3.00	3.00	-	-	-	-	-
<b>Total Leisure Services</b>	<b>24.00</b>	<b>29.00</b>	<b>27.00</b>	<b>21.00</b>	<b>22.00</b>	<b>8.00</b>	<b>11.00</b>	<b>11.75</b>	<b>12.00</b>	<b>12.00</b>
<b>Total</b>	<b>105.00</b>	<b>117.00</b>	<b>118.00</b>	<b>112.00</b>	<b>113.00</b>	<b>85.00</b>	<b>89.00</b>	<b>89.00</b>	<b>96.00</b>	<b>98.00</b>
<b>Percentage Change From Prior Year</b>	<b>0.0%</b>	<b>11.4%</b>	<b>0.9%</b>	<b>-5.1%</b>	<b>0.9%</b>	<b>-24.8%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>7.9%</b>	<b>2.1%</b>

**Data Source:**  
Town Administration

**Town of Surfside, Florida**  
**Operating Statistics by Function/Program (Unaudited)**  
**Last Ten Fiscal Years <sup>1</sup>**

<b>Function/program</b>	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Public safety:</b>										
Police										
Uniformed employees	21	32	32	32	28	27	27	27	27	29
Non-uniformed employees	10	12	14	15	11	7	9	9	12	6
Dispatched responses	25,144	29,039	18,109	23,640	19,751	16,545	19,800	23,097	31,337	20,310
Traffic citations issued	-	-	-	7,968	6,782	5,752	5,289	4,814	5,475	4,637
Traffic warnings issued	-	-	-	-	-	4,333	4,067	5,139	3,867	3,808
Parking violations issued	5,111	3,422	4,304	6,863	7,407	6,060	9,833	11,884	19,607	13,963
<b>Building permits:</b>										
Permits issued	1,098	1,261	1,177	779	700	923	1,073	931	1,072	1,037
Estimated values (in millions)	\$36,930	\$33,416	\$40,045	\$5,797	\$6,559	\$16,147	\$84,806	\$ 36,392	\$71,790	\$69,500
<b>Utility:</b>										
<b>Municipal water system</b>										
Active water accounts	1539	1542	1544	1547	1549	1551	1,551	1,647	1,680	1,687
New active accounts	130	75								
Meter sales (in million gallons)	351,766	374,956	335,789	298,102	314,304	307,723	328,519	276,650	2,631,277	2,903,213
<b>Municipal sewer system</b>										
Active accounts/units	-	4055	4058	4059	4059	4061	4061	4061	4061	4061
<b>Solid waste services</b>										
Active accounts	-	1342	1345	1346	1348	1349	1344	1344	1344	1344
<b>General government:</b>										
<b>Tax rates</b>										
<b>Utility services:</b>										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Franchises:</b>										
Electric	6%	6%	6%	6%	6%	5.90%	5.90%	5.90%	5.90%	5.90%
Communication service	**	**	**	**	**	**	**	**	**	**
Gas	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cable television	3%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Surfside Bus Service</b>										
Total number of passengers	-	-	-	-	16,173	18,813	21,543	12,947	21,514	24,083
Average number of passengers per month	-	-	-	-	1,348	1,568	1,795	1,079	1,792	2,006
Total number of miles driven	-	-	-	-	23,648	29,260	32,401	30,775	34,805	34,906
Average number of miles driven per month	-	-	-	-	1,971	2,438	2,700	2,565	2,900	2,909
<b>Culture and recreation:</b>										
<b>Participation:</b>										
Youth programs	-	258	650	403	551	658	960	1,005	1,043	2,825
Adult programs	-	339	455	228	234	463	555	781	1,232	1,349
Special events	-	2,500	2,990	3,390	3,300	3,340	4,280	4,630	5,727	7,734
Community Center	-	-	-	-	-	-	17,517	29,028	24,830	22,826

**Notes:**

Data not available for items not presented.

