

The background of the image shows a modern, white building with a prominent overhanging roof supported by several thick, white, V-shaped columns. The building has large glass windows. In the foreground, there is a paved plaza with a large palm tree in the center, surrounded by a small garden bed with purple flowers. Other palm trees are visible to the left. In the background, a multi-story white apartment building with many windows is visible under a clear blue sky.

**TOWN OF
SURFSIDE, FLORIDA
COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
FOR THE
FISCAL YEAR
ENDING
SEPTEMBER 30, 2016**

TOWN OF SURFSIDE, FLORIDA
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016



Prepared by
Finance Department

TOWN OF SURFSIDE, FLORIDA

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INTRODUCTORY SECTION



LETTER OF TRANSMITTAL



June 30, 2017

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, 2016. Florida Statutes require 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, have issued an unmodified opinion on the Town of Surfside's financial statements for the fiscal year ended September 30, 2016. 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 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 89%, 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, 2015. This was the fifth 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 in 2015 to 2,041 or 5.69% of 35,879 Towns and Cities 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 2016 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, 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, 2016

TOWN COMMISSION

Daniel Dietch, Mayor

Barry Cohen, Vice Mayor

Daniel Gielchinsky, Commissioner

Michael Karukin, Commissioner

Tina Paul, Commissioner

OFFICIALS

Guillermo Olmedillo, 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

Alan Graham, Code Compliance Director

Sarah Sinatra Gould, Town Planner

Yamileth Slate-McCloud, Human Resource Director

Donald G. Nelson, Finance Director

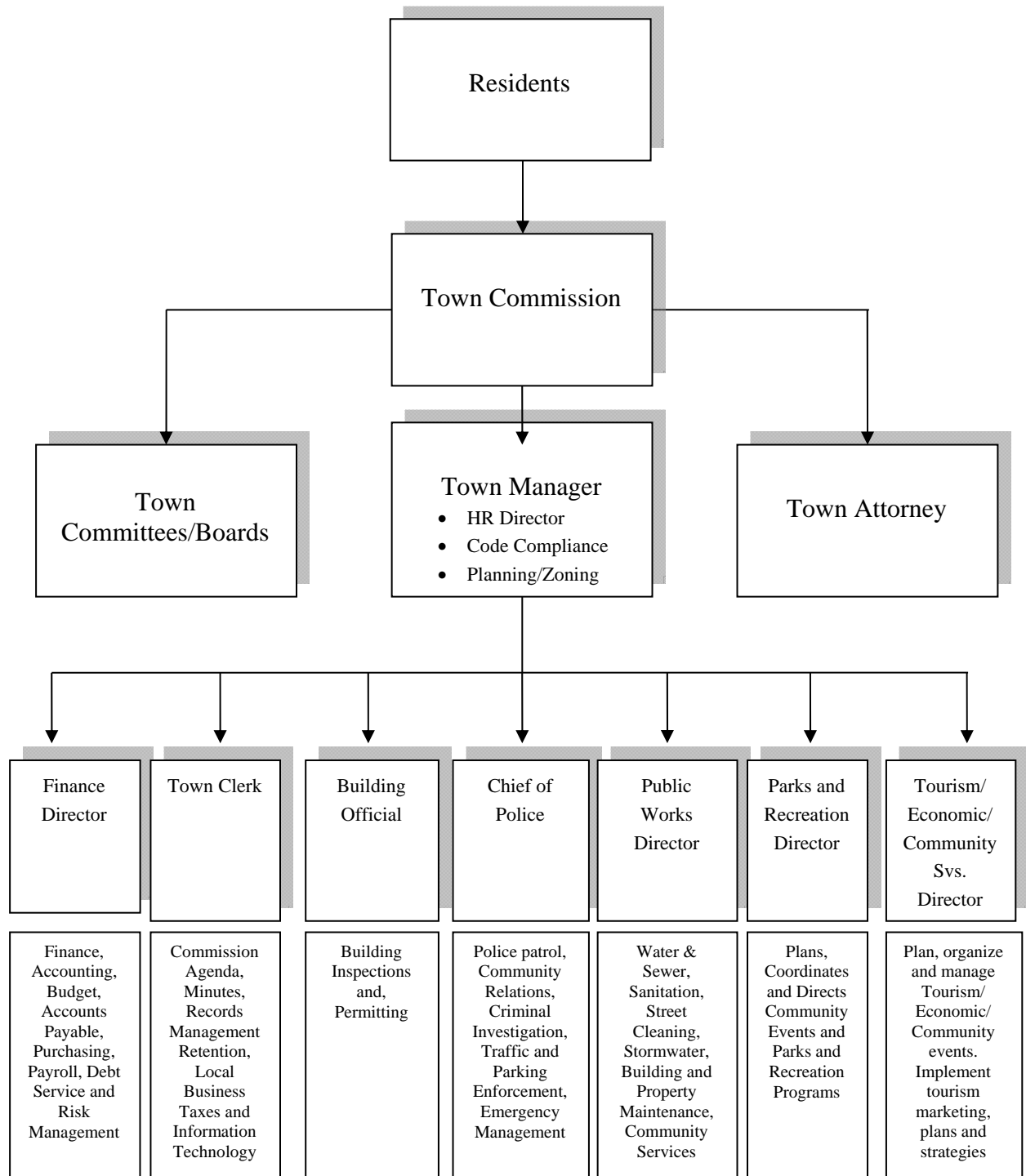
INDEPENDENT AUDITORS

Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2016





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, 2015

Executive Director/CEO

FINANCIAL SECTION



**INDEPENDENT AUDITOR'S
REPORT**

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 fiscal year ended September 30, 2016, 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, 2016, 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.

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 64 and 66, and the required supplementary information for the pensions and OPEB on pages 67 through 69 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 and the combining and individual fund statements and schedules, 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, 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 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017 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 30, 2017

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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, 2016. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2016 FINANCIAL HIGHLIGHTS

- The Town's assets plus deferred outflows exceeded its liabilities plus deferred inflows of resources by \$36,686,030 (total net position) as of September 30, 2016.
- Total net position increased \$1,487,795 and is comprised of the following:
 - (1) Capital assets, net of related debt, of \$24,442,981 include property and equipment, net of accumulated depreciation, and reduced by capital related outstanding debt.
 - (2) Net position of \$1,449,671 is restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.
 - (3) Unrestricted net position consists of \$10,793,378 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 \$9,385,340 at September 30, 2016. This compares to the prior year total ending fund balance of \$6,984,368, showing an increase of \$2,400,972 during the current year. Unassigned fund balance is \$5,170,003 at September 30, 2016.
- At the end of the current fiscal year, the unassigned and unrestricted fund balance for the General Fund was \$7,170,003 or 61.1% of total General Fund expenditures. The unrestricted fund balance for the General fund was \$5,170,003 or 44% 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.

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 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 pension trust fund and other post employment benefits (OPEB) plan are presented in this section. Required supplementary information can be found on pages 64 - 69 of this report.

Supplementary Information

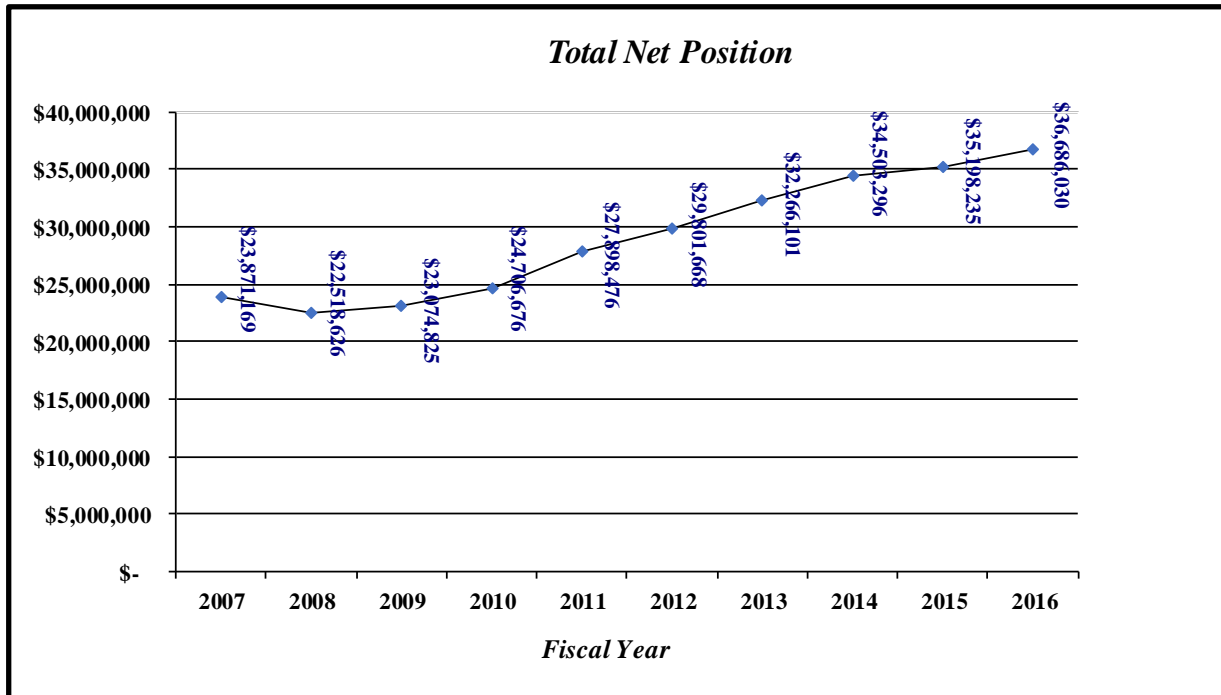
As discussed, the Town reports major funds in the basic financial statements. Combining and individual fund statements and schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 70.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end is \$36,686,030. The following table provides a summary of the Town's net position:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets	\$ 10,773,529	\$ 8,602,700	\$ 5,741,084	\$ 9,535,931	\$ 16,514,613	\$ 18,138,631
Non-current assets						
Capital assets	15,430,657	15,854,217	26,577,691	27,164,932	42,008,348	43,019,149
Total assets	<u>26,204,186</u>	<u>24,456,917</u>	<u>32,318,775</u>	<u>36,700,863</u>	<u>58,522,961</u>	<u>61,157,780</u>
Deferred outflows of resources	1,657,120	771,118	233,106	102,187	1,890,226	873,305
Liabilities:						
Current liabilities	1,473,538	1,748,483	1,139,034	2,048,759	2,612,572	3,797,242
Long-term liabilities	2,899,971	1,576,702	17,732,114	17,729,300	20,632,085	19,306,002
Total liabilities	<u>4,373,509</u>	<u>3,325,185</u>	<u>18,871,148</u>	<u>19,778,059</u>	<u>23,244,657</u>	<u>23,103,244</u>
Deferred inflows of resources	-	208,482	472,500	521,124	472,500	729,606
Net position:						
Net investment in capital assets	15,329,431	15,652,978	9,113,550	8,615,955	24,442,981	24,268,933
Restricted	859,426	893,489	590,245	2,112,459	1,449,671	3,005,948
Unrestricted	7,298,940	5,147,901	3,494,438	2,775,453	10,793,378	7,923,354
Total net position	<u>\$ 23,487,797</u>	<u>\$ 21,694,368</u>	<u>\$ 13,198,233</u>	<u>\$ 13,503,867</u>	<u>\$ 36,686,030</u>	<u>\$ 35,198,235</u>

The following chart reports the Town's total net position balances from fiscal year 2007 - 2016.



Note over the last ten years, the total net position has increased \$12,814,861 or 53.7%.

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 3.2 to 1 at September 30, 2015. The current ratio for business-type activities is 5 to 1 as compared to 4.7 to 1 at September 30, 2015. Overall, the total current ratio at September 30, 2016 was 6.3 to 1 as compared to 4.8 to 1 at September 30, 2015 or an improvement.

The Town reported positive balances in net position for both governmental and business-type activities. During 2016, net position increased \$1,793,429 for governmental activities and decreased \$305,634 for business-type activities. The Town's overall financial position improved during fiscal year 2016. The Town remains in a strong financial position.

Note that 58.9% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. 82.2% 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 71.8% of its total assets in capital assets, as presented in the government-wide statement of net position.

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

	Summary of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program:						
Charges for services	\$ 3,013,135	\$ 2,545,805	\$ 6,327,686	\$ 6,352,593	\$ 9,340,821	\$ 8,898,398
Operating grants and contributions	301,052	277,331	-	-	301,052	277,331
Capital grants	554,446	141,217	-	-	554,446	141,217
General:						
Property taxes	7,276,466	6,526,267	-	-	7,276,466	6,526,267
Other taxes	2,463,643	2,442,812	-	-	2,463,643	2,442,812
Unrestricted intergovernmental	717,252	713,914	-	-	717,252	713,914
Unrestricted investment earnings	26,988	28,783	220	1,406	27,208	30,189
Miscellaneous	571,559	613,367	-	-	571,559	613,367
Total revenues	14,924,541	13,289,496	6,327,906	6,353,999	21,252,447	19,643,495
Program Expenses:						
General government	3,295,208	3,432,500	-	-	3,295,208	3,432,500
Public safety	5,871,196	5,624,875	-	-	5,871,196	5,624,875
Public works	1,487,590	1,516,329	-	-	1,487,590	1,516,329
Leisure services	2,534,022	2,350,266	-	-	2,534,022	2,350,266
Transportation	381,891	271,284	-	-	381,891	271,284
Interest	3,213	5,475	-	-	3,213	5,475
Water and sewer	-	-	3,150,570	2,987,800	3,150,570	2,987,800
Municipal parking	-	-	1,095,550	954,129	1,095,550	954,129
Sanitation	-	-	1,452,813	1,334,381	1,452,813	1,334,381
Stormwater utility	-	-	492,599	471,517	492,599	471,517
Total expenses	13,573,120	13,200,729	6,191,532	5,747,827	19,764,652	18,948,556
Changes in net position before transfers	1,351,421	88,767	136,374	606,172	1,487,795	694,939
Transfers	442,008	(19,272)	(442,008)	19,272	-	-
Changes in net position after transfers	1,793,429	69,495	(305,634)	625,444	1,487,795	694,939
Beginning net position	21,694,368	21,624,873	13,503,867	12,878,423	35,198,235	34,503,296
Ending net position	\$ 23,487,797	\$ 21,694,368	\$ 13,198,233	\$ 13,503,867	\$ 36,686,030	\$ 35,198,235

Governmental Activities Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 48.8% of the Town's total revenues as compared to 49.1% in fiscal year 2015. Other taxes, which includes resort, franchise, utility and communications taxes provided 16.5% of the Town's total revenues as compared to 18.4% in fiscal year 2015. The charges for services increased \$467,330 or 18.4% due primarily to increased building permit revenue from increased building and increased fines from red light cameras.

