

# **TOWN OF SURFSIDE, FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017**



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**TOWN OF SURFSIDE, FLORIDA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended September 30, 2017**

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

# TOWN OF SURFSIDE, FLORIDA

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# INTRODUCTORY SECTION



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# LETTER OF TRANSMITTAL

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June 18, 2018

***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, 2017. 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 unmodified opinions on the Town of Surfside's financial statements for the fiscal year ended September 30, 2017. 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 complements 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 5,967 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, solid waste, and stormwater utility services, as well as municipal parking.

## **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. Recent high-end development will significantly contribute to the Town's tax base, reducing pressure on property taxes and providing a better mix of property within the Town. We anticipate a continued upward trend in taxable value growth due to new hotel and condominium developments. The increase in development is not expected to put undue additional service pressure on the Town

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, 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. 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, 2016. This was the sixth 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 is not, however, an endorsement of the financial condition of the Town.

It should be noted that the Certificate of Achievement is a prestigious national award, presented in 2016 to 2,078 or 5.79% of 35,879 Towns and Cities nationwide, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

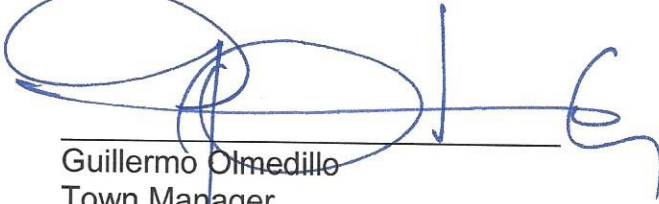
A Certificate of Achievement is valid for a period of one year only. We believe that our current fiscal year 2017 CAFR continues to meet the Certificate of Achievement requirements and we will submit it to GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**


The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. The finance department staff consisting of Mayte D. Gamiotea, Controller and Acting Finance Director, pulling double duty after the retirement of the Town's prior finance director; Marisol Rodriguez, Accounting Clerk; Andria Meiri, Budget Officer, and Manny Carta, Temporary Accountant, who are also to be especially thanked for their contributions to this report. It is a testament to their efforts that this CAFR could be completed without the assistance of a Finance Director and also while managing to complete the voluminous paperwork associated with Hurricane Irma activities. At the same time this report was being completed, the Town was in its final paperwork submissions to FEMA and preparing for a town-wide ERP software applications conversion. The amount of work and effort put forth by this team cannot be understated or over appreciated. Thank you to our Department heads who assisted and contributed to the report's preparation 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. Their efforts assured completion of the annual report and the preparation of the CAFR in time to meet our statutory deadline.

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



Christopher Wallace  
Interim Finance Director

# **TOWN OF SURFSIDE, FLORIDA**

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

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### **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