**Data Source**

Various Town Departments

**Town of Surfside, Florida**  
*Capital Asset Statistics by Function/Program (Unaudited)*  
*Last Ten Fiscal Years*

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Area:</b>										
Land excluding airport (sq. miles)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
<b>Infrastructure:</b>										
Paved streets	10	10	10	10	10	10	10	10	25	25
Sidewalks	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	6 mile	6 mile
Canals & waterways	0	0	0	0	0	0	0	0	0	0
Storm Drainage (catch basins)	388	388	388	388	388	388	388	388	388	388
Town owned street lights	37	37	37	37	37	37	37	37	37	37
FP&L owned street lights	293	293	293	293	293	293	293	293	293	293
<b>Public Safety:</b>										
Fire Stations	0	0	0	0	0	0	0	0	0	0
Police Stations	1	1	1	1	1	1	1	1	1	1
<b>Recreation:</b>										
Public Beach (miles)	1	1	1	1	1	1	1	1	1	1
Municipal Parks	3	3	3	3	3	3	3	3	3	3
Municipal Swimming Pool	1	1	1	0	0	0	0	0	2	1
Recreation Acres (without-with Beach)	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90
Community Center	1	1	1	-	-	-	1	1	1	1
<b>Municipal Water/Sewer System:</b>										
Water mains (miles)	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	25	25
Reuse water mains (miles)	0	0	0	0	0	0	0	0	0	0
Fire hydrants	84	84	84	84	84	84	84	84	84	84
Fire hydrants (reuse water)	0	0	0	0	0	0	0	0	0	0
Gravity Sewer (miles)	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Wastewater force main (miles)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1	1
Wastewater lift stations	2	2	2	2	2	2	2	2	2	2
<b>Municipal Parking:</b>										
Parking lots		6	6	6	6	6	6	6	7	7
Metered/Pay Station Parking Spaces		572	572	572	572	572	572	572	572	572





# REPORTING SECTION



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

To the Honorable Mayor, Town Commission and Town Manager  
**Town of Surfside, Florida**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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 year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 29, 2015.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2014-001 to be material weaknesses.

### ***Compliance and Other Matters***

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

### ***The Town's Response to Findings***

The Town's written responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of the Report***

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

*Marcum LLP*

Miami, FL  
June 29, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, Town Commission and Town Manager  
**Town of Surfside, Florida**

***Report on Compliance for Each Major State Project***

We have audited the Town of Surfside, Florida's (the Town) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Town's major state project for the year ended September 30, 2014. The Town's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Town's compliance.

### ***Opinion on the Major State Project***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2014.

### ***Report on Internal Control Over Compliance***

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter, 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Marcum LLP*

Miami, FL  
June 29, 2015

**TOWN OF SURFSIDE, FLORIDA**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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State Grantor Agency State Project	CFSA No.	Contract/Grant No.	Total Expenditures
<b>Florida Department of Environmental Protection</b>			
Direct Project			
Clean Water State Revolving Fund			
Construction Loan	37.077	WW1317102013	<u>\$ 1,755,072</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 1,755,072</u></u>

*See notes to schedule of expenditures of state financial assistance.*

# **TOWN OF SURFSIDE, FLORIDA**

## **NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the schedule) includes the state grant activity of the Town of Surfside (the Town) under programs of the state of Florida for the fiscal year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General of the State of Florida. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, where certain types of expenditures are not allowable or are limited as a reimbursement.



**TOWN OF SURFSIDE, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

---

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued:

*Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

X  Yes      No

Significant deficiency(ies) identified not considered to be material weakness?

    Yes  X  None reported

Non-compliance material to financial statements noted?

    Yes  X  No

**State Financial Assistance Projects**

Internal control over major State projects:

Material weakness(es) identified?

    Yes  X  No

Significant deficiency(ies) identified not considered to be material weakness?

    Yes  X  None reported

Type of auditors’ report issued on compliance for major State projects:

*Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?

    Yes  X  No

Identification of major state project:

State Financial Assistance Project

CSFA No.

Florida Department of Environmental Protection – Clean Water State Revolving Fund Construction Loan

37.077

Dollar threshold used to distinguish between Type A and Type B programs:

Not Applicable

**TOWN OF SURFSIDE, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

*MATERIAL WEAKNESS*

*2013-001 Review and Recording of Financial Transactions*

*Criteria*

Prudent policies include a formal review and reconciliation during the year and during the closing process with supervisory Finance Department personnel being responsible for the review of transactions and balances recorded. Timeliness of closing procedures is crucial to proving accurate accounting data and financial information including interim and year-end financial statements.

*Condition*

During the course of our audit procedures there were numerous auditor adjusting journal entries proposed to correct account balances such as to recognize accounts receivable and deferred inflows for parking contracts which called for future payments, to remove old payable/receivable balances which were no longer applicable in the current year but rolled forward from prior year, to record current year activity for capital assets for enterprise funds, to properly accrue the Town's payroll liability at year-end, and to transfer the completed water project from construction-in-progress to in-service capital assets. In addition, some schedules requested in our initial planning letter were not readily available at the commencement of our audit engagement.