Note that program revenues covered 28.5% of governmental operating expenditures as compared to 22.5% in fiscal year 2015. This means that the government's taxpayers and the Town's other general revenues normally fund 71.5% 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.

	Governmental Activities			
	<u>Total Cost of Services</u>	<u>Percentage of Total</u>	<u>Net Cost of Services</u>	<u>Percentage of Total</u>
General government	\$ 3,295,208	24.3%	\$ 2,062,013	21.2%
Public safety	5,871,196	43.3%	4,660,507	48.0%
Public works	1,487,590	11.0%	933,144	9.6%
Leisure services	2,534,022	18.7%	1,894,147	19.5%
Transportation	381,891	2.8%	151,463	1.6%
Interest	3,213	0.0%	3,213	0.0%
Total	<u>\$ 13,573,120</u>	<u>100.0%</u>	<u>\$ 9,704,487</u>	<u>100.0%</u>

The public safety expenditures, both gross and net of program revenues total over 43% of total costs.

Business-Type Activities

The Town reports four major enterprise funds.

Overall Analysis of Major Funds – Total operating revenues decreased \$24,907 or 4/12th of 1%. Operating expenses increased \$660,300 or 13.4%. In total, the operating income decreased \$685,207. The total decrease in net position for all enterprise funds was \$305,634.

The operating income (loss) for each major enterprise fund was as follows for fiscal years 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Water and sewer	\$ 337,039	\$ 1,109,867	\$ (772,828)
Municipal parking	(8,787)	93,377	(102,164)
Sanitation	252,804	46,980	205,824
Stormwater	168,210	184,249	(16,039)
Total	<u>\$ 749,266</u>	<u>\$ 1,434,473</u>	<u>\$ (685,207)</u>

The following includes an analysis of the fiscal year 2016 financial activities for each fund.

Water and Sewer Fund - The total assets decreased \$858,437 or 3.8% due primarily to a \$747,082 decrease in the net book value of capital assets. Total liabilities decreased \$706,852.

Operating revenues decreased \$403,140 or 11.8% because of a large one-time development fee recognized in fiscal year 2015, which is not duplicated in fiscal year 2016.

In total, operating expenses increased \$369,688 or 15.9%. Personal services increased \$67,395 or 22.1% due to a staff vacancy from the prior year filled in this year. Administration costs increased \$30,933 or 37.8% because of increased professional fees and increased costs of property and liability insurance. Water system costs decreased \$126,908 or 21.7% from fiscal year 2015 due to a true up credit on billing of water purchased from Miami-Dade County Water and Sewer. Sewer system costs decreased \$389,606 or 68.4% due to a billing adjustment from the City of Miami Beach for cost of sewage flow.

Net position decreased \$122,871 or 1.8% in fiscal year 2016, resulting in ending net position of \$6,713,313.

Municipal Parking Fund – The total assets decreased \$3,375 or less than 1%. Capital assets increased \$35,725 and the accumulated depreciation increased \$92,788.

Operating revenues increased \$39,257 or 3.7% and operating expenses increased \$141,421 or 14.8%. Metered and permit parking revenue increased due to more activity and increased demand for parking for workers from large-scale commercial construction projects.

The cost of personal services decreased \$72,850 or 16.9%, due to position vacancies.

In total, operating income decreased \$102,164 or 109.4% in fiscal year 2016 below fiscal year 2015. Net position decreased \$8,787 or less than 1% in fiscal year 2016, resulting in an ending net position of \$3,266,426.

Sanitation Fund - The total assets increased \$396,847 or 77.8%. Capital assets increased approximately \$347,254 due to the purchase of a rear loader garbage truck. Total liabilities increased \$203,087. Operating revenues were \$324,256 or 23.5% above the fiscal year 2015 amount. Administrative costs increased \$30,337 or 14.4% due to the elimination of a full-time position and related benefits.

In total, operating expenses increased \$118,432 or 8.9%.

Operating income increased \$205,824. Net position increased \$252,804 or 68.8% in fiscal year 2016, resulting in an ending net position of \$620,122.

Stormwater Fund - The total assets decreased \$842,397. Cash decreased \$801,749. Net capital assets decreased \$130,350 from fiscal year 2015.

Total liabilities decreased \$403,808. The operating revenues decreased \$14,720 from fiscal year 2015 and the operating expenses increased \$30,759.

As a result, operating income was \$16,039 below fiscal year 2015. Net position decreased \$426,780 in fiscal year 2016, resulting in ending net position of \$2,598,372.

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 \$9,385,340 compared to \$6,984,368 at September 30, 2015.

The total governmental revenues and transfers in exceeded expenditures and transfers out by \$2,400,972. The general fund's revenues exceeded its expenditures and transfers out by \$1,462,682. The capital projects fund's revenues and transfers in exceeded expenditures \$971,449.

Governmental funds report total fund balance of \$9,385,340. Of this year-end total, \$859,426 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 \$1,151,352 is assigned in the Capital Projects Fund for future capital projects. \$204,559 is considered non-spendable and \$5,170,003 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds shows an increase of \$2,400,972 or 34.4% 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 total fund balance increased \$1,462,682 or 24.8%. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 60% of annual expenditures. This compares to 49.3% at September 30, 2015.

Property taxes increased approximately \$750,000 or 11.5% due to an increase in taxable property values of \$166 million or 12.41% from the previous fiscal year. Resort taxes increased \$72,310 or 6.3% as the result of an addition of a new hotel on the ocean that pays 4% on hotel room revenues.

Utility tax revenue increased approximately \$9,410 or 1.6%. Licenses and permits increased approximately \$224,000 or 31.3% over fiscal year 2015 because of an increase from new construction.

Fines and forfeitures increased \$199,685 or 21.2% over the prior year due to red light camera violations. All other revenue streams were consistent with the 2015 amounts.

Total General Fund expenditures decreased \$245,527 above the fiscal year 2015 level. Although most changes are not significant, some of these changes, by department, from fiscal year 2015 are described below.

General government costs were \$82,024 or 2.5% below the 2015 amount.

Public safety expenditures increased \$178,683 or 3.3% due to an increase in extra duty pay to Police Officers working off duty details and an increase in the amount paid to the State of Florida for their share of the Red-Light Camera revenues.

Public works costs decreased \$94,947 or 8.7% due to a reduction of personnel cost from staff changes and reduction of maintenance costs. Leisure services costs were similar to the prior year.

Capital Projects Fund - This fund reported revenue from developer contributions totaling \$354,446. This fund spent \$245,258 on capital items. At September 30, 2016, this fund reported \$1,153,218 in cash and investments. At year-end, this fund reported fund balance of \$1,154,352.

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 \$324,541. In total, actual revenues were above the final budget by \$942,561 or 7.6%.

Property taxes were \$96,550 over budget because of conservative budgeting. Resort taxes were below the budget by \$57,649 because the tax fell short of projections. The largest revenue stream over budget was fines and forfeitures revenue by \$379,865 due to revenue light camera code violations.

Licenses and permits were above budget by \$237,379, due to growth of building activity.

The General Fund's expenditure (excluding transfers) budget was increased \$344,106 or 2.8%. In total, actual expenditures were below the budget by \$649,977.

The executive, finance and administration final budget was underspent by \$443,640 because of operating efficiencies of reduced actual operating expenditures compared to the budget and a delay in hiring staff.

The budget for public safety was over expended by \$130,039. This overage relates to extra pay for police officers working off duty details and the refunding of a portion of the Red Light Camera revenue to the State of Florida.

The leisure services budget was underspent by \$129,477 due to a decrease in actual operating expenditures for the Recreation Programs and the Tourism Services Departments.

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, 2016, was \$15,329,431 and \$9,113,550 respectively. The change in this net investment was a 2.0% decrease for governmental activities and a 5.8% increase 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	
	2016	2015	2016	2015	2016	2015
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	128,297	1,261,070	-	60,715	128,297	1,321,785
Total non-depreciable	<u>1,589,526</u>	<u>2,722,299</u>	<u>1,358,011</u>	<u>1,418,726</u>	<u>2,947,537</u>	<u>4,141,025</u>
Depreciable assets:						
Buildings	11,026,367	11,024,416	-	-	11,026,367	11,024,416
Machinery, equipment and furniture	2,845,297	2,957,119	1,412,611	1,089,961	4,257,908	4,047,080
Infrastructure	5,588,764	4,263,220	29,228,018	29,167,301	34,816,782	33,430,521
Total depreciable assets	<u>19,460,428</u>	<u>18,244,755</u>	<u>30,640,629</u>	<u>30,257,262</u>	<u>50,101,057</u>	<u>48,502,017</u>
Less accumulated depreciation	<u>5,619,297</u>	<u>5,112,837</u>	<u>5,420,949</u>	<u>4,511,056</u>	<u>11,040,246</u>	<u>9,623,893</u>
Book value - depreciable assets	<u>13,841,131</u>	<u>13,131,918</u>	<u>25,219,680</u>	<u>25,746,206</u>	<u>39,060,811</u>	<u>38,878,124</u>
Percentage depreciated	<u>29%</u>	<u>28%</u>	<u>18%</u>	<u>15%</u>	<u>22%</u>	<u>20%</u>
Total net capital assets	<u>\$ 15,430,657</u>	<u>\$ 15,854,217</u>	<u>\$ 26,577,691</u>	<u>\$ 27,164,932</u>	<u>\$ 42,008,348</u>	<u>\$ 43,019,149</u>

At September 30, 2016, the depreciable capital assets for governmental activities were 29% depreciated. This compares to the 28% at September 30, 2015. With the Town's business-type activities, 18% of the asset values were depreciated at September 30, 2016 compared to 15% at September 30, 2015. These percentages for governmental activities indicate that the Town is replacing their capital assets at the same rate, as they are being depreciated, which is a positive financial indicator. However, for the business-type activities, they are only 18% depreciated due to the new infrastructure put into place.

Governmental Capital Assets

The increase in the infrastructure transferred from construction in progress totaling \$1,325,544 relates to the replacement of five more seawalls on Biscayne Bay, part of the Seawall Replacement Phase II.

The major equipment additions include the costs for the purchase of Police vehicles (3), Code Enforcement vehicles (2), an all-terrain vehicle, and audio-video equipment in the Commission Chambers.

Business-type Activities Capital Assets

The increase in the infrastructure transferred from construction in progress totaling \$60,715 relates to the completion of a seawall replacement on Biscayne Bay at the end of Carlyle Street, Seawall Phase I.

The specific major equipment included in the \$457,592 addition relates to the purchase of a Solid Waste Grapple Truck, \$157,000, a Solid Waste Garage Truck rear loader, \$222,000, a Sanitary Sewer Pump, \$43,000, a Municipal Parking sign, \$11,000 and a new Pickup Truck.

Debt

The following table reports long-term debt balances at September 30, 2016 and 2015:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenue bonds	\$ -	\$ -	\$ 9,266,490	\$ 9,866,062	\$ 9,266,490	\$ 9,866,062
Capital leases	101,226	201,239	25,957	38,123	127,183	239,362
State revolving loan	-	-	8,172,054	8,591,249	8,172,054	8,591,249
Compensated absences	362,880	309,375	103,759	110,929	466,639	420,304
Net OPEB obligation	300,781	242,285	42,957	38,562	343,738	280,847
Net pension liability	2,220,433	953,954	298,287	126,401	2,518,720	1,080,355
Total	\$ 2,985,320	\$ 1,706,853	\$ 17,909,504	\$ 18,771,326	\$ 20,894,824	\$ 20,478,179

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 Town's residents would expect to have a lower unemployment rate than is reported for the county.

Some of the key elements affecting the fiscal year 2016-2017 budget include:

- An increase in Resort Tax revenues from hotels and restaurants.
- An increase in taxable property values.
- No increase in the Solid Waste collection rates to customers.
- Residential and Commercial developments will continue for the next few years.
- Building permit activity for residential and commercial construction will increase.
- The General Fund balance is projected to increase over the next two years.

All of these factors result in a strong financial forecast in fiscal year 2016-2017 and beyond.

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.

BASIC FINANCIAL STATEMENTS

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Governmental Activities	Business- type Activities	Total
Assets			
Cash	\$ 6,379,604	\$ 3,975,293	\$ 10,354,897
Investments	3,465,485	40,535	3,506,020
Receivables	723,881	1,645,597	2,369,478
Prepaid items	204,559	79,659	284,218
Capital assets not being depreciated	1,589,526	1,358,011	2,947,537
Capital assets being depreciated, net	<u>13,841,131</u>	<u>25,219,680</u>	<u>39,060,811</u>
Total Assets	<u>26,204,186</u>	<u>32,318,775</u>	<u>58,522,961</u>
Deferred Outflows of Resources			
Pension	<u>1,657,120</u>	<u>223,106</u>	<u>1,880,226</u>
Liabilities			
Accounts payable	383,839	447,365	831,204
Accrued liabilities	415,170	44,074	459,244
Interest payable	--	218,124	218,124
Retainage payable	--	1,235	1,235
Unearned revenue	27,494	6,492	33,986
Customer deposits	561,686	244,354	806,040
Noncurrent liabilities:			
Due within one year	85,349	1,076,091	1,161,440
Due in more than one year	<u>2,899,971</u>	<u>16,833,413</u>	<u>19,733,384</u>
Total Liabilities	<u>4,373,509</u>	<u>18,871,148</u>	<u>23,244,657</u>
Deferred Inflows of Resources			
Parking Trust Fund	<u>--</u>	<u>472,500</u>	<u>472,500</u>
Total Deferred Inflows of Resources	<u>--</u>	<u>472,500</u>	<u>472,500</u>
Net Position			
Net investment in capital assets	15,329,431	9,113,550	24,442,981
Restricted for:			
Tourism	363,407	--	363,407
Transportation	354,264	--	354,264
Police forfeiture	141,755	--	141,755
Renewal and replacement	--	240,745	240,745
Parking Development	--	25,500	25,500
Loan reserve	--	324,000	324,000
Unrestricted	<u>7,298,940</u>	<u>3,494,438</u>	<u>10,793,378</u>
Total Net Position	<u>\$ 23,487,797</u>	<u>\$ 13,198,233</u>	<u>\$ 36,686,030</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, 2016