Weiss Serota Helman Pastoriza Cole & Boniske, P.L., Town Attorney

Tim Milian, Parks and Recreation Director

Randy Stokes, 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

Christopher Wallace, Interim Finance Director

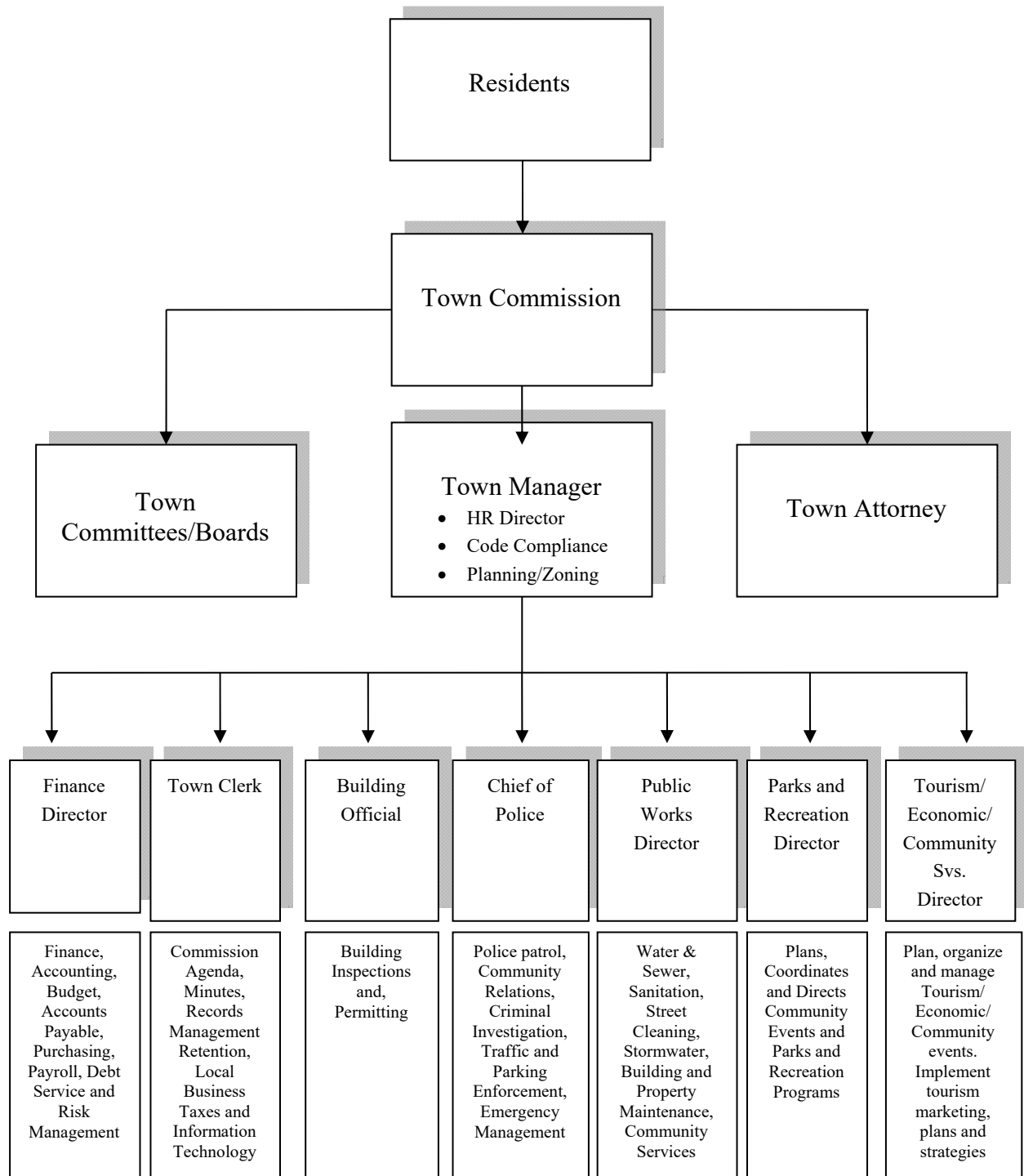
### **INDEPENDENT AUDITORS**

Marcum LLP

# TOWN OF SURFSIDE, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2017





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, 2016**

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**





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# **INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITORS' REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town), as of and for the fiscal year ended September 30, 2017, 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, 2017, 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 18, the budgetary comparison information on pages 67 and 69, and the required supplementary information for the pensions and OPEB on pages 70 through 72 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 18, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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 18, 2018

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2017. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

## **2017 FINANCIAL HIGHLIGHTS**

- The Town's total assets plus deferred outflows exceeded its total liabilities plus deferred inflows of resources by \$39,182,180 (total net position) as of September 30, 2017.
- Total net position increased \$2,496,150 and is comprised of the following:
  - (1) Capital assets, net of related debt, of \$25,171,848 include property and equipment, net of accumulated depreciation, and reduced by capital related outstanding debt.
  - (2) Net position of \$3,161,135 is restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.
  - (3) Unrestricted net position consists of \$10,849,197 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 \$11,977,654 at September 30, 2017. This compares to the prior year total ending fund balance of \$9,385,340, showing an increase of \$2,592,314 during the current year. Unassigned fund balance is \$6,460,802 at September 30, 2017.
- At the end of the current fiscal year, the unassigned and unrestricted fund balance for the General Fund was \$8,460,802 or 69.2% of total General Fund expenditures. The unrestricted fund balance for the General fund was \$6,460,802 or 52.8% 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 financial 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 19 and 20 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 21 - 22 of this report and the governmental fund operating statement reconciliation is presented on page 23.

*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 24 - 27 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 28 and 29 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 30 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 67-72 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 73.