*Cause*

There is a lack of internal review over the reconciliation and closing process.

*Effect*

The general ledger, which are the books and records used to prepare the financial statements needed to be adjusted throughout the audit process.

*Recommendation*

We recommend a detailed general ledger account analysis of all accounts be performed on a monthly or quarterly basis in a timely manner to ensure accuracy and completeness of account balances. These analyses should be reviewed by supervisory Finance Department staff to ensure accurate recording of transactions. We further recommend that personnel responsible for the books and records and approval of journal entries consult with their auditors or others for unusual or difficult to record transactions especially given the complexities associated with the accounting standards.

# TOWN OF SURFSIDE, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

#### *MATERIAL WEAKNESS (CONTINUED)*

#### *2013-001 Review and Recording of Financial Transactions (continued)*

##### *Views of Responsible Officials and Planned Corrective Actions*

A detailed general ledger account analysis will be performed on a quarterly basis by supervisory staff to ensure accuracy and completeness of account balances. Finance personnel responsible for preparing journal entries will seek the advice and consult with supervisory Finance Department staff or the auditors for guidance should any complex or unusual transactions occur during the fiscal year.

#### *2014-001 Bank Reconciliations*

##### *Criteria*

Prudent practice would dictate that a formal bank reconciliation be performed each month prior to the end of the following with the appropriate review and sign off as evidence of the completeness, the accuracy and timeliness of the reconciliation. Review of the monthly bank reconciliations reduces the risk that errors, fraud or misuse of funds could go undetected and/or uncorrected.

##### *Condition*

During our audit of the fiscal year ended September 30, 2014, we selected 3 months of bank reconciliations for the Town's pooled cash bank account. The audit disclosed that the bank reconciliations did not contain evidence of review or the date they were prepared. Based on further inquiry, we noted that the bank reconciliations are not reviewed after being prepared by the Controller.

##### *Cause*

Proper supervision needs to be conducted over the bank reconciliation process

##### *Effect*

Without bank reconciliations being reviewed timely for accuracy and completeness, the Town would not know if the cash position is accurate and whether or not there were errors, fraud or misuse of funds.

**TOWN OF SURFSIDE, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

*MATERIAL WEAKNESS (CONTINUED)*

**2014-001      *Bank Reconciliations (continued)***

***Recommendation***

We strongly recommend the Town implements internal controls associated with the review of bank reconciliations that will ensure reconciliations are reviewed on a monthly basis evidenced by the signature and date of both the preparer and reviewer. Monthly bank reconciliations must be reviewed within 30 days of the month end to ensure accuracy and completeness of cash balances reported by the Town.

***Views of Responsible Officials and Planned Corrective Actions***

The monthly bank reconciliation form will be amended to include the name and date of the Finance personnel responsible for the preparation of bank reconciliation and the name and date of the supervisory personnel responsible for the review of the bank reconciliation.

**SECTION III – STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None.

# TOWN OF SURFSIDE, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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### I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2013 schedule of findings and questioned costs.

#### *MATTERS THAT ARE REPEATED IN THE ACCOMPANYING SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

- *2013-001 Review and Recording of Financial Transactions*

### II. PRIOR YEAR STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

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

To the Honorable Mayor, Town Commission and Town Manager  
**Town of Surfside, Florida**

***Report on the Financial Statements***

We have audited the financial statements of the Town of Surfside, Florida (the Town), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 29, 2015.

***Auditors' Responsibility***

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

***Other Reports***

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2015, should be considered in conjunction with this management letter.

***Prior Audit Findings***

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The recommendation made in the preceding annual financial audit report has been repeated for the current year. Refer to the summary schedule of prior audit findings.

***Official Title and Legal Authority***

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in

this management letter, unless disclosed in the notes to the financial statements. The Town was established by the Town's charter, which was adopted under the provisions of Chapter 279.14 Laws of Florida in 1951. There are no component units related to the Town.

### ***Financial Condition***

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of the fiscal year end.

### ***Annual Financial Report***

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

### ***Other Matters***

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

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

### ***Purpose of this Letter***

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

*Marcum LLP*

Miami, FL  
June 29, 2015



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO  
SECTION 218.415 FLORIDA STATUTES**

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

We have examined the Town of Surfside, Florida's (the Town) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2014. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town of Surfside, Florida complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

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

*Marcum LLP*

Miami, FL  
June 29, 2015





**TOWN OF SURFSIDE, FLORIDA**

**9293 HARDING AVENUE**

**SURFSIDE, FL 33154**

**(305) 861-4863**

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