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	
Governmental Activities							
General government	\$ 3,295,208	\$ 1,233,195	\$ --	\$ --	\$ (2,062,013)	\$ --	\$ (2,062,013)
Public safety	5,871,196	1,140,065	70,624	--	(4,660,507)	--	(4,660,507)
Public works	1,487,590	--	--	554,446	(933,144)	--	(933,144)
Leisure services	2,534,022	639,875	--	--	(1,894,147)	--	(1,894,147)
Transportation	381,891	--	230,428	--	(151,463)	--	(151,463)
Interest on long-term debt	3,213	--	--	--	(3,213)	--	(3,213)
Total Governmental Activities	<u>13,573,120</u>	<u>3,013,135</u>	<u>301,052</u>	<u>554,446</u>	<u>(9,704,487)</u>	<u>--</u>	<u>(9,704,487)</u>
Business-type Activities							
Water and sewer	3,150,570	3,027,479	--	--	--	(123,091)	(123,091)
Municipal parking	1,095,550	1,086,763	--	--	--	(8,787)	(8,787)
Sanitation	1,452,813	1,705,617	--	--	--	252,804	252,804
Stormwater utility	492,599	507,827	--	--	--	15,228	15,228
Total Business-type Activities	<u>6,191,532</u>	<u>6,327,686</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>136,154</u>	<u>136,154</u>
Total	<u>\$ 19,764,652</u>	<u>\$ 9,340,821</u>	<u>\$ 301,052</u>	<u>\$ 554,446</u>	<u>(9,704,487)</u>	<u>136,154</u>	<u>(9,568,333)</u>
General Revenues							
Taxes							
Property taxes					7,276,466	--	7,276,466
Resort taxes					1,226,351	--	1,226,351
Franchise fees based on gross receipts					424,878	--	424,878
Utility taxes					577,872	--	577,872
Communications services tax					234,542	--	234,542
Unrestricted intergovernmental revenues					717,252	--	717,252
Unrestricted investment earnings					19,488	220	19,708
Miscellaneous revenues					579,059	--	579,059
Transfers					442,008	(442,008)	--
Total General Revenues and Transfers					<u>11,497,916</u>	<u>(441,788)</u>	<u>11,056,128</u>
Change in Net Position					1,793,429	(305,634)	1,487,795
Net Position - Beginning					21,694,368	13,503,867	35,198,235
Net Position - Ending					<u>\$ 23,487,797</u>	<u>\$ 13,198,233</u>	<u>\$ 36,686,030</u>

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

TOWN OF SURFSIDE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2016

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 4,592,912	\$ 936,735	\$ 849,957	\$ 6,379,604
Investments	3,236,519	216,483	12,483	3,465,485
Receivables	580,878	15,000	128,003	723,881
Due from other funds	2,050	--	--	2,050
Prepaid items	<u>198,405</u>	<u>3,000</u>	<u>3,154</u>	<u>204,559</u>
Total Assets	<u>\$ 8,610,764</u>	<u>\$ 1,171,218</u>	<u>\$ 993,597</u>	<u>\$ 10,775,579</u>
Liabilities				
Accounts payable	\$ 239,770	\$ 16,866	\$ 127,203	\$ 383,839
Accrued liabilities	414,006	--	1,164	415,170
Due to other funds	--	--	2,050	2,050
Unearned revenue	26,894	--	600	27,494
Customer deposits	<u>561,686</u>	<u>--</u>	<u>--</u>	<u>561,686</u>
Total Liabilities	<u>1,242,356</u>	<u>16,866</u>	<u>131,017</u>	<u>1,390,239</u>
Fund Balances				
Non-spendable:				
Prepaid items	198,405	3,000	3,154	204,559
Restricted for:				
Tourism	--	--	363,407	363,407
Transportation surtax	--	--	354,264	354,264
Police forfeiture	--	--	141,755	141,755
Assigned for:				
Hurricanes and emergencies	2,000,000	--	--	2,000,000
Capital projects	--	1,151,352	--	1,151,352
Unassigned	<u>5,170,003</u>	<u>--</u>	<u>--</u>	<u>5,170,003</u>
Total Fund Balances	<u>7,368,408</u>	<u>1,154,352</u>	<u>862,580</u>	<u>9,385,340</u>
Total Liabilities and Fund Balances	<u>\$ 8,610,764</u>	<u>\$ 1,171,218</u>	<u>\$ 993,597</u>	
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.				15,430,657
Deferred outflows of resources related to pensions are recorded in the statement of net position				1,657,120
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Compensated absences				(362,880)
Capital lease				(101,226)
Net pension liability				(2,220,433)
Net OPEB obligation				<u>(300,781)</u>
Net Position of Governmental Activities				<u>\$ 23,487,797</u>

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, 2016

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 7,276,466	\$ --	\$ --	\$ 7,276,466
Resort taxes	1,226,351	--	639,875	1,866,226
Utility taxes	577,872	--	--	577,872
Communications services tax	234,542	--	--	234,542
Franchise fees	424,878	--	--	424,878
Licenses and permits	939,870	--	--	939,870
Intergovernmental	717,252	--	230,428	947,680
Charges for services	293,325	--	--	293,325
Fines and forfeitures	1,140,065	--	70,624	1,210,689
Developer fees	--	554,446	--	554,446
Interest earnings	17,913	1,169	406	19,488
Miscellaneous	571,559	--	7,500	579,059
Total Revenues	<u>13,420,093</u>	<u>555,615</u>	<u>948,833</u>	<u>14,924,541</u>
Expenditures				
Current:				
General government	3,159,302	--	--	3,159,302
Public safety	5,520,988	--	33,153	5,554,141
Public works	1,113,789	--	--	1,113,789
Leisure services	1,841,022	--	620,862	2,461,884
Transportation	--	--	310,767	310,767
Capital outlay	--	245,258	17,210	262,468
Debt service:				
Principal	100,013	--	--	100,013
Interest and fiscal charges	3,213	--	--	3,213
Total Expenditures	<u>11,738,327</u>	<u>245,258</u>	<u>981,992</u>	<u>12,965,577</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,681,766</u>	<u>310,357</u>	<u>(33,159)</u>	<u>1,958,964</u>
Other Financing Sources (Uses)				
Transfers in	--	661,092	--	661,092
Transfers out	(219,084)	--	--	(219,084)
Total Other Financing Sources (Uses)	<u>(219,084)</u>	<u>661,092</u>	<u>--</u>	<u>442,008</u>
Net Change in Fund Balances	1,462,682	971,449	(33,159)	2,400,972
Fund Balances - Beginning	<u>5,905,726</u>	<u>182,903</u>	<u>895,739</u>	<u>6,984,368</u>
Fund Balances - Ending	<u>\$ 7,368,408</u>	<u>\$ 1,154,352</u>	<u>\$ 862,580</u>	<u>\$ 9,385,340</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, 2016

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) \$ 2,400,972

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:

Capital outlay	\$ 442,691	
Depreciation and amortization	<u>(821,889)</u>	
Net adjustment		(379,198)
Loss on disposal of capital assets		(44,361)

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:

Payment of principal on capital lease	100,013
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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	(53,505)	
Net pension liability	(171,995)	
Net OPEB obligation	<u>(58,497)</u>	
Net adjustment		<u>(283,997)</u>

Change in net position of governmental activities (Page 17)	\$ <u>1,793,429</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, 2016

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Assets					
Current Assets					
Cash	\$ --	\$ 1,157,676	\$ 226,964	\$ 2,590,653	\$ 3,975,293
Investments	40,535	--	--	--	40,535
Receivables	704,413	505,700	327,812	107,672	1,645,597
Due from other funds	--	--	--	1,096,671	1,096,671
Prepaid items	20,747	27,424	20,881	10,607	79,659
Total Current Assets	<u>765,695</u>	<u>1,690,800</u>	<u>575,657</u>	<u>3,805,603</u>	<u>6,837,755</u>
Noncurrent Assets					
Capital Assets					
Land	--	1,358,011	--	--	1,358,011
Infrastructure	24,197,722	1,447,360	--	3,582,936	29,228,018
Equipment	291,340	499,049	622,222	--	1,412,611
	24,489,062	3,304,420	622,222	3,582,936	31,998,640
Less: accumulated depreciation	(3,633,035)	(1,175,435)	(248,041)	(364,438)	(5,420,949)
Total Capital Assets, Net	<u>20,856,027</u>	<u>2,128,985</u>	<u>374,181</u>	<u>3,218,498</u>	<u>26,577,691</u>
Total Noncurrent Assets	<u>20,856,027</u>	<u>2,128,985</u>	<u>374,181</u>	<u>3,218,498</u>	<u>26,577,691</u>
Total Assets	<u>21,621,722</u>	<u>3,819,785</u>	<u>949,838</u>	<u>7,024,101</u>	<u>33,415,446</u>
Deferred Outflows of Resources					
Pension	42,507	73,094	89,992	17,513	223,106
Liabilities					
Current Liabilities					
Accounts payable	213,040	27,328	203,436	3,561	447,365
Accrued liabilities	30,859	4,788	7,130	1,297	44,074
Due to other funds	1,096,671	--	--	--	1,096,671
Interest payable	163,593	--	--	54,531	218,124
Retainage payable	1,235	--	--	--	1,235
Current portion capital lease payable	12,747	--	--	--	12,747
Current portion of revenue bonds payable	470,902	--	--	156,967	627,869
Current portion of state revolving loan payable	318,824	--	--	106,275	425,099
Compensated absences	2,701	1,166	6,433	76	10,376
Unearned revenue	--	6,492	--	--	6,492
Customer deposits	244,354	--	--	--	244,354
Total Current Liabilities	<u>2,554,926</u>	<u>39,774</u>	<u>216,999</u>	<u>322,707</u>	<u>3,134,406</u>
Noncurrent Liabilities					
Net OPEB obligation	12,729	6,066	23,987	175	42,957
Net pension liability	56,562	97,617	120,828	23,280	298,287
Compensated absences	24,307	10,496	57,894	686	93,383
Capital lease payable	13,210	--	--	--	13,210
Revenue bonds payable	6,478,966	--	--	2,159,655	8,638,621
State revolving loan payable	5,810,216	--	--	1,936,739	7,746,955
Total Noncurrent Liabilities	<u>12,395,990</u>	<u>114,179</u>	<u>202,709</u>	<u>4,120,535</u>	<u>16,833,413</u>
Total Liabilities	<u>14,950,916</u>	<u>153,953</u>	<u>419,708</u>	<u>4,443,242</u>	<u>19,967,819</u>
Deferred Inflows of Resources					
Parking Trust Fund	--	472,500	--	--	472,500
Net Position					
Net investment in capital assets	7,751,522	2,128,985	374,181	(1,141,138)	9,113,550
Restricted for renewal and replacement	208,560	--	--	32,185	240,745
Restricted for loan reserve	243,000	--	--	81,000	324,000
Restricted for parking development	--	25,500	--	--	25,500
Unrestricted	(1,489,769)	1,111,941	245,941	3,626,325	3,494,438
Total Net Position	<u>\$ 6,713,313</u>	<u>\$ 3,266,426</u>	<u>\$ 620,122</u>	<u>\$ 2,598,372</u>	<u>\$ 13,198,233</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, 2016

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
Operating Revenues					
Charges for services:					
Water sales	\$ 1,653,233	\$ --	\$ --	\$ --	\$ 1,653,233
Sewer charges	1,372,530	--	--	--	1,372,530
Parking fees	--	1,086,763	--	--	1,086,763
Solid waste fees	--	--	1,547,604	--	1,547,604
Recycling fees	--	--	125,181	--	125,181
Drainage fees	--	--	--	507,827	507,827
Miscellaneous	1,716	--	32,832	--	34,548
Total Operating Revenues	<u>3,027,479</u>	<u>1,086,763</u>	<u>1,705,617</u>	<u>507,827</u>	<u>6,327,686</u>
Operating Expenses					
Personal services	371,936	504,317	713,935	145,348	1,735,536
Administrative	112,686	498,445	240,518	63,916	915,565
Water system	456,606	--	--	--	456,606
Sewer system	959,227	--	--	--	959,227
Solid waste system	--	--	474,811	--	474,811
Depreciation	789,985	92,788	23,549	130,353	1,036,675
Total Operating Expenses	<u>2,690,440</u>	<u>1,095,550</u>	<u>1,452,813</u>	<u>339,617</u>	<u>5,578,420</u>
Operating Income (Loss)	<u>337,039</u>	<u>(8,787)</u>	<u>252,804</u>	<u>168,210</u>	<u>749,266</u>
Nonoperating Revenues (Expenses)					
Interest earnings	220	--	--	--	220
Interest expense	(460,130)	--	--	(152,982)	(613,112)
Total Nonoperating Revenues (Expenses)	<u>(459,910)</u>	<u>--</u>	<u>--</u>	<u>(152,982)</u>	<u>(612,892)</u>
Income Before Transfers	(122,871)	(8,787)	252,804	15,228	136,374
Transfers out	--	--	--	(442,008)	(442,008)
Change in Net Position	(122,871)	(8,787)	252,804	(426,780)	(305,634)
Net Position - Beginning	<u>6,836,184</u>	<u>3,275,213</u>	<u>367,318</u>	<u>3,025,152</u>	<u>13,503,867</u>
Net Position - Ending	<u>\$ 6,713,313</u>	<u>\$ 3,266,426</u>	<u>\$ 620,122</u>	<u>\$ 2,598,372</u>	<u>\$ 13,198,233</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, 2016

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,954,833	\$ 1,070,063	\$ 1,763,607	\$ 500,683	\$ 6,289,186
Payments to other funds	--	--	--	(74,726)	(74,726)
Payments to suppliers	(1,713,336)	(455,069)	(567,156)	(121,551)	(2,857,112)
Payments to employees	(347,140)	(498,850)	(728,392)	(144,774)	(1,719,156)
Receipts from other funds	74,726	--	--	--	74,726
Net Cash Provided by Operating Activities	<u>969,083</u>	<u>116,144</u>	<u>468,059</u>	<u>159,632</u>	<u>1,712,918</u>
Cash Flows from Noncapital Financing Activities					
Transfers out	--	--	--	(442,008)	(442,008)
Net Cash Used by Noncapital Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(442,008)</u>	<u>(442,008)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(42,903)	(35,725)	(378,964)	(9,760)	(467,352)
Proceeds from sale of capital assets	--	--	8,161	--	8,161
Principal payments	(677,722)	--	--	(353,211)	(1,030,933)
Interest expense and debt related costs	(470,391)	--	--	(156,402)	(626,793)
Net Cash Used by Capital and Related Financing Activities	<u>(1,191,016)</u>	<u>(35,725)</u>	<u>(370,803)</u>	<u>(519,373)</u>	<u>(2,116,917)</u>
Cash Flows from Investing Activities					
Interest earnings	220	--	--	--	220
Purchases of investments	(218)	--	--	--	(218)
Net Cash Provided by Investing Activities	<u>2</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2</u>
Net Increase (Decrease) in Cash	(221,931)	80,419	97,256	(801,749)	(846,005)
Cash - Beginning	<u>221,931</u>	<u>1,077,257</u>	<u>129,708</u>	<u>3,392,402</u>	<u>4,821,298</u>
Cash - Ending	<u>\$ --</u>	<u>\$ 1,157,676</u>	<u>\$ 226,964</u>	<u>\$ 2,590,653</u>	<u>\$ 3,975,293</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, 2016