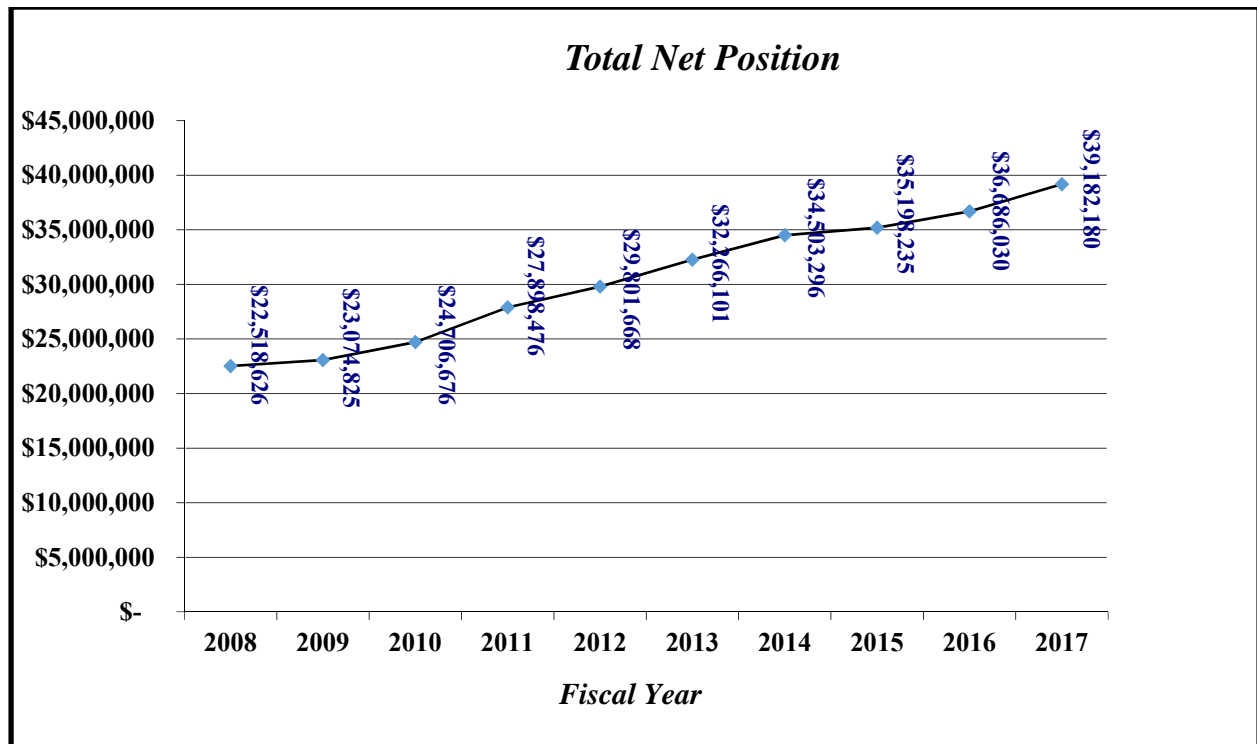


**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town's net position at fiscal year-end is \$39,182,179. The following table provides a summary of the Town's net position:

	<b>Summary of Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Assets:						
Current assets	\$ 13,380,437	\$ 10,773,529	\$ 5,161,284	\$ 5,741,084	\$ 18,541,721	\$ 16,514,613
Non-current assets						
Capital assets	15,523,625	15,430,657	26,092,859	26,577,691	41,616,484	42,008,348
Total assets	<u>28,904,062</u>	<u>26,204,186</u>	<u>31,254,143</u>	<u>32,318,775</u>	<u>60,158,205</u>	<u>58,522,961</u>
Deferred outflows of resources	<u>1,315,990</u>	<u>1,657,120</u>	<u>178,381</u>	<u>233,106</u>	<u>1,494,371</u>	<u>1,890,226</u>
Liabilities:						
Current liabilities	1,485,014	1,473,538	1,961,690	1,139,034	3,446,704	2,612,572
Long-term liabilities	<u>2,815,761</u>	<u>2,899,971</u>	<u>15,726,544</u>	<u>17,732,114</u>	<u>18,542,305</u>	<u>20,632,085</u>
Total liabilities	<u>4,300,775</u>	<u>4,373,509</u>	<u>17,688,234</u>	<u>18,871,148</u>	<u>21,989,009</u>	<u>23,244,657</u>
Deferred inflows of resources	<u>26,423</u>	<u>-</u>	<u>454,964</u>	<u>472,500</u>	<u>481,387</u>	<u>472,500</u>
Net position:						
Net investment in capital assets	15,477,037	15,329,431	9,694,811	9,113,550	25,171,848	24,442,981
Restricted	1,023,176	859,426	2,137,959	590,245	3,161,135	1,449,671
Unrestricted	<u>9,392,641</u>	<u>7,298,940</u>	<u>1,456,555</u>	<u>3,494,438</u>	<u>10,849,196</u>	<u>10,793,378</u>
Total net position	<u>\$ 25,892,854</u>	<u>\$ 23,487,797</u>	<u>\$ 13,289,326</u>	<u>\$ 13,198,233</u>	<u>\$ 39,182,180</u>	<u>\$ 36,686,030</u>

The following chart reports the Town's total net position balances from fiscal year 2008 - 2017.



Note over the last ten years, the total net position has increased \$16,663,554 or 74%.

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 9 to 1 as compared to 7.3 to 1 at September 30, 2016. The current ratio for business-type activities is 2.6 to 1 as compared to 5 to 1 at September 30, 2016. Overall, the total current ratio at September 30, 2017 was 5.4 to 1 as compared to 6.3 to 1 at September 30, 2016.

The Town reported positive balances in net position for both governmental and business-type activities. During 2017, net position increased \$2,405,057 for governmental activities and increased \$91,093 for business-type activities. The Town's overall financial position improved during fiscal year 2017. The Town remains in a strong financial position.

Note that 53.7% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. 83.5% of the business-type activities total assets are included in capital assets. These capital assets provide utility and parking services to the Town's citizens. By combining governmental activities with business-type activities, the Town has invested approximately 69.2% 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:

	<b>Summary of Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenues:						
Program:						
Charges for services	\$ 4,369,395	\$ 3,013,135	\$ 6,827,298	\$ 6,327,686	\$ 11,196,693	\$ 9,340,821
Operating grants and contributions	290,689	301,052	-	-	290,689	301,052
Capital grants	170,000	554,446	-	-	170,000	554,446
General:						
Property taxes	8,167,329	7,276,466	-	-	8,167,329	7,276,466
Other taxes	2,694,298	2,463,643	-	-	2,694,298	2,463,643
Unrestricted intergovernmental	718,484	717,252	-	-	718,484	717,252
Unrestricted investment earnings	38,709	26,988	440	220	39,149	27,208
Miscellaneous	532,619	571,559	-	-	532,619	571,559
<b>Total revenues</b>	<b>16,981,523</b>	<b>14,924,541</b>	<b>6,827,738</b>	<b>6,327,906</b>	<b>23,809,261</b>	<b>21,252,447</b>
Program Expenses:						
General government	4,804,921	3,295,208	-	-	4,804,921	3,295,208
Public safety	6,310,662	5,871,196	-	-	6,310,662	5,871,196
Public works	1,519,141	1,487,590	-	-	1,519,141	1,487,590
Leisure services	2,011,932	2,534,022	-	-	2,011,932	2,534,022
Transportation	254,825	381,891	-	-	254,825	381,891
Interest	1,869	3,213	-	-	1,869	3,213
Water and sewer	-	-	3,459,678	3,150,570	3,459,678	3,150,570
Municipal parking	-	-	1,056,670	1,095,550	1,056,670	1,095,550
Sanitation	-	-	1,393,630	1,452,813	1,393,630	1,452,813
Stormwater utility	-	-	499,783	492,599	499,783	492,599
<b>Total expenses</b>	<b>14,903,350</b>	<b>13,573,120</b>	<b>6,409,761</b>	<b>6,191,532</b>	<b>21,313,111</b>	<b>19,764,652</b>
Changes in net position before transfers	2,078,173	1,351,421	417,977	136,374	2,496,150	1,487,795
Transfers	326,884	442,008	(326,884)	(442,008)	-	-
Changes in net position after transfers	2,405,057	1,793,429	91,093	(305,634)	2,496,150	1,487,795
Beginning net position	23,487,797	21,694,368	13,198,233	13,503,867	36,686,030	35,198,235
Ending net position	<u>\$ 25,892,854</u>	<u>\$ 23,487,797</u>	<u>\$ 13,289,326</u>	<u>\$ 13,198,233</u>	<u>\$ 39,182,180</u>	<u>\$ 36,686,030</u>

### Governmental Activities Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 48.1% of the Town's total revenues as compared to 48.8% in fiscal year 2016. Other taxes, which includes resort, franchise, utility and communications taxes provided 15.9% of the Town's total revenues as compared to 16.5% in fiscal year 2016. At the government-wide financial reporting level, charges for services increased. This increase included \$40,000 for parking fees, solid waste fees \$150,000, \$500,000 from red light camera fees and building permit revenues of \$800,000.

The capital grants of \$170,000 in public works included contributions of \$10,000 for recreation and \$160,000 for infrastructure.

Note that program revenues covered 32.4% of governmental operating expenses as compared to 28.5% in fiscal year 2016. This means that the government's taxpayers and the Town's other general revenues normally fund 67.6% of the governmental activities, primarily from property taxes, other taxes and unrestricted intergovernmental revenue. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams.