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 337,039	\$ (8,787)	\$ 252,804	\$ 168,210	\$ 749,266
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	789,985	92,788	23,549	130,353	1,036,675
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	(95,069)	4,300	57,990	(7,144)	(39,923)
Prepaid items	(15,289)	22,431	(10,327)	(7,832)	(11,017)
Deferred outflows - pension	(23,614)	(40,028)	(47,569)	(9,708)	(120,919)
Due from other funds	--	--	--	(74,726)	(74,726)
Increase (decrease) in:					
Accounts payable	(88,854)	20,945	158,500	(49,803)	40,788
Accrued liabilities	15,842	(11,051)	(13,641)	(1,830)	(10,680)
Unearned revenue	--	6,492	--	--	6,492
Due to other funds	74,726	--	--	--	74,726
Retainage payable	(80,674)	--	--	--	(80,674)
Compensated absences	3,412	1,419	(12,374)	373	(7,170)
Net pension liability	33,226	56,672	68,323	13,665	171,886
Net OPEB obligation	1,030	911	2,279	175	4,395
Deferred inflows - pensions	(5,100)	(8,948)	(11,475)	(2,101)	(27,624)
Deferred inflows - parking trust fund	--	(21,000)	--	--	(21,000)
Customer deposits	22,423	--	--	--	22,423
Total adjustments	632,044	124,931	215,255	(8,578)	963,652
Net Cash Provided by Operating Activities	\$ 969,083	\$ 116,144	\$ 468,059	\$ 159,632	\$ 1,712,918

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2016

Assets

Investments

Money market funds	\$ 345,158
Certificates of deposit	397,529
U.S. Treasury securities	285,384
U.S. Government agency bonds	592,439
Municipal obligations	117,639
Corporate bonds	3,680,385
Mortgage backed securities	316,351
Equities	
Common stock and American depositary receipts and exchange traded funds	9,846,158
Mutual funds	1,484,142
Real estate investment trusts	48,077
Master limited partnerships	653,545
Core real estate fund	<u>996,008</u>

Total Investments 18,762,815

Receivables

Accrued interest and dividends	55,454
Employee contributions	22,146
Other receivables	<u>21,972</u>

Total Receivables 99,572

Prepaid Expenses 1,500

Total Assets 18,863,887

Liabilities and Net Position

Accounts payable	80,555
Refunds due to members	<u>31,881</u>

Total Liabilities 112,436

Net Position Restricted for Pension Benefits \$ 18,751,451

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, 2016

Additions

Contributions

Plan members	\$ 383,619
Town	<u>757,304</u>
	<u>1,140,923</u>

Investment Income

Net appreciation in fair value of investments	1,482,313
Interest and dividends	<u>458,616</u>
	1,940,929
Less investment expenses	<u>(90,514)</u>

Net Investment Income 1,850,415

Total Additions 2,991,338

Deductions

Benefit payments	584,718
Refunds of contributions	17,972
Administrative expenses	<u>130,686</u>

Total Deductions 733,376

Net Increase in Net Position 2,257,962

Net Position Restricted for Pension Benefits- Beginning 16,493,489

Net Position Restricted for Pension Benefits - Ending \$ 18,751,451

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

**NOTES TO BASIC
FINANCIAL STATEMENTS**

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 Commission 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 with the exception of interfund services provided and used which are not eliminated. *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, 2016

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, 2016

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, 2016

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 a manner similar to private business enterprises. The intent of the Town is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Municipal Parking Fund* accounts for all parking revenues and expenses. 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, 2016

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.

Implementation of Governmental Accounting Standards Board Statements

The Town implemented the following GASB Statements during the fiscal year ended September 30, 2016:

GASB Statement No. 72, Fair Value Measurement and Application

This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (continued)

The Town's cash includes 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, which is amortized cost.

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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets

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

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Town was not required to and did not retroactively report infrastructure assets acquired prior to the implementation of GASB Statement No. 34.

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, 2016.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. 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 reports within its government-wide statement of net position as deferred outflows amounts contributed during fiscal year 2016 into The Retirement Plan for the Employees of the Town of Surfside. The net pension liability associated with the Plan was measured as of September 30, 2015. The amounts paid during fiscal year 2016 to the Plan will be reflected within the Town's pension expense and related liability when the net pension liability is measured for the next fiscal year.

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. The Town has one item that qualifies for reporting in this category. The proprietary funds statement of net position includes a parking trust fund agreement. These amounts are deferred and recognized as an inflow of resources in the period that they are earned.

7. 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.

8. 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Balance

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.

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. Committed fund balances 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Balance (continued)

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.

10. 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 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.

11. 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.

12. 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 related debt and deferred inflows/outflows of resources incurred to acquire, construct or improve those assets,

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Net Position (continued)

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.

13. 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 deferred outflows of resources, liabilities and deferred inflows of resources, 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS - TOWN

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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 the Florida PRIME. Florida PRIME invests in a pool of investments whereby the Town owns a share of the respective pool, not the underlying securities. GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* establishing criteria for an external investment pool to qualify to report at amortized cost. Florida PRIME is exempt from the GASB 72 fair value hierarchy disclosures and reports at amortized cost.

With regard to redemption dates, Chapter 218.409(8) (a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set be the Trustee exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

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

As of September 30, 2016, the Town had the following investment subject to interest rate risk:

	Reported Value	Weighted Average Maturity
Investments		
Florida PRIME	\$ 3,506,020	50 days

Florida PRIME is presented as investments 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.

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, 2016, the Town's portfolio did not have any investments subject to a concentration of credit risk.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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. Foreign equity investments shall not exceed 10% of the Plan assets.
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, real estate, 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.
7. Master Limited Partnerships.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Investments held in trust for Plan benefits consist of the following at September 30, 2016:

	<u>Reported Value</u>
Investments	
Money market funds	\$ 345,158
Certificates of deposit	397,529
U.S. Treasury securities	285,384
U.S. Government agency bonds	592,439
Municipal obligations	117,639
Corporate bonds	3,680,385
Mortgage backed securities	316,351
Equities	
Common stock and American depository receipts and exchange traded funds	9,846,158
Mutual funds	1,484,142
Real estate investment trusts	48,077
Master limited partnerships	653,545
Core real estate fund	996,008
Total	\$ 18,762,815

As of September 30, 2016, the Plan had the following investment types subject to interest rate risk:

Investment Type	Fair Value	Sector Distribution
Corporate bonds	\$ 3,680,385	73.7%
Municipal obligations	117,639	2.4%
U.S. Government agency bonds	592,439	11.9%
U.S. Treasury securities	285,384	5.7%
Mortgage backed securities	316,351	6.3%
Total Fair Value	\$ 4,992,198	

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Maturity Distribution		Credit Quality Distribution	
Years	% of Fixed Income Securities	Rating	% of Fixed Income Securities
0-1	2.0%	AAA	2.0%
1-5	52.5%	AA	44.4%
5-10	29.3%	A	38.4%
10+	<u>16.2%</u>	BBB	10.1%
	<u>100.0%</u>	Not Rated	<u>5.1%</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, 2016, the Plan's investments in the U.S. Treasury Securities 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 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 Plan's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent of the Plan's total investments. No investment in any one organization represents five percent or more of total fiduciary net position.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Custodial Credit Risk

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

FAIR VALUE HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 - Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S. Treasury securities, domestic and foreign common stock, american depository receipts (ADR), and exchange traded funds (ETF).

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. Government Agency bonds, corporate bonds, municipal bonds and mortgage backed securities.

Money market funds are reported at amortized cost.

The following is a summary of the fair value hierarchy of investments as of September 30, 2016:

	Fair Value Measurements Using			
	9/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
U.S. Treasury securities	\$ 285,384	\$ 285,384	\$ --	\$ --
Corporate bonds	3,680,385	858,767	2,821,618	--
Municipal obligations	117,639	--	117,639	--
Mortgage backed securities	316,351	--	316,351	--
U.S. Government agency bonds	592,439	--	592,439	--
Total debt securities	<u>4,992,198</u>	<u>1,144,151</u>	<u>3,848,047</u>	<u>--</u>
Equity securities				
Common stock, ADR's, and ETF's	9,846,158	9,846,158	--	--
Mutual funds	1,484,142	1,484,142	--	--
Real Estate Investment Trusts	48,077	48,077	--	--
Total equity securities	<u>11,378,377</u>	<u>11,378,377</u>	<u>--</u>	<u>--</u>
Total investments at fair value	<u>16,370,575</u>	<u>\$ 12,522,528</u>	<u>\$ 3,848,047</u>	<u>\$ --</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets 9/30/2016 (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Net Asset Value (NAV)*			
Core real estate fund	996,008		
Master limited partnerships	<u>653,545</u>		
Total investments measured at NAV	<u>1,649,553</u>		
Money market funds (exempt)	345,158		
Certificates of deposit (exempt)	<u>397,529</u>		
Total investments	<u>\$ 18,762,815</u>		

* As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Core Real Estate Fund ⁽¹⁾	\$ 996,008	\$ --	Quarterly	N/A
Master limited partnerships ⁽²⁾	\$ 653,545	\$ --	3 Day Notice	N/A

- (1) *Core real estate fund.* This fund is an open-end core real estate fund with a diversified portfolio of income producing institutional properties throughout the U.S. This investment is valued at NAV and is redeemable on a quarterly basis.
- (2) *Master limited partnerships.* This fund invests primarily in master limited partnerships as well as domestic common stocks or similar equity securities of high quality, financially secure companies listed on principal exchanges. This investment is valued at NAV and is redeemable with 3 day notice.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2016 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
Receivables								
Property taxes	\$ 59,334	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 59,334
Intergovernmental	161,311	15,000	128,003	--	--	--	--	304,314
Other	360,233	--	--	755	505,700	--	--	866,688
Accounts - billed	--	--	--	118,351	--	327,812	18,820	464,983
Accounts - unbilled	--	--	--	585,307	--	--	88,852	674,159
Gross receivables	580,878	15,000	128,003	704,413	505,700	327,812	107,672	2,369,478
Less: allowance for uncollectibles	--	--	--	--	--	--	--	--
Total Receivables, Net	<u>\$ 580,878</u>	<u>\$ 15,000</u>	<u>\$ 128,003</u>	<u>\$ 704,413</u>	<u>\$ 505,700</u>	<u>\$ 327,812</u>	<u>\$ 107,672</u>	<u>\$ 2,369,478</u>

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 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Town for the fiscal year ended September 30, 2016, was 5.0144 per \$1,000. 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

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 – PROPERTY TAXES (CONTINUED)

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, 2016, there were no material delinquent taxes.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the interfund balances as of September 30, 2016 is as follows:

DUE TO/FROM OTHER FUNDS

Receivable Funds	Payable Fund			Total
	Water and Sewer	Transportation Surtax Fund	Police Forfeiture Fund	
General Fund	\$ --	\$ --	2,050	\$ 2,050
Stormwater Utility Fund	<u>1,096,671</u>	<u>--</u>	<u>--</u>	<u>1,096,671</u>
	<u>\$ 1,096,671</u>	<u>\$ --</u>	<u>\$ 2,050</u>	<u>\$ 1,098,721</u>

Receivables noted above represent short-term arrangements 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	\$ --	\$ 219,084
Capital Projects Fund	661,092	--
Stormwater Utility Fund	<u>--</u>	<u>442,008</u>
Total Interfund Transfers	<u>\$ 661,092</u>	<u>\$ 661,092</u>

Capital Projects Fund transfers in consisted of transfers from the General Fund and Stormwater Fund to provide funding for on-going construction projects.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	1,261,070	192,771	1,325,544	128,297
Total Capital Assets Not Being Depreciated	<u>2,722,299</u>	<u>192,771</u>	<u>1,325,544</u>	<u>1,589,526</u>
Capital Assets Being Depreciated				
Buildings	11,024,416	1,951	--	11,026,367
Machinery, furniture and equipment	2,957,119	247,968	359,790	2,845,297
Infrastructure	4,263,220	1,325,544	--	5,588,764
Total Capital Assets Being Depreciated	<u>18,244,755</u>	<u>1,575,463</u>	<u>359,790</u>	<u>19,460,428</u>
Less: Accumulated Depreciation for				
Buildings	2,007,601	257,739	--	2,265,340
Machinery, furniture and equipment	1,906,091	307,241	315,429	1,897,903
Infrastructure	1,199,145	256,909	--	1,456,054
Total Accumulated Depreciation	<u>5,112,837</u>	<u>821,889</u>	<u>315,429</u>	<u>5,619,297</u>
Total Capital Assets Being Depreciated, Net	<u>13,131,918</u>	<u>753,574</u>	<u>44,361</u>	<u>13,841,131</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,854,217</u>	<u>\$ 946,345</u>	<u>\$ 1,369,905</u>	<u>\$ 15,430,657</u>
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,358,011	\$ --	\$ --	\$ 1,358,011
Construction in progress	60,715	--	60,715	--
Total Capital Assets Not Being Depreciated	<u>1,418,726</u>	<u>--</u>	<u>60,715</u>	<u>1,358,011</u>
Capital Assets Being Depreciated				
Equipment	1,089,961	457,593	134,942	1,412,612
Infrastructure	29,167,301	60,717	--	29,228,018
Total Capital Assets Being Depreciated	<u>30,257,262</u>	<u>518,310</u>	<u>134,942</u>	<u>30,640,630</u>
Less: Accumulated Depreciation for				
Equipment	731,121	93,740	126,781	698,080
Infrastructure	3,779,935	942,935	--	4,722,870
Total Accumulated Depreciation	<u>4,511,056</u>	<u>1,036,675</u>	<u>126,781</u>	<u>5,420,950</u>
Total Capital Assets Being Depreciated, Net	<u>25,746,206</u>	<u>(518,365)</u>	<u>8,161</u>	<u>25,219,680</u>
Business-type Activities Capital Assets, Net	<u>\$ 27,164,932</u>	<u>\$ (518,365)</u>	<u>\$ 68,876</u>	<u>\$ 26,577,691</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 139,324
Public safety	189,955
Physical environment	362,285
Leisure services	59,199
Transportation	<u>71,125</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 821,888</u>
Business-type Activities	
Water and sewer	\$ 789,985
Municipal parking	92,788
Sanitation	23,549
Stormwater utility	<u>130,353</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 1,036,675</u>

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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital lease	\$ 201,239	\$ --	\$ 100,013	\$ 101,226	\$ 49,061
Compensated absences	309,375	53,505	--	362,880	36,288
Net pension liability	953,954	2,253,828	987,349	2,220,433	--
Net OPEB obligation	<u>242,285</u>	<u>58,496</u>	<u>--</u>	<u>300,781</u>	<u>--</u>
Total Governmental Activities	<u>\$ 1,706,853</u>	<u>\$ 2,365,829</u>	<u>\$ 1,087,362</u>	<u>\$ 2,985,320</u>	<u>\$ 85,349</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Capital lease	\$ 38,123	\$ --	\$ 12,166	\$ 25,957	\$ 12,747
Revenue bonds series 2011	9,866,062	--	599,572	9,266,490	627,869
State revolving loan	8,591,249	--	419,195	8,172,054	425,099
Compensated absences	110,929	--	7,170	103,759	10,376
Net pension liability	126,400	302,773	130,886	298,287	--
Net OPEB obligation	38,562	4,395	--	42,957	--
Total Business-type Activities	<u>\$ 18,771,325</u>	<u>\$ 307,168</u>	<u>\$ 1,168,989</u>	<u>\$ 17,909,504</u>	<u>\$ 1,076,091</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 \$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, plus a rate stabilization amount of \$689,000, which is included in unrestricted net position of the Water/Sewer and Stormwater funds. Principal is paid 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 \$9,266,490, plus a rate stabilization amount of \$689,000, which is included in unrestricted net position of the Water/Sewer and Stormwater funds.. For the current year, debt service which is comprised of accrued interest and principal payments was \$1,053,108. Pledged revenues were \$3,535,526.