**Governmental Activities Expenses**

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

	<b>Governmental Activities</b>			
	<b>Total Cost of Services</b>	<b>Percentage of Total</b>	<b>Net Cost of Services</b>	<b>Percentage of Total</b>
General government	\$ 4,804,921	32.2%	\$ 2,689,777	26.7%
Public safety	6,310,662	42.3%	4,702,102	46.7%
Public works	1,519,141	10.2%	1,349,141	13.4%
Leisure services	2,011,932	13.5%	1,304,291	12.9%
Transportation	254,825	1.8%	26,086	0.3%
Interest	1,869	0.0%	1,869	0.0%
<b>Total</b>	<b>\$ 14,903,350</b>	<b>100.0%</b>	<b>\$ 10,073,266</b>	<b>100.0%</b>

The public safety expenses, both gross and net of program revenues total over 42% of total costs.

**Business-type Activities**

The Town reports four major enterprise funds.

**Overall Analysis of Major Funds** – Total operating revenues increased \$499,612 or 7.9%. Total expenses increased \$218,229 or 3.5%. In total, the operating income, before transfers, increased \$281,602. The total increase in net position for all enterprise funds was \$91,093.

The operating income (loss) for each major enterprise fund was as follows for fiscal years 2017 and 2016:

	<b>2017</b>	<b>2016</b>	<b>Increase (Decrease)</b>
Water and sewer	\$ 285,059	\$ 337,039	\$ (51,980)
Municipal parking	74,354	(8,787)	83,141
Sanitation	459,225	252,804	206,421
Stormwater	175,533	168,210	7,323
<b>Total</b>	<b>\$ 994,171</b>	<b>\$ 749,266</b>	<b>\$ 244,905</b>

The following includes an analysis of the fiscal year 2017 financial activities for each enterprise fund.

**Water and Sewer Fund** - The total assets decreased \$508,655 or 2.4% due primarily to a \$792,401 decrease in the net book value of capital assets due to depreciation, and partially offset by \$298,807 higher receivables. Total liabilities decreased \$283,187 as a result of scheduled long-term debt payments.

Operating revenues increased \$284,631 or 9.4% because of an increase in the customer base and increased sales of water.

In total, operating expenses increased \$336,610 or 12.5%. Personal services decreased \$39,100 or 10.5% due to staff vacancies. Water system costs increased \$169,491 or 37.1% from fiscal year 2016 due to an increase in water rates and the customer base. Sewer system costs increased \$221,546 or 23.1% due to an increase in the customer base.

Net position decreased \$235,093 or 3.5% in fiscal year 2017, resulting in ending net position of \$6,478,220.

**Municipal Parking Fund** - The total assets increased \$60,882 or 1.6%. Capital asset costs increased \$169,748 and the accumulated depreciation decreased \$117,569 as a result of upgrading of 38 meter pay stations.

Operating revenues increased just \$44,261 4.1% and operating expenses decreased \$38,881 or 3.5%. The cost of personal services decreased \$30,118 due to a position vacancy.

In total, operating income increased \$83,142 in fiscal year 2017 over the fiscal year 2016 operating loss. Net position decreased \$13,610 in fiscal year 2017, resulting in an ending net position of \$3,252,815.

**Sanitation Fund** - The total assets increased \$195,780 or 20.6%. Capital assets increased \$150,858. Total liabilities decreased \$157,918. Operating revenues were \$147,238, 8.6% above 2016 due to increased rates and a new development. Administrative costs decreased \$76,983 or 32% due to attrition through retirement.

In total, operating expenses decreased \$59,180 or 4.1%.

Operating income increased \$206,418. Net position increased \$334,660 or 54% in fiscal year 2017, resulting in an ending net position of \$954,782.

**Stormwater Fund** - The total assets decreased \$217,235. Cash decreased \$86,954. Net capital assets decreased \$130,607 from fiscal year 2016. Total liabilities decreased \$226,313 primarily due to long-term debt service payments.

The operating revenues only increased \$23,482 from fiscal year 2016 and the operating expenses increased \$16,159.

As a result, operating income was \$175,533 or 4.4% above fiscal year 2016. Net position increased \$5,137 in fiscal year 2017, resulting in ending net position of \$2,603,509.

## 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 \$11,977,654 compared to \$9,385,340 at September 30, 2016.

The total governmental revenues and transfers exceeded expenditures and transfers out by \$2,592,314. The general fund's revenues and transfers exceeded its expenditures and transfers out by \$1,266,855. The capital projects fund's expenditures exceeded revenues and transfers in by \$578,230.

Governmental funds report total fund balance of \$11,977,654. Of this year-end total, \$1,023,176 is restricted to various ongoing programs. \$2 million is assigned in the General Fund for emergencies and disasters since we are a coastal community subject to hurricane risk and \$2,319,032 is assigned in the Capital Projects Fund for future capital projects. \$174,644 is considered non-spendable and \$6,460,802 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds shows an increase of \$2,592,314 or 27.6% over the prior year.

### Major Governmental Funds

The Town reports three major governmental funds, the General Fund, the Capital Projects Fund and the Building 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 \$1,266,855 or 17.2%. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 70.6% of annual expenditures. This compares to 62.8% at September 30, 2016.

Property taxes increased \$890,863 or 12.2% due to an increase in taxable property values and new construction for \$184 million or 12.5% from the previous fiscal year. Resort taxes increased \$148,006 or 12.1% as the result of a New Venue built and increased rates at hotels.

Utility tax revenue increased \$52,696 or 9.1%. Franchise fees increased \$43,647 over fiscal year 2016. Licenses and permits decreased \$812,261 or 86.4% from fiscal year 2016 because they are now reported in the newly established building fund.

Fines and forfeitures increased \$406,545 or 35.7% over the prior year due to red light camera violations. All other revenue streams were consistent with the 2016 amounts.

Total General Fund expenditures increased \$492,416 above the fiscal year 2016 level. Although most changes are not significant, some of these changes, by department, from fiscal year 2016 are described below.

General government costs were \$14,478 or less than 1% below the 2016 amount.

Public safety expenditures increased \$470,982 or 8.5% due to costs associated with the red-light program and personnel costs associated with sworn personnel.

Public works costs decreased just \$13,002. Leisure services costs increased \$95,633 or 5.2% over the prior year.

**Capital Projects Fund** - This fund reported revenue from developer contributions totaling \$170,000. This fund spent \$800,581 on capital projects. At September 30, 2017, this fund reported \$612,659 in cash and investments. At year-end, this fund reported fund balance of \$576,122.

**Building Fund** – The Town established this fund in fiscal year 2017 to isolate this activity, which is volatile, and to restrict the uses of the revenues recognized. There was an initial transfer in from the general fund totaling \$941,983.

This fund reported licenses and permits totaling \$1,698,792 (see general fund discussion above) and spent \$793,258 with an ending fund balance of \$1,743,093.

### **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 budget was not amended in this fiscal year.

Property taxes were \$119,381 over budget because fewer discounts were taken by property owners than anticipated. Resort taxes were 5.2% higher than budget by \$67,567 due to higher economic activity.

Licenses and permits were below budget by \$28,643, due to the change of accounting for these revenues within the building fund. Fines and forfeitures were \$834,610 over budget because red light camera revenues exceeded what was originally expected.

In total, actual expenditures were below the budget by \$227,269.

On the expenditure side, general government was underspent by \$334,423.

The budget for public safety was over expended by \$459,083 much related to the costs of the red-light camera program.

The public works budget was underspent by \$300,140. The leisure services budget was underspent by \$51,789 because of a vacant position and contingent amounts not spent.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2017, was \$15,523,625 and \$26,092,859 respectively. The change in this net investment was 0.6% increase for governmental activities and a 1.9% decrease for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	<b>Capital Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
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	-	-	-	128,297
Total non-depreciable	<u>1,461,229</u>	<u>1,589,526</u>	<u>1,358,011</u>	<u>1,358,011</u>	<u>2,819,240</u>	<u>2,947,537</u>
Depreciable assets:						
Buildings	11,182,276	11,026,367	-	-	11,182,276	11,026,367
Machinery, equipment and furniture	2,943,071	2,845,297	1,693,436	1,412,611	4,636,507	4,257,908
Infrastructure	6,366,358	5,588,764	29,228,018	29,228,018	35,594,376	34,816,782
Total depreciable assets	<u>20,491,705</u>	<u>19,460,428</u>	<u>30,921,454</u>	<u>30,640,629</u>	<u>51,413,159</u>	<u>50,101,057</u>
Less accumulated depreciation	<u>6,429,309</u>	<u>5,619,297</u>	<u>6,186,606</u>	<u>5,420,949</u>	<u>12,615,915</u>	<u>11,040,246</u>
Book value - depreciable assets	<u>14,062,396</u>	<u>13,841,131</u>	<u>24,734,848</u>	<u>25,219,680</u>	<u>38,797,244</u>	<u>39,060,811</u>
Percentage depreciated	<u>31%</u>	<u>29%</u>	<u>20%</u>	<u>18%</u>	<u>25%</u>	<u>22%</u>
Total net capital assets	<u>\$ 15,523,625</u>	<u>\$ 15,430,657</u>	<u>\$ 26,092,859</u>	<u>\$ 26,577,691</u>	<u>\$ 41,616,484</u>	<u>\$ 42,008,348</u>

At September 30, 2017, the depreciable capital assets for governmental activities were 31% depreciated. This compares to the 29% at September 30, 2016. With the Town's business-type activities, 20% of the asset values were depreciated at September 30, 2017 compared to 18% at September 30, 2016. 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 20% depreciated due to the new infrastructure put into place.