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ 627,870	\$ 437,379	\$ 1,065,249
2018	657,506	407,743	1,065,249
2019	688,540	376,709	1,065,249
2020	721,039	344,210	1,065,249
2021	755,072	310,177	1,065,249
2022-2026	<u>5,816,463</u>	<u>1,291,611</u>	<u>7,108,074</u>
Total	<u>\$ 9,266,490</u>	<u>\$ 3,167,829</u>	<u>\$ 12,434,319</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

STATE REVOLVING LOAN

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. No proceeds were received during the 2016 fiscal year.

The principal total outstanding at September 30, 2016 is \$8,172,053. The loan is secured by the net water, sewer and stormwater revenues, plus a rate stabilization amount of \$689,000, which is included in unrestricted net position of the Water/Sewer and Stormwater funds after payment of debt service on the Town's existing series obligations. Total debt service for fiscal year 2016 was \$465,678 and the pledged revenue was \$3,535,526. The loan is payable in semi-annual payments over 20 years beginning on July 15, 2013 and is payable each January 15 and July 15.

	Principal	Interest	Total
Fiscal Year Ending September 30			
2017	\$ 427,071	\$ 150,830	\$ 577,901
2018	435,095	142,806	577,901
2019	443,269	134,632	577,901
2020	451,597	126,304	577,901
2021	460,081	117,820	577,901
2022-2026	2,433,357	456,150	2,889,507
2027-3031	2,670,691	218,816	2,889,507
3032-3033	850,893	15,961	866,854
Total	<u>\$ 8,172,054</u>	<u>\$ 1,363,319</u>	<u>\$ 9,535,373</u>

CAPITAL LEASES

The Town entered into four separate lease agreements, at different dates, totaling approximately \$472,000 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. One of the lease agreements was paid off during the year.

TOWN OF SURFSIDE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

CAPITAL LEASES (CONTINUED)

The first lease agreement was entered into on November 1, 2013. The lease agreement was for the amount of \$61,162 with an applicable annual interest rate of 4.30%. The second lease agreement, entered on November 7, 2013, was for the amount of \$82,559 with an applicable annual interest rate of 4.30%. The third lease agreement, entered on October 4, 2014, 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	\$ 687,382
Accumulated depreciation	<u>(467,702)</u>

Total Assets Acquired Under the Capital Lease	<u>\$ 219,680</u>
--	--------------------------

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 were as follows:

Fiscal Year Ending September 30,	Amount
2017	64,020
2018	63,220
2019	<u>2,920</u>
Total minimum lease payments	130,160
Less: interest portion	<u>2,977</u>
Present Value of Future Minimum Lease Payments	<u>\$ 127,183</u>

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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

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 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.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Town's Finance Director or visiting the Town's website.

During 2011, the Town passed Ordinance 11-1580, which grants the right to Charter Officers to opt out of the Plan at any time.

The Plan is administered by a Pension Board comprised of:

- Two Town Commissioners
- One police officer elected by a majority of police officers
- A general employee elected by his fellow general employees
- The Town Manager (a permanent member of the Board)

Membership in the Plan as of October 1, 2015, the latest actuarial valuation, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	36
Inactive plan members entitled but not yet receiving benefits	6
Active plan members	<u>87</u>
Total Members	<u><u>129</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2014 actuarial valuation, totaled \$757,304 for the year ended September 30, 2016.

General Employees

Initially employees were required to contribute either 5% of their salary. One employee still contributes 5%, but all other general employees contribute 6%.

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. 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 as of September 30, 2016. Two (2) general employees are currently participating in the DROP as of September 30, 2016. As of September 30, 2016, the balance in the DROP account was \$247,828. This amount is included in the total investment balance presented on the statement of fiduciary net position.

Basis of Accounting

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method Used to Value Investments

The Plan investments are reported at fair value with the exception of money market funds, which are reported at amortized cost, as a result of having a remaining maturity at time of purchase of one year or less, 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 fair 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/depreciation 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.

NET PENSION LIABILITY OF THE TOWN

In accordance with Government Accounting Standards Board Statement No. 68, the net pension liability of the Town using a measurement date of September 30, 2015 was as follows:

Total pension liability	\$ 19,012,209
Plan fiduciary net position	<u>(16,493,489)</u>
Net Pension Liability	<u>\$ 2,518,720</u>
Plan fiduciary net position as a percentage of the total pension liability	86.75%

The above net pension liability is recorded within the government-wide and proprietary funds statement of net position as of September 30, 2016.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Balances at September 30, 2014	<u>\$ 17,338,384</u>	<u>\$ 16,258,030</u>
Changes for the year:			
Service cost	901,998	--	901,998
Expected interest growth	1,336,817	--	1,336,817
Benefit changes	--	--	--
Difference Between Actual and Expected Experience	100,031	--	100,031
Net investment loss	--	(132,329)	132,329
Contributions - Town	--	727,022	(727,022)
Contributions - member	--	391,213	(391,213)
Administrative expenses	--	(85,426)	85,426
Benefit payments, including refunds of employee contributions	(665,021)	(665,021)	--
Net changes	<u>1,673,825</u>	<u>235,459</u>	<u>1,438,366</u>
Balances at September 30, 2015	<u>\$ 19,012,209</u>	<u>\$ 16,493,489</u>	<u>\$ 2,518,720</u>

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	September 30, 2015
Actuarial valuation	October 1, 2014
Interest rates:	
Single discount rate:	7.50%
Inflation rate:	3.50%

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

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. The target allocation and best estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Long-Term Real Return</u>
Domestic equity	52.0%	8.1%
International equity	10.0%	2.7%
Fixed income	25.0%	4.4%
Real estate	10.0%	5.8%
Cash	3.0%	1.1%

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, 2016

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town’s net pension liability (asset) 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 (Asset) of the Town	<u>\$ 5,137,862</u>	<u>\$ 2,518,720</u>	<u>\$ 357,820</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At September 30, 2016, the Town reported a net pension liability of \$2,518,720 (September 30, 2015, measurement date). The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. For the fiscal year ended September 30, 2016, the Town recognized pension expense of \$952,643. In addition, the Town reported deferred outflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	\$ 207,623	\$ --
Net difference between projected and actual earnings on pension plan investment	915,299	
Town contributions subsequent to the measurement date	757,304	--
Total	<u><u>\$ 1,880,226</u></u>	<u><u>\$ --</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflows of resources associated with the Town's contribution to the Plan subsequent to the measurement date of September 30, 2015 in the amount of \$757,304, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2017	\$ 252,759
2018	252,759
2019	252,761
2020	311,784
2021	38,691
Thereafter	<u>14,168</u>
Total	<u><u>\$ 1,122,922</u></u>

PAYABLE TO THE PENSION PLAN

At September 30, 2016, the Town reported a payable of \$22,146 for the outstanding amount of contributions to the pension plan required for the fiscal year ended September 30, 2016.

NOTE 9 – 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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.

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:

Required contribution rates:

Employer	Pay-as-you-go
Plan members	N/A
Annual required contribution	\$ 64,887
Interest on normal cost	11,233
Adjustment to the annual required contribution	<u>(11,162)</u>
Annual OPEB cost	64,958
Estimated employer contribution	<u>(2,067)</u>
Increase in net OPEB obligation	62,891
Net OPEB obligation - Beginning of Year	<u>280,847</u>
Net OPEB Obligation - End of Year	<u>\$ 343,738</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

THREE YEAR TREND INFORMATION

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

	2016	2015	2014
Annual OPEB cost	\$ 64,958	\$ 68,356	\$ 62,759
Percentage of OPEB cost contributed	3.2%	7.0%	11.6%
Net OPEB obligation	343,738	280,847	217,276

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of October 1, 2015, the latest actuarial valuation, was as follows:

Actuarial Value of Assets	Actuarial Liability (AAL) -	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
(a)	(b)	(b) - (a)	(a) / (b)	(c)	((b - a) / c)
\$ --	\$ 374,338	\$ 374,338	0.0%	\$ 5,829,862	6.4%

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:

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Actuarial valuation date	10/1/2015
Actuarial cost method	Entry Age
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	4.0%
Projected salary increases*	4.0% - 8.0%
Payroll growth assumptions	3.0%
Initial trend rate	8.0%
Ultimate trend rate	4.4%
* Includes inflation at	2.8%

NOTE 10 – 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.

TOWN OF SURFSIDE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

LITIGATION

The Town is a defendant in various lawsuits incidental to its operations. As a result of the Red Light Camera ongoing litigation, the Town may have to pay back, in the future, to certain persons that received citations an amount that could exceed \$500,000. This matter is still pending in the courts. It is the opinion of Town Management and Town Legal Counsel, that the ultimate resolution of all other matters will not have a material adverse effect on the financial position and results of operations of the Town.

NOTE 11– EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the Public Safety Department, expenditures exceeded appropriations by \$130,039. This was covered by excess of revenues over estimated revenues.

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

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Budgetary	Variance
	Original	Final	Basis Actual	with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 7,179,916	\$ 7,179,916	\$ 7,276,466	\$ 96,550
Resort taxes	1,284,000	1,284,000	1,226,351	(57,649)
Utility taxes	569,000	569,000	577,872	8,872
Communications services tax	265,000	265,000	234,542	(30,458)
Franchise taxes	448,000	448,000	424,878	(23,122)
Licenses and permits	525,050	702,491	939,870	237,379
Intergovernmental	697,100	697,100	717,252	20,152
Charges for services	263,200	263,200	293,325	30,125
Fines and forfeitures	680,000	760,200	1,140,065	379,865
Interest earnings	5,500	5,500	17,913	12,413
Miscellaneous	236,225	303,125	571,559	268,434
Total Revenues	<u>12,152,991</u>	<u>12,477,532</u>	<u>13,420,093</u>	<u>942,561</u>
Expenditures				
Current:				
General government	3,685,742	3,879,783	3,436,143	443,640
Public safety	5,290,649	5,390,949	5,520,988	(130,039)
Public works	1,280,924	1,320,688	1,113,789	206,899
Leisure services	1,960,498	1,970,499	1,841,022	129,477
Total Expenditures	<u>12,217,813</u>	<u>12,561,919</u>	<u>11,911,942</u>	<u>649,977</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(64,822)</u>	<u>(84,387)</u>	<u>1,508,151</u>	<u>1,592,538</u>
Other Financing Sources (Uses)				
Fund balance	(59,319)	--	--	--
Transfers in	276,841	276,841	276,841	--
Transfers out	(152,700)	(219,084)	(219,084)	--
Total Other Financing Sources (Uses)	<u>64,822</u>	<u>57,757</u>	<u>57,757</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ (26,630)</u>	<u>\$ 1,565,908</u>	<u>\$ 292,584</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ 26,630</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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, except for general fund debt service payments and transfers.

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.

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.

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 budgetary comparison schedule. There were supplemental appropriations in the amount of \$284,786 in the General Fund for the fiscal year ended September 30, 2016.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – RECONCILIATION OF GAAP BASIS TO BUDGETARY BASIS

Expenditures Reported on a GAAP Basis	\$ 11,738,327
Transfers recorded as a reduction of expenditures	276,841
Debt service not budgeted	<u>(103,226)</u>
Expenditures on a Budgetary Basis	<u><u>\$ 11,911,942</u></u>

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%
October 1, 2015	--	374,338	374,338	0.0%	5,829,862	6.4%

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date, September 30,	2016	2015	2014
Total Pension Liability			
Service cost	\$ 932,365	\$ 901,998	\$ 888,988
Interest	1,458,652	1,336,817	1,227,596
Benefit changes	--	--	35,244
Difference between actual and expected experience	(35,527)	100,031	170,264
Changes of assumptions	402,655	--	--
Benefit payments, including refunds of member contributions	<u>(602,692)</u>	<u>(665,021)</u>	<u>(545,746)</u>
Net Change in Total Pension Liability	2,155,453	1,673,825	1,776,346
Total Pension Liability - Beginning	<u>19,012,209</u>	<u>17,338,384</u>	<u>15,562,038</u>
Total Pension Liability - Ending (a)	<u>\$ 21,167,662</u>	<u>\$ 19,012,209</u>	<u>\$ 17,338,384</u>
Plan Fiduciary Net Position			
Contributions - Town	\$ 757,304	\$ 727,022	\$ 631,584
Contributions - Members	383,619	387,678	349,600
Net Investment income	1,850,415	(128,796)	1,396,431
Benefit payments, including refunds of member contributions	(602,690)	(665,019)	(545,746)
Administrative expense	<u>(130,686)</u>	<u>(85,426)</u>	<u>(80,194)</u>
Net Change in Plan Fiduciary Net Position	2,257,962	235,459	1,751,675
Plan Fiduciary Net Position - Beginning	<u>16,493,489</u>	<u>16,258,030</u>	<u>14,506,355</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,751,451</u>	<u>\$ 16,493,489</u>	<u>\$ 16,258,030</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,416,211</u>	<u>\$ 2,518,720</u>	<u>\$ 1,080,354</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.59%	86.75%	93.77%
Covered Employee Payroll	\$ 5,710,172	\$ 5,321,296	\$ 5,103,795
Net Pension Liability as a Percentage of Covered-Employee Payroll	42.31%	47.33%	21.17%

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
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%
2015	727,022	727,022	--	5,321,296	13.66%
2016	757,304	757,304	--	5,710,172	13.26%

Notes to the schedule

Valuation date: October 1, 2014

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 ended September 30, 2016:

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.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Tourism Fund – This fund is used to account for the 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, 2016

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Assets				
Cash	\$ 413,236	\$ 304,326	\$ 132,395	\$ 849,957
Investments	--	--	12,483	12,483
Receivables	51,903	76,100	--	128,003
Prepaid items	2,801	--	353	3,154
Total Assets	<u>\$ 467,940</u>	<u>\$ 380,426</u>	<u>\$ 145,231</u>	<u>\$ 993,597</u>
Liabilities				
Accounts payable	\$ 99,968	\$ 26,162	\$ 1,073	\$ 127,203
Accrued liabilities	1,164	--	--	1,164
Due to other funds	--	--	2,050	2,050
Unearned revenue	600	--	--	600
Total Liabilities	<u>101,732</u>	<u>26,162</u>	<u>3,123</u>	<u>131,017</u>
Fund Balances				
Non-spendable:				
Prepaid items	2,801	--	353	3,154
Restricted for:				
Tourism	363,407	--	--	363,407
Transportation surtax	--	354,264	--	354,264
Police forfeiture	--	--	141,755	141,755
Total Fund Balances	<u>366,208</u>	<u>354,264</u>	<u>142,108</u>	<u>862,580</u>
Total Liabilities and Fund Balances	<u>\$ 467,940</u>	<u>\$ 380,426</u>	<u>\$ 145,231</u>	<u>\$ 993,597</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, 2016

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Revenues				
Resort taxes	\$ 639,875	\$ --	\$ --	\$ 639,875
Intergovernmental	--	230,428	--	230,428
Fines and forfeitures	--	--	70,624	70,624
Interest earnings	--	--	406	406
Miscellaneous	7,500	--	--	7,500
Total Revenues	<u>647,375</u>	<u>230,428</u>	<u>71,030</u>	<u>948,833</u>
Expenditures				
Public safety	--	--	33,153	33,153
Leisure services	620,862	--	--	620,862
Transportation	--	310,767	--	310,767
Capital outlay	1,951	6,059	9,200	17,210
Total Expenditures	<u>622,813</u>	<u>316,826</u>	<u>42,353</u>	<u>981,992</u>
Excess (Deficiency) of Revenues Over Expenditures	24,562	(86,398)	28,677	(33,159)
Fund Balances - Beginning	<u>341,646</u>	<u>440,662</u>	<u>113,431</u>	<u>895,739</u>
Fund Balances - Ending	<u>\$ 366,208</u>	<u>\$ 354,264</u>	<u>\$ 142,108</u>	<u>\$ 862,580</u>

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Resort taxes	\$ 658,870	\$ 658,870	\$ 639,875	\$ (18,995)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>7,500</u>	<u>4,500</u>
Total Revenues	<u>661,870</u>	<u>661,870</u>	<u>647,375</u>	<u>(14,495)</u>
Expenditures				
Current:				
General government	661,870	661,870	620,862	41,008
Capital outlay	<u>--</u>	<u>--</u>	<u>1,951</u>	<u>(1,951)</u>
Total Expenditures	<u>661,870</u>	<u>661,870</u>	<u>622,813</u>	<u>39,057</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 24,562</u>	<u>\$ 24,562</u>

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 217,000	\$ 217,000	\$ 230,428	\$ 13,428
Miscellaneous	43,350	149,769	--	(149,769)
Total Revenues	<u>260,350</u>	<u>366,769</u>	<u>230,428</u>	<u>(136,341)</u>
Expenditures				
Current:				
Transportation	249,500	355,919	310,767	45,152
Capital outlay	--	--	6,059	(6,059)
Total Expenditures	<u>249,500</u>	<u>355,919</u>	<u>316,826</u>	<u>39,093</u>
Excess of Revenues over Expenditures	<u>10,850</u>	<u>10,850</u>	<u>(86,398)</u>	<u>97,248</u>
Other Financing Uses				
Transfers out	(10,850)	(10,850)	--	(10,850)
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (86,398)</u>	<u>\$ (97,248)</u>

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ --	\$ 38,015	\$ 70,624	\$ 32,609
Miscellaneous	<u>80,000</u>	<u>41,985</u>	<u>406</u>	<u>(41,579)</u>
Total Revenues	<u>80,000</u>	<u>80,000</u>	<u>71,030</u>	<u>(8,970)</u>
Expenditures				
Current:				
Public safety	58,000	58,000	33,153	24,847
Capital outlay	<u>22,000</u>	<u>22,000</u>	<u>9,200</u>	<u>12,800</u>
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>42,353</u>	<u>37,647</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 28,677</u>	<u>\$ 28,677</u>

STATISTICAL SECTION



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

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

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
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
General government	\$ 3,586,294	\$ 3,933,155	\$ 2,844,246	\$ 2,404,067	\$ 2,791,917	\$ 3,117,750	\$ 3,555,197	\$ 3,329,275	\$ 3,432,500	\$ 3,295,208
Public safety	3,599,072	3,703,961	4,094,093	3,786,485	4,099,678	4,418,680	4,404,897	5,003,628	5,624,875	5,871,196
Public works	959,705	848,334	961,381	803,147	829,383	980,590	1,034,890	1,266,810	1,516,329	1,487,590
Leisure services	1,238,174	1,748,556	1,558,000	1,086,071	1,139,460	1,691,572	1,767,787	1,688,945	2,350,266	2,534,022
Tourism development	89,635	-	-	-	-	-	-	-	-	381,891
Transportation	-	173,759	114,121	105,682	124,500	138,815	168,417	209,373	271,284	3,213
Interest	-	-	-	-	-	4,754	6,045	5,787	5,475	-
Total Expenses	9,472,880	10,407,765	9,571,841	8,185,452	8,984,938	10,352,161	10,937,233	11,503,818	13,200,729	13,573,120
Program Revenues:										
Charges for services:										
General government	340,597	169,749	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974	1,003,521	1,233,195
Public safety	205,692	287,324	199,614	-	479,795	626,372	645,803	777,293	940,380	1,140,065
Leisure services	162,549	125,120	123,327	144,757	166,570	387,170	404,443	608,316	601,904	639,875
Transportation	-	-	-	-	516	-	-	-	-	-
Operating grants and contributions	316,547	325,309	269,317	382,635	401,300	245,305	271,588	523,432	277,331	301,052
Capital grants and contributions	-	-	-	-	1,275	-	350,000	1,395,000	141,217	554,446
Total Program Revenues	1,025,385	907,502	790,762	901,948	1,509,005	2,533,793	3,067,827	5,510,015	2,964,353	3,868,633
Net (Expense) Revenue	(8,447,495)	(9,500,263)	(8,781,079)	(7,283,504)	(7,475,933)	(7,818,368)	(7,869,406)	(5,993,803)	(10,236,376)	(9,704,487)
General Revenues:										
Taxes:										
Property taxes	7,377,056	6,292,755	6,325,721	5,323,728	5,619,494	5,264,387	5,257,726	5,660,551	6,526,267	7,276,466
Resort taxes	477,563	424,279	366,867	390,873	435,175	344,063	343,733	677,079	1,154,041	1,226,351
Franchise fees based on gross receipts	453,901	463,823	416,728	414,835	416,277	399,621	394,613	442,572	451,450	424,878
Utility taxes	457,905	438,335	66,825	120,307	470,350	471,994	503,592	553,407	568,462	577,872
Communications services tax	272,870	337,348	385,486	343,440	353,667	325,102	298,019	282,169	268,859	234,542
Unrestricted intergovernmental revenues	584,219	519,837	862,137	905,255	657,120	639,582	638,944	681,956	713,914	717,252
Unrestricted investment earnings (losses)	639,616	194,695	(36,049)	98,208	37,368	62,782	30,399	-	28,783	26,988
Miscellaneous	57,941	49,503	81,280	56,481	138,283	205,832	241,930	396,138	613,367	571,559
Total General Revenues	10,321,071	8,720,575	8,468,995	7,653,127	8,127,734	7,713,363	7,708,956	8,693,872	10,325,143	11,055,908
Net Transfers In (Out)	-	(110,940)	121,893	208,502	212,172	26,329	402,278	189,770	(19,272)	442,008
Total General Revenues and Net Transfers	10,321,071	8,609,635	8,590,888	7,861,629	8,339,906	7,739,692	8,111,234	8,883,642	10,305,871	11,497,916
Change in Net Position	\$ 1,873,576	\$ (890,628)	\$ (190,191)	\$ 578,125	\$ 863,973	\$ (78,676)	\$ 241,828	\$ 2,889,839	\$ 69,495	\$ 1,793,429

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
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
General government	37.9%	37.8%	29.7%	29.4%	31.1%	30.1%	32.5%	28.9%	26.0%	24.3%
Public safety	38.0%	35.6%	42.8%	46.3%	45.6%	42.7%	40.3%	43.5%	42.6%	43.3%
Public works	10.1%	8.2%	10.0%	9.8%	9.2%	9.5%	9.5%	11.0%	11.5%	11.0%
Leisure services	13.1%	16.8%	16.3%	13.3%	12.7%	16.3%	16.2%	14.7%	17.8%	18.7%
Tourism development	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
Transportation	0.0%	1.7%	1.2%	1.3%	1.4%	1.4%	1.5%	1.8%	2.1%	0.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Charges for services:										
General government	33.2%	18.7%	25.1%	41.5%	30.5%	50.3%	45.5%	40.0%	33.9%	31.9%
Public safety	20.1%	31.7%	25.2%	0.0%	31.8%	24.7%	21.1%	14.1%	31.7%	29.5%
Leisure services	15.9%	13.8%	15.6%	16.0%	11.0%	15.3%	13.2%	11.0%	20.3%	16.5%
Operating grants and contributions	30.9%	35.8%	34.1%	42.5%	26.7%	9.7%	8.9%	9.6%	9.5%	7.9%
Capital grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	25.3%	4.8%	14.3%
Total Program Revenues	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Taxes:										
Property taxes	71.5%	72.2%	74.7%	69.6%	69.1%	68.3%	68.2%	65.1%	63.2%	65.8%
Resort taxes	4.6%	4.9%	4.3%	5.1%	5.4%	4.5%	4.5%	7.8%	11.2%	11.1%
Franchise fees based on gross receipts	4.4%	5.3%	4.9%	5.4%	5.1%	5.2%	5.1%	5.1%	4.4%	3.8%
Utility taxes	4.4%	5.0%	0.8%	1.6%	5.8%	6.1%	6.5%	6.4%	5.5%	5.2%
Communications services tax	2.6%	3.9%	4.6%	4.5%	4.4%	4.2%	3.9%	3.2%	2.6%	2.1%
Unrestricted intergovernmental revenues	5.7%	6.0%	10.2%	11.8%	8.1%	8.3%	8.3%	7.8%	6.9%	6.5%
Unrestricted investment earnings (losses)	6.2%	2.2%	-0.4%	1.3%	0.5%	0.8%	0.4%	0.0%	0.3%	0.2%
Miscellaneous	0.6%	0.5%	0.9%	0.7%	1.6%	2.6%	3.1%	4.6%	5.9%	5.3%
Total General Revenues	100.0%	99.9%	99.9%	100.0%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Changes in Net Position - Business-type Activities
Last Ten Fiscal Years
(accrual basis of accounting)

For the Fiscal Year Ended September 30,										
Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Water and sewer	\$ 1,428,258	\$ 1,788,324	\$ 1,669,477	\$ 1,990,702	\$ 1,818,762	\$ 1,730,300	\$ 1,837,645	\$ 2,936,822	\$ 2,987,800	\$ 3,150,570
Municipal parking	176,715	188,086	174,680	222,108	368,497	622,208	888,502	898,121	954,129	1,095,550
Sanitation	1,172,075	1,139,619	1,018,579	949,505	1,022,897	1,073,281	1,131,680	1,347,714	1,334,381	1,452,813
Stormwater utility	100,970	115,723	128,910	114,086	122,207	130,323	144,999	349,434	471,517	492,599
Total Expenses	2,878,018	3,231,752	2,991,646	3,276,401	3,332,363	3,556,112	4,002,826	5,532,091	5,747,827	6,191,532
Program Revenues:										
Charges for services:										
Water and sewer	1,512,757	1,352,247	1,966,915	2,518,218	2,876,010	2,785,348	2,632,046	2,917,357	3,430,619	3,027,479
Municipal parking	288,959	296,600	394,975	404,293	679,970	893,026	1,056,467	1,028,740	1,047,506	1,086,763
Sanitation	798,028	782,024	1,251,695	1,244,547	1,231,887	1,219,689	1,238,942	1,217,681	1,381,361	1,705,617
Stormwater utility	114,134	114,219	243,775	247,002	501,655	502,972	499,705	497,300	493,107	507,827
Capital grants and contributions	761	12,500	-	-	567,710	276,844	1,086,000	-	-	-
Total Program Revenues	2,714,639	2,557,590	3,857,360	4,414,060	5,857,232	5,677,879	6,513,160	5,661,078	6,352,593	6,327,686
Net (Expense) Revenue	(163,379)	(674,162)	865,714	1,137,659	2,524,869	2,121,767	2,510,334	128,987	604,766	136,154
General Revenues:										
Investment earnings	201,052	101,307	2,569	15,622	15,130	14,790	(13,811)	139	1,406	220
Capital contributions	-	-	-	108,947	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	2,361	-	-
Net Transfers	-	110,940	(121,893)	(208,502)	(212,172)	(26,329)	(402,278)	(189,770)	19,272	(442,008)
Total General Revenues	201,052	212,247	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	20,678	(441,788)
Change in Net Position	\$ 37,673	\$ (461,915)	\$ 746,390	\$ 1,053,726	\$ 2,327,827	\$ 2,110,228	\$ 2,094,245	\$ (58,283)	\$ 625,444	\$ (305,634)

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
(accrual basis of accounting)

For the Fiscal Year Ended September 30,										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities	\$ 9,472,880	\$ 10,407,765	\$ 9,571,841	\$ 8,185,452	\$ 8,984,938	\$ 10,352,161	\$ 10,937,233	\$ 11,467,985	\$ 13,200,729	\$ 13,573,120
Business-type activities	2,878,018	3,231,752	2,991,646	3,276,401	3,332,363	3,556,112	4,002,826	5,532,091	5,747,827	6,191,532
Total Expenses	12,350,898	13,639,517	12,563,487	11,461,853	12,317,301	13,908,273	14,940,059	17,000,076	18,948,556	19,764,652
Program Revenues:										
Governmental activities	1,025,385	907,502	790,762	901,948	1,509,005	2,533,793	3,067,827	5,510,015	2,964,353	3,868,633
Business-type activities	2,714,639	2,557,590	3,857,360	4,414,060	5,857,232	5,677,879	6,513,160	5,661,078	6,352,593	6,327,686
Total Program Revenues	3,740,024	3,465,092	4,648,122	5,316,008	7,366,237	8,211,672	9,580,987	11,171,093	9,316,946	10,196,319
Net (Expense) Revenue	(8,610,874)	(10,174,425)	(7,915,365)	(6,145,845)	(4,951,064)	(5,696,601)	(5,359,072)	(5,828,983)	(9,631,610)	(9,568,333)
General Revenues and Transfers:										
Governmental activities	10,321,071	8,609,635	8,590,888	7,861,629	8,339,906	7,739,692	8,111,234	8,847,809	10,305,871	11,497,916
Business-type activities	201,052	212,247	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	20,678	(441,788)
Total General Revenues	10,522,123	8,821,882	8,471,564	7,777,696	8,142,864	7,728,153	7,695,145	8,660,539	10,326,549	11,056,128
Change in Net Position	\$ 1,911,249	\$ (1,352,543)	\$ 556,199	\$ 1,631,851	\$ 3,191,800	\$ 2,031,552	\$ 2,336,073	\$ 2,831,556	\$ 694,939	\$ 1,487,795