### Governmental Capital Assets

The increase in buildings of \$155,909 primarily relates to the parks department.

The major equipment additions \$97,774 include the costs for the purchase of police vehicles.

The infrastructure additions of \$777,594 includes the Seawalls project, phase 2.

### Business-type Activities Capital Assets

The specific major equipment included in the \$772,353 addition relates to \$556,000 for a new pay station in the parking fund and \$217,000 for a new front loader garbage truck in the sanitation fund.



**Debt**

The following table reports long-term debt balances at September 30, 2017 and 2016:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ -	\$ -	\$ 8,638,620	\$ 9,266,490	\$ 8,638,620	\$ 9,266,490
Capital leases	46,588	101,226	13,210	25,957	59,798	127,183
State revolving loan	-	-	7,744,982	8,172,054	7,744,982	8,172,054
Compensated absences	356,434	362,880	112,841	103,759	469,275	466,639
Net OPEB obligation	365,164	300,781	47,580	42,957	412,744	343,738
Net pension liability	2,129,806	2,220,433	286,405	298,287	2,416,211	2,518,720
<b>Total</b>	<b>\$ 2,897,992</b>	<b>\$ 2,985,320</b>	<b>\$ 16,843,638</b>	<b>\$ 17,909,504</b>	<b>\$ 19,741,630</b>	<b>\$ 20,894,824</b>

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

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

The State of Florida's Constitution proscribes a state personal income tax. The State of Florida operates primarily using sales, motor fuel, and corporate income taxes. Municipalities like the Town of Surfside rely primarily on property and other taxes (utility taxes, franchise fees and local business taxes) for their operation. The Town also receives revenues from the State of Florida that is largely determined by population and these sources are heavily reliant upon sales taxes and motor fuels. Some of these revenues have restricted purposes and therefore, limit the Town's ability to direct those funds to other purposes. Property taxes have a number of exemptions for homestead properties (a Floridian's primary residence) and more have been proposed for voter's approval in November 2018. In addition to dollar threshold limits, an annual assessment increase cap of 3% or the consumer price index increase for the year exists on residential property and 10% on commercial property. These caps not only restrict the growth of the Town's taxable value from year-to-year, but they create inequities among property owners. Changes in federal tax laws that affect the deductibility of state and local taxes and new limits on home mortgage interest deductions are known to have an adverse impact on affluent homeowners that also may have second or third homes. This may have negative consequences for the demand for these homes and may affect values in the Town, but at this time, the impact, if any, isn't known. Because of new development, we believe that any impact will be managed easily by the Town.

Surfside is part of the larger Miami-Dade County metropolitan area and South Florida generally. The area has become a very desirable place to live and work and development pressures are great. Because of the State's reliance upon sales taxes, the State and its local governments are susceptible to downturns in economic activity. Florida historically has gone through "boom and busts" cycles that have sometimes hit property values hard. Most recently, the Great Recession witnessed substantial decreases in property values across the board. Many local governments were forced to reduce their workforce and other expenses. Some raised their property tax rates or used reserves to balance their budgets as the law requires. Most resulted to some combination of these tactics. The Town navigated through the recession and has of late seen its property values return to their pre-recession levels. New high-end development has added 43% more taxable value to the Town's 2018 (FY2019) tax rolls and has provided more diversification to its tax base mix. The Town's FY2018 property tax rate was 4.8000 mills, down 4.3% from the FY2017 rate of 5.0144 mills which was also down slightly from the FY2016 rate of 5.0293. The taxable value of properties in the Town increased by 26.5% from FY2016 to FY2017.

The Town suffered over \$700,000 worth of Hurricane Irma storm damage, much of it debris removal. The Town expects to recover about 75% or more of these costs from Federal and State storm aid, but the timing and amount of the reimbursements are not known at this time. We do not expect to receive reimbursement by the end of FY2018. The Town's beach is very much in need of re-nourishment, but the regulatory and financial obstacles will delay this for the foreseeable future as multiple levels of government are involved in the process and dictate how and when the beach will be restored. The beach is still available for use and its degradation has not had an impact on tourism or enjoyment, but future storms may have an immediate adverse impact to the beach.

The Town's downtown area is vital to the community but is limited in development potential because of Charter restrictions on the height of the buildings in this valuable corridor. The downtown area is almost entirely retail. Market data indicates substantial leakage of most retail and food service demand indicating that resident's wealth and income leaves the Town and is spent elsewhere. Near downtown, the Town is considering partnering with the development community to leverage its existing municipal building site by expanding parking opportunities and providing additional commercial space.