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
Last Ten Fiscal Years
(accrual basis of accounting)

	September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 8,014,197	\$ 9,102,085	\$ 9,205,412	\$ 9,596,672	\$ 14,039,238	\$ 13,528,097	\$ 13,562,457	\$ 14,538,578	\$ 15,652,978	\$ 15,329,431
Restricted	788,412	819,427	724,122	667,360	542,516	416,070	364,115	736,441	893,489	859,426
Unrestricted	9,945,446	7,935,915	7,737,702	7,981,329	4,527,580	5,086,491	5,345,914	6,887,306	5,147,901	7,298,940
Subtotal Governmental Activities Net Position	18,748,055	17,857,427	17,667,236	18,245,361	19,109,334	19,030,658	19,272,486	22,162,325	21,694,368	23,487,797
Business-type Activities										
Net investment in capital assets	740,133	963,195	1,278,825	2,037,308	4,102,675	11,239,664	12,832,672	9,873,871	8,615,955	9,113,550
Restricted	343,868	1,689,815	1,358,811	1,822,858	1,822,858	1,283,916	1,607,916	1,607,916	2,112,459	590,245
Unrestricted	4,039,113	2,008,189	2,769,953	2,601,149	2,863,609	(1,624,210)	(1,446,973)	1,453,545	2,775,453	3,494,438
Subtotal Business-type Activities Net Position	5,123,114	4,661,199	5,407,589	6,461,315	8,789,142	10,899,370	12,993,615	12,935,332	13,503,867	13,198,233
Primary Government										
Net investment in capital assets	8,754,330	10,065,280	10,484,237	11,633,980	18,141,913	24,767,761	26,395,129	24,412,449	24,268,933	24,442,981
Restricted	1,132,280	2,509,242	2,082,933	2,490,218	2,365,374	1,699,986	1,972,031	2,344,357	3,005,948	1,449,671
Unrestricted	13,984,559	9,944,104	10,507,655	10,582,478	7,391,189	3,462,281	3,898,941	8,340,851	7,923,354	10,793,378
Total Primary Government Net Position	\$ 23,871,169	\$ 22,518,626	\$ 23,074,825	\$ 24,706,676	\$ 27,898,476	\$ 29,930,028	\$ 32,266,101	\$ 35,097,657	\$ 35,198,235	\$ 36,686,030

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

Town of Surfside, Florida
General Governmental Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,										
Revenue Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Amounts										
Taxes	\$ 9,039,295	\$ 7,956,540	\$ 7,561,627	\$ 6,936,623	\$ 7,294,963	\$ 6,984,747	\$ 6,977,949	\$ 7,969,540	\$ 9,570,983	\$ 10,379,984
Intergovernmental	858,405	887,507	1,131,454	745,540	967,988	830,878	844,891	1,126,412	942,305	947,680
Licenses and permits	340,597	169,749	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974	715,657	939,870
Charges for services	162,549	125,120	123,327	144,757	166,183	207,563	224,177	254,554	287,864	293,325
Fines and forfeitures	205,692	287,324	199,614	190,243	570,227	678,567	711,444	856,269	989,320	1,210,689
Developer fees	-	-	-	-	-	-	350,000	1,395,000	76,980	554,446
Investment earnings	639,616	194,695	(36,049)	103,576	39,545	58,819	30,399	-	28,783	26,988
Miscellaneous	57,941	49,503	96,289	59,781	138,283	211,636	244,234	399,359	615,872	571,559
Total Revenues	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076	\$ 9,636,738	\$ 10,247,156	\$ 10,779,087	\$ 14,207,108	\$ 13,227,764	\$ 14,924,541
% change from prior year	7.5%	-14.5%	-4.1%	-7.8%	12.6%	6.3%	5.2%	31.8%	-6.9%	12.8%
Percentages										
Taxes	80.0%	82.3%	81.5%	81.1%	75.7%	68.2%	64.7%	56.1%	72.4%	69.5%
Intergovernmental	7.6%	9.2%	12.2%	8.7%	10.0%	8.1%	7.8%	7.9%	7.1%	6.3%
Licenses and permits	3.0%	1.8%	2.1%	4.4%	4.8%	12.4%	13.0%	15.5%	5.4%	6.3%
Charges for services	1.4%	1.3%	1.3%	1.7%	1.7%	2.0%	2.1%	1.8%	2.2%	2.0%
Fines and forfeitures	1.8%	3.0%	2.3%	2.2%	5.9%	6.6%	6.6%	6.0%	7.5%	8.1%
Developer fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	9.8%	0.6%	3.7%
Investment earnings	5.7%	2.0%	-0.4%	1.2%	0.4%	0.6%	0.3%	0.0%	0.2%	0.2%
Miscellaneous	0.5%	0.4%	1.0%	0.7%	1.4%	2.1%	2.3%	2.9%	4.7%	3.9%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:
 Applicable years' comprehensive annual financial report.

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

For The Fiscal Year Ended September 30,	Property	Resort	Utility	Franchise	Communications Service	Total
Amounts						
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
2015	6,526,267	1,755,945	568,462	451,450	268,859	9,570,983
2016	7,276,466	1,866,226	577,872	424,878	234,542	10,379,984
% Change in Dollars						
Over 10 Years	-1.4%	290.8%	26.2%	-6.4%	-14.0%	14.8%
Percentage of Total						
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%	4.3%	100.0%
2014	71.0%	12.9%	6.9%	5.6%	3.6%	100.0%
2015	68.2%	18.3%	5.9%	4.7%	2.8%	100.0%
2016	70.0%	18.0%	5.6%	4.1%	2.3%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
General Governmental Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,										
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current:										
General government	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046	\$ 3,072,346	\$ 3,241,326	\$ 3,159,302
Public safety	3,501,367	3,584,295	3,928,491	3,648,766	3,957,265	3,990,274	4,507,840	4,842,491	5,426,587	5,554,141
Public works	833,631	749,358	855,526	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789
Leisure services	1,144,262	1,287,622	1,451,163	977,449	1,123,446	1,529,608	1,581,992	1,629,392	2,290,753	2,461,884
Transportation	76,722	159,979	99,476	91,037	106,292	117,044	123,254	142,272	174,620	310,767
Total Current	9,105,711	9,610,094	9,038,524	7,728,448	8,211,414	9,428,240	10,526,321	10,687,100	12,323,308	12,599,883
% Change From Prior Year	-3.4%	5.5%	-5.9%	-14.5%	6.2%	14.8%	11.6%	1.5%	15.3%	2.2%
Capital Outlay	321,287	1,903,727	611,486	877,372	5,157,666	650,979	591,077	1,619,235	1,806,345	262,468
% Change From Prior Year	-83.8%	492.5%	-67.9%	43.5%	487.9%	-87.4%	-9.2%	173.9%	11.6%	-85.5%
Debt Service										
Principal	-	-	-	-	-	72,944	123,380	138,236	169,279	100,013
Interest	-	-	-	-	-	4,754	6,045	5,787	5,475	3,213
Total Debt Service	-	-	-	-	-	77,698	129,425	144,023	174,754	103,226
% Change From Prior Year	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Expenditures	\$ 9,426,998	\$ 11,513,821	\$ 9,650,010	\$ 8,605,820	\$ 13,369,080	\$ 10,156,917	\$ 11,246,823	\$ 12,450,358	\$ 14,304,407	\$ 12,965,577
% Change From Prior Year	-17.3%	22.1%	-16.2%	-10.8%	55.3%	-24.0%	10.7%	10.7%	14.9%	-9.4%
Debt Service as a % of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	1.2%	1.5%	1.2%	0.8%

Data Source:
Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
General Governmental Current Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current:										
General government	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046	\$ 3,072,346	\$ 3,241,326	\$ 3,159,302
Public safety	3,501,367	3,584,295	3,928,491	3,648,766	3,957,265	3,990,274	4,507,840	4,842,491	5,426,587	5,554,141
Physical environment	833,631	749,358	855,526	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789
Leisure services	1,144,262	1,287,622	1,451,163	977,449	1,123,446	1,529,608	1,581,992	1,629,392	2,290,753	2,461,884
Transportation	76,722	159,979	99,476	91,037	106,292	117,044	123,254	142,272	174,620	310,767
Total Current	\$ 9,105,711	\$ 9,610,094	\$ 9,038,524	\$ 7,728,448	\$ 8,211,414	\$ 9,428,240	\$ 10,526,321	\$ 10,687,100	\$ 12,323,308	\$ 12,599,883

Percentage of Total

Current:										
General government	39.0%	39.8%	29.9%	30.0%	28.1%	30.9%	32.2%	28.7%	26.3%	25.1%
Public safety	38.5%	37.3%	43.5%	47.2%	48.2%	42.3%	42.8%	45.3%	44.0%	44.1%
Physical environment	9.2%	7.8%	9.5%	9.0%	8.8%	9.3%	8.8%	9.4%	9.7%	8.8%
Leisure services	12.6%	13.4%	16.1%	12.6%	13.7%	16.2%	15.0%	15.2%	18.6%	19.5%
Transportation	0.7%	1.7%	1.0%	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	2.5%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:
 Applicable years' comprehensive annual financial report.

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

	For the Fiscal Year Ended September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Revenues	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076	\$ 9,636,738	\$ 10,247,156	\$ 10,779,087	\$ 14,207,108	\$ 13,227,764	\$ 14,924,541
Total Expenditures	9,426,998	11,513,821	9,650,010	8,605,820	13,369,080	10,156,917	11,246,823	12,450,358	14,304,407	12,965,577
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,877,097	(1,843,383)	(375,244)	(50,744)	(3,732,342)	90,239	(467,736)	1,756,750	(1,076,643)	1,958,964
Other Financing Sources (Uses)										
Inception of capital leases	-	-	-	-	-	500,074	-	82,559	127,784	-
Transfers in	161,738	2,665,101	232,878	5,239,461	356,532	394,565	411,560	654,770	1,034,191	661,092
Transfers out	(161,738)	(2,776,041)	(110,985)	(5,030,959)	(144,360)	(368,236)	(9,282)	(465,000)	(1,053,463)	(219,084)
Total Other Financing Sources (Uses)	-	(110,940)	121,893	208,502	212,172	526,403	402,278	272,329	108,512	442,008
Net Change in Fund Balances	<u>\$ 1,877,097</u>	<u>\$ (1,954,323)</u>	<u>\$ (253,351)</u>	<u>\$ 157,758</u>	<u>\$ (3,520,170)</u>	<u>\$ 616,642</u>	<u>\$ (65,458)</u>	<u>\$ 2,029,079</u>	<u>\$ (968,131)</u>	<u>\$ 2,400,972</u>

Data Source:
Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Fund Balances - Governmental Funds
Fiscal Years 2007 - 2009
(modified accrual basis of accounting)

	September 30,		
	2007	2008	2009
General Fund			
Reserved	\$ 104,240	\$ 101,996	\$ 117,013
Unreserved	7,223,228	6,786,540	7,178,522
Total General Fund	7,327,468	6,888,536	7,295,535
General Fund % Change From Prior Year	37.3%	-6.0%	5.9%
All Other Governmental Funds			
Reserved ¹	3,919	8,590	-
Unreserved			
Special Revenue Funds	1,023,426	783,701	724,122
Capital Projects Funds	2,413,858	1,133,521	541,340
Total All Other Governmental Funds	3,441,203	1,925,812	1,265,462
All Other Governmental Funds % Change From Prior Year	23.0%	-44.0%	-34.3%
Total Governmental Funds			
Reserved	108,159	110,586	117,013
Unreserved	10,660,512	8,703,762	8,443,984
Total Governmental Funds	\$ 10,768,671	\$ 8,814,348	\$ 8,560,997
All Governmental Funds % Change From Prior Year	32.4%	-18.1%	-2.9%

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
Fiscal Years 2010 - 2016
(modified accrual basis of accounting)

	September 30,						
	2010	2011	2012	2013	2014	2015	2016
General Fund:							
Assigned to:							
Emergencies and cash flows	\$ 2,000,000	\$ 2,000,000	\$ 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	183,442	198,405
Asset held for resale	188,000	-	-	-	-	-	-
Unassigned	867,867	2,051,608	3,121,636	3,151,275	4,204,273	3,722,284	5,170,003
Total General Fund	3,163,038	4,256,315	5,266,374	5,304,042	6,366,391	5,905,726	7,368,408
General Fund % Change From Prior Year	-56.5%	34.6%	23.7%	0.7%	20.0%	-7.2%	24.8%
All Other Governmental Funds:							
Nonspendable:							
Prepaid items	-	-	-	-	222	2,250	6154
Restricted for:							
Tourism	179,035	184,867	171,496	94,497	180,075	339,396	363407
Transportation surtax	416,500	239,760	122,302	131,475	396,740	440,662	354264
Police forfeiture	71,825	117,889	122,272	138,143	159,626	113,431	141755
Committed to:							
Capital projects	4,201,479	-	-	-	-	-	-
Assigned to:							
Capital projects	686,878	399,754	132,783	255,263	849,445	182,903	1151352
Total All Other Governmental Funds:	5,555,717	942,270	548,853	619,378	1,586,108	1,078,642	2016932
All Other Governmental Funds % Change From Prior Year	339.0%	-100.0%	-41.8%	12.8%	156.1%	-32.0%	87.0%
Total Governmental Funds	\$ 8,718,755	\$ 5,198,585	\$ 5,815,227	\$ 5,923,420	\$ 7,952,499	\$ 6,984,368	\$ 9,385,340
All Governmental Funds % Change From Prior Year	1.8%	-100.0%	11.9%	1.9%	34.3%	-12.2%	34.4%

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
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Taxable Assessed Value ¹	Total Direct Tax Rate ²	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
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	1,049,864,041	4.4%	12,350,185	-0.5%	1,062,214,226	5.3000	4.4%
2014	1,130,937,104	7.7%	13,134,146	6.3%	1,144,071,250	5.2000	7.7%
2015	1,314,584,538	16.2%	22,291,469	69.7%	1,336,876,007	5.2000	16.9%
2016	1,476,296,054	12.3%	26,459,166	18.7%	1,502,755,219	5.0293	12.4%
*	\$ 1,289,077,072		\$ 16,148,943		\$ 1,305,226,015		
**	2.9%		68.3%		3.6%		

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

¹ All property is assessed at 100% of fair market value.

² Tax rates expressed in rate per \$1,000

Data Source:

Miami-Dade County Property Appraiser

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

Overlapping Rates ¹

Fiscal Year	Direct	Miami-Dade County			Miami-Dade County School Board			Water Management District	Environmental Project	Special District ²	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							
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
2015	5.0293	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.1459	0.0506	0.1906	0.5000	2.4207	0.0075	21.0735
2016	5.0144	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.1359	0.0471	0.0000	0.5000	2.4207	0.0075	20.5145

Notes:

¹ Overlapping rates are those of governments that overlap the Town's geographic boundaries

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

Data Source:

http://www.miamidade.gov/pa/millage_tables.asp

Town of Surfside, Florida
Total Property Tax Levies and Collections
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
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	5,651,712	5,660,551	100.16%	-	0.00%
2015	6,387,373	6,526,267	102.17%	-	0.00%
2016	7,179,916	7,147,997	99.56%	-	0.00%

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
Fiscal Years Ended September 30, 2016 and 2010

2016				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
SC Residences Condominium LLC	\$ 68,792,111	1	4.66%	The Surf Club	\$ 40,373,960	1	3.18%
Beach House Property, LLC	52,000,000	2	3.52%	9379 Realty Group	13,970,000	2	1.10%
Chateau Ocean LLC	27,465,590	3	1.86%	Beach House Property, LLC	9,000,000	3	0.71%
Fort Capital Management LLC Trs	25,097,403	4	1.70%	Publix Super Markets, Inc.	8,380,000	4	0.66%
Surfside Bal Harbour LLC	24,500,000	5	1.66%	Ohio Savings Bank	5,736,360	5	0.45%
The Surf Club Apartments Inc	19,636,100	6	1.33%	Transactaa Lanai Development LTD	5,695,000	6	0.45%
Bluegreen Vacations Unlimited Inc	11,255,286	7	0.76%	Collins Avenue Investment Group	3,800,000	7	0.30%
Publix Super Markets, Inc.	8,335,042	8	0.56%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
HDP TLD Partners LLC	7,365,633	9	0.50%	Robert and Rita Swerdlow	2,993,148	9	0.24%
9040 LLC	6,524,000	10	0.44%	Yoram and Yleana Izhak	2,614,259	10	0.21%
Total Principal Taxpayers	250,971,165		17.00%	Total Principal Taxpayers	95,851,727		7.54%
All Other Taxpayers	1,225,324,889		83.00%	All Other Taxpayers	1,174,828,574		92.46%
Total	<u>\$ 1,476,296,054</u>		<u>100.00%</u>	Total	<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
Fiscal Years Ended September 30, 2016 and 2010

2016				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	\$ 5,859,149	1	22.14%	Florida Power and Light Company	\$ 5,242,893	1	41.21%
Bellsouth Telecommunications Inc	1,037,797	2	3.92%	Atlantic Broadband	1,209,127	2	9.51%
Peoples Gas System	892,191	3	3.37%	Bell South Telecommunications, Inc.	857,154	3	6.74%
Atlantic Broadband (Miami) LLC	842,085	4	3.18%	Publix Super Markets, Inc.	814,421	4	6.40%
Publix Super Markets Inc	483,300	5	1.83%	People's Gas System	652,838	5	5.13%
Holiday CVS LLC	294,541	6	1.11%	The Surf Club	332,063	6	2.61%
Champlain Towers North	188,705	7	0.71%	Café Ragazzi	258,972	7	2.04%
Flanigan's Seafood Bar & Grill	156,506	8	0.59%	CVS	196,807	8	1.55%
Yudah Ari Benmergui DDS	141,607	9	0.54%	Modular Space Corporation	148,275	9	1.17%
JP Morgan Chase Bank NA	135,141	10	0.51%	Food Gang Restaurant	147,000	10	1.16%
Total Principal Taxpayers	10,031,022		37.91%	Total Principal Taxpayers	9,859,550		77.51%
All Other Taxpayers	16,428,144		62.09%	All Other Taxpayers	2,861,380		22.49%
Total	<u>\$ 26,459,166</u>		<u>100.00%</u>	Total	<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	Total Debt Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Loans Payable	Capital Leases	Total	Total		
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	5,954	3,284
2015	201,239	9,866,062	-	8,591,249	38,123	18,495,434	18,696,673	5,954	3,140
2016	101,266	9,266,490	-	8,172,054	25,957	17,464,501	17,565,767	5,800	3,029

Data Sources:

Town's Financial Statements

Notes:

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 ¹	Revenues ²	Transfer from (to) Rate Stabilization Fund	Less Operating Expenses ³	Net Available Revenues	Principal	Interest	Total	Coverage Ratio	Coverage Required	Excess Coverage
2013	\$ 3,134,620	\$ 81,719	\$ 1,902,646	\$ 1,313,693	\$ 522,097	\$ 620,245	\$ 1,142,342	1.15	1.15	0.00
2014	3,414,657	27,418	1,843,026	1,599,049	735,936	654,541	1,390,477	1.15	1.15	0.00
2015	3,923,726	(109,137)	1,603,367	2,211,222	803,017	657,311	1,460,328	1.51	1.15	0.36

2016^{4,5}

Primary Debt Service Coverage

Net Operating Revenues	\$ 1,425,587
Investment Earnings	220
Net transfer from (to) Rate Stabilization Fund	410,553
Net revenues available for debt service	<u>\$ 1,836,360</u>
Debt service requirements	\$ 1,065,249
Actual coverage	1.72
Required coverage	1.10

State Revolving Fund Loan Debt Service Coverage

Net revenues available for debt service	\$ 1,836,360
Less revenue required for primary debt service	<u>1,171,774</u>
Adjusted net revenues	\$ 664,586
Debt service requirements	\$ 577,901
Actual coverage	1.15
Required coverage	1.15

Notes:

¹ Bonds first issued in fiscal year 2011.

² Includes, water, sewer and stormwater revenues.

³ Excludes depreciation expense.

⁴ Ratio requirements for the 2011 Utility Bonds are 1.10 and 1.15 for the State Revolving Fund Loan.

⁵ The Town changed the format of their pledge revenue coverage in 2016

Town of Surfside, Florida
Direct and Overlapping Governmental Activities Debt
 September 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Underlying Debt</u>
Direct Debt			
Capital leases	\$ 101,266	100%	<u>\$ 101,266</u>
Overlapping Debt			
Miami-Dade County ²	337,019,000	0.40%	\$ 1,348,076
Miami-Dade County School Board ³	1,528,306	0.40%	<u>6,113</u>
Total Overlapping Debt			<u><u>\$ 1,354,189</u></u>
Total Direct and Overlapping Debt			<u><u>\$ 1,455,455</u></u>

Notes:

¹ Applicable percentage was estimated by determining the portion of the Town's assessed value of \$1,336,876,007 for 2014-15 that is within the County's geographic boundaries.

² As of September 30, 2016

³ As of June 30, 2016

Data Source:

Each specific government

Town of Surfside, Florida
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ¹	Per Capita Personal Income ²	Unemployment Rate		
			County ³	State of Florida ⁴	United States ⁵
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	43,124	7.2%	7.8%	5.6%
2015	5,703	43,917	6.2%	5.4%	4.9%
2016	5,544	43,917	5.8%	5.1%	4.9%

Notes:

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

Data Sources:

- ¹ Bureau of Economic and Business Research, University of Florida, April 1 of each year
- ² Miami-Dade County comprehensive annual financial report
- ³ Miami-Dade County comprehensive annual financial report
- ⁴ Real Estate Center, <http://recenter.tamu.edu/data/emp/emps/st12.asp>
- ⁵ U.S. Department of Labor, Bureau of Labor Statistics,

Town of Surfside, Florida
Principal Employers
For the Fiscal Years Ended September 30, 2016 and 2007

2016			
Employer	Type of Business	Number of Employees	Rank
Beach House Hotel D/B/A Grand Beach	Hotel	250	1
Publix Super Market, Inc.	Supermarket	103	2
Town of Surfside	Government	99	3
Flanigan's Seafood Bar & Grill	Restaurant	51	4
Harding Realty	Real Estate Agency	31	5
M. Kotler Realty	Real Estate Agency	29	6
CVS, LLC.	Pharmacy	27	7
Gray & Sons South FL Gold & Silver Exchange	Jewelry	18	8
Harbor Pita D/B/A Harbor Grill	Restaurant	3	9
The Surf Club	Resort	-	10
Total Principal Employers		611	
2007			
Employer	Type of Business	Number of Employees	Rank
Public Supermarkets	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	118	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Apartment Rentals	28	6
Flanigans	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		576	

Data Source:
Town records.

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

For the Fiscal Year Ended September 30,										
<u>Function/program</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>	<u>2015</u>	<u>2016</u>
General Government										
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	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Executive	10.00	6.00	5.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Financial Support Services	-	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Town Clerk	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building Services	3.00	3.00	3.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00
Total General Government	20.00	19.00	19.00	18.00	19.00	20.00	22.00	22.00	23.00	23.00
Public Safety										
Public Safety	42.00	44.00	44.00	34.50	33.00	31.75	32.25	33.25	34.25	34.25
Municipal Parking	2.00	2.00	2.00	2.50	3.00	5.00	6.75	6.75	6.75	6.75
Total Public Safety	44.00	46.00	46.00	37.00	36.00	36.75	39.00	40.00	41.00	41.00
Public Works										
Public Works	9.00	8.00	7.25	5.25	6.25	5.25	6.25	6.65	6.65	6.65
Water/Sewer	5.00	5.00	5.25	5.25	5.25	5.75	5.25	4.55	4.55	4.55
Solid Waste	12.00	12.00	12.25	10.25	10.25	10.25	10.25	11.25	10.25	10.25
Stormwater	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.55	1.55	1.55
Total Public Works	27.00	26.00	26.00	22.00	23.00	22.50	23.00	24.00	23.00	23.00
Leisure Services										
Leisure Services	23.00	17.00	17.00	7.00	10.00	10.75	11.32	11.32	11.32	11.32
Tourism	1.00	1.00	2.00	1.00	1.00	1.00	0.68	0.68	0.68	0.68
Library Services	3.00	3.00	3.00	-	-	-	-	-	-	-
Total Leisure Services	27.00	21.00	22.00	8.00	11.00	11.75	12.00	12.00	12.00	12.00
Total	118.00	112.00	113.00	85.00	89.00	89.00	96.00	98.00	99.00	99.00
Percentage Change From Prior Year	0.9%	-5.1%	0.9%	-24.8%	4.7%	0.0%	7.9%	2.1%	1.0%	0.0%

Data Source:
Town Records

Town of Surfside, Florida
Operating Statistics by Function/Program
Last Ten Fiscal Years

Function/program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety:										
Police										
Uniformed employees	32	32	28	27	27	27	27	29	39	39
Non-uniformed employees	14	15	11	7	9	9	12	6	1	2
Dispatched responses	18,109	23,640	19,751	16,545	19,800	23,097	31,337	20,310	22,978	20,798
Traffic citations issued	-	7,968	6,782	5,752	5,289	4,814	5,475	4,637	4,659	5,059
Traffic warnings issued	-	-	-	4,333	4,067	5,139	3,867	3,808	3,839	3,620
Parking violations issued	4,304	6,863	7,407	6,060	9,833	11,884	19,607	13,963	14,204	13,861
Building permits:										
Permits issued	1,177	779	700	923	1,073	931	1,072	1,037	1,618	1,595
Estimated values (in millions)	\$40,045	\$5,797	\$6,559	\$16,147	\$84,806	\$ 36,392	\$71,790	\$69,500	\$259,152,489	\$ 5,884,371,369
Utility:										
Municipal water system										
Active water accounts	1544	1547	1549	1551	1,551	1,647	1,680	1,687	1,687	1,648
New active accounts	-	-	-	-	-	-	-	-	-	-
Meter sales (in million gallons)	335,789	298,102	314,304	307,723	328,519	276,650	2,631,277	2,903,213	315,644,500	331,969,100
Municipal sewer system										
Active accounts/units	4058	4059	4059	4061	4061	4061	4061	4061	4061	4,061
Solid waste services										
Active accounts	1345	1346	1348	1349	1344	1344	1344	1344	1344	1,344
General government:										
Tax rates										
Utility services:										
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%
Franchises:										
Electric	6%	6%	6%	5.90%	5.90%	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	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Surfside Bus Service										
Total number of passengers	-	-	16,173	18,813	21,543	12,947	21,514	24,083	28,868	33,029
Average number of passengers per month	-	-	1,348	1,568	1,795	1,079	1,792	2,006	2,406	2,752
Total number of miles driven	-	-	23,648	29,260	32,401	30,775	34,805	34,906	24,742	19,465
Average number of miles driven per month	-	-	1,971	2,438	2,700	2,565	2,900	2,909	2,061	1,622
Culture and recreation:										
Participation:										
Youth programs	650	403	551	658	960	1,005	1,043	2,825	5,280	1,427
Adult programs	455	228	234	463	555	781	1,232	1,349	1,521	1,526
Special events	2,990	3,390	3,300	3,340	4,280	4,630	5,727	7,734	7,840	4,570
Community Center	-	-	-	-	17,517	29,028	24,830	22,826	24,705	22,365

Notes:

Data not available for items not presented.

Data Source

Various Town Departments

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Area:										
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
Infrastructure:										
Paved streets	10	10	10	10	10	10	25	25	25	25
Sidewalks	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	6 mile	6 mile	6 mile	6 mile
Canals & waterways	-	-	-	-	-	-	-	-	-	-
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
Public Safety:										
Fire Stations	-	-	-	-	-	-	-	-	-	-
Police Stations	1	1	1	1	1	1	1	1	1	1
Recreation:										
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	-	-	-	-	-	2	1	1	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
Tennis Courts	-	-	-	-	-	-	-	-	1	1
Municipal Water/Sewer System:										
Water mains (miles)	15.7	15.7	15.7	15.7	15.7	15.7	25	25	25	25
Reuse water mains (miles)	-	-	-	-	-	-	-	-	-	-
Fire hydrants	84	84	84	84	84	84	84	84	84	84
Fire hydrants (reuse water)	-	-	-	-	-	-	-	-	-	-
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	1	1	1	1
Wastewater lift stations	2	2	2	2	2	2	2	2	2	2
Municipal Parking:										
Parking lots	6	6	6	6	6	6	7	7	8	8
Pay Station Parking Spaces	572	572	572	572	572	572	572	572	629	629
Metered Pay Stations	0	0	0	0	0	0	0	0	29	29
Single Space Meters	0	0	0	0	0	0	0	0	50	50

REPORTING SECTION



**REPORT OF INDEPENDENT AUDITOR ON
INTERNAL CONTROLS OVER FINANCIAL
REPORTING AND ON OTHER MATTERS BASED
ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.**

**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 fiscal year ended September 30, 2016, 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 30, 2017.

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.

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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 Town'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 30, 2017

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

**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, 2016, and have issued our report thereon dated June 30, 2017.

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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2017, 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. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The 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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2016, 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, 2016. 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 Commission, 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 30, 2017

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

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

We have examined the Town of Surfside's (the Town) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2016. Management is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2016.

This report is intended to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 30, 2017



TOWN OF SURFSIDE, FLORIDA

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