The Town's demographics are stable and characterized by two main cohorts that live in the Town year-round and a third sub-cohort that has legal residence elsewhere but own vacation homes or second homes in the Town. Of those that call Surfside home, the two main cohorts are described by demographers at Esri<sup>1</sup> as *City Lights* (21.8% of households) and *Golden Years* (78.2% of households). *City Lights* is characterized as "a densely populated urban market, ...the epitome of equality. The wide-ranging demographic characteristics of residents mirror their passion for social welfare and equal opportunity. Household types range from single person to married-couple families, with and without children. A blend of owners and renters, single-family homes and town homes, midrise and high-rise apartments, these neighborhoods are both racially and ethnically diverse. Many residents have completed some college or a degree, and they earn a good income in professional and service occupations. Willing to commute to their jobs, they work hard and budget well to support their urban lifestyles, laying the foundation for stable financial futures." About half the households own their homes. They earn above average incomes working in professional and service occupations. As consumers, they are price savvy but will pay for quality brands they trust. The *Golden Years* cohort are independent, active seniors nearing the end of their careers or already in retirement. This market is primarily singles living alone or empty nesters. Those still active in the labor force are employed in professional occupations; however, these consumers are actively pursuing a variety of leisure interests—travel, sports, dining out, museums, and concerts. They are involved, focused on physical fitness, and enjoying their lives. This market is smaller, but growing, and financially secure. They have a median age of 52 years and nearly 28% are age 65 or older. They are well educated and have a low unemployment rate, but they also have a low labor force participation rate.

The trends from the 2010 census, to the current 2017 estimate and the 2022 projection, indicate that the demographics have not changed very much in any category, though it will tend to get slightly older and slightly more Hispanic. The Town is expected to grow to 6,235 people by 2022, but this can be misleading when omitting seasonal residents. Roughly 32% of housing units are vacant and this is expected to continue through 2022. Of the vacant housing units, 75% are seasonal or occasional use units. Half of the owned housing units are owned free and clear of a mortgage. Households will become more affluent both in income and wealth. Housing prices are expected to increase noticeably between now and 2022. Currently, 51% of owner-occupied homes are valued at \$500,000 or greater. By 2022, 61.5% will be worth at least \$500,000.

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<sup>1</sup> Esri's Tapestry segmentation system provides a robust and powerful portrait of the U.S. consumer markets divided into 68 segments. It is a commercially available demographic service provided by Esri.

The projected demographic profile of the Town indicates favorable foreseeable economic conditions for the revenue sources the Town depends upon.

The Town is reliant upon its beaches for maintaining high property values and tourist activity. The Town was fortunate to recently attract a Four Seasons resort to the community. Added to the Town's other resort venues, this will add valuable property tax and tourism revenues to the Town's coffers. The Town uses some of its tourism revenues to support recreational activities and facilities, as well as beach maintenance and safety activities. However, hurricanes and other storms that damage the coastline or upset the infrastructure of the Town expose the Town to additional risk of loss of both tourism taxes and loss of property values that directly affect revenue streams. The Town's reserves will need to be necessarily higher than other communities that don't rely upon coastal amenities. Anything that adversely affects tourism and travel will generally have a direct negative impact on the Town's finances.

South Florida continues to be a much sought after international and national destination for vacationers and others who want to maintain a second or third vacation home. Demand has influenced both development and existing stocks of virtually every type of property on or near the beaches. Florida has experienced cycles of demand boom and decline before and the Town will need to be cautious with the construction of its finances that it not be overly reliant upon growth or that it commits to fixed long-term expenses that rely upon tax base or tourist-based growth.

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 realized during FY2017 that its user rates for water and sewer were inadequate. The Town conducted a rate study and implemented increases for the services it provides. For water and sewer, the rate increases amount to about a 50% increase over existing rates, with a 20% increase implemented for FY2018 and 10% each year thereafter. Unfortunately, these rates were implemented too late into the year to avoid meeting a coverage test on the Town's State Revolving Fund loan. The Town expects to meet the coverage test for FY2018 and thereafter. Solid Waste rates were unchanged from FY2017 to FY2018 and the Town continues to generate enough cash flow to replace its fleet from time-to-time.

The Town purchases its water from Miami-Dade County and pays the City of Miami Beach to treat its wastewater. The Town also disposes of its solid waste at Miami-Dade County disposal facilities. In all three cases, the Town is not in control of its most significant costs for these services. It is expected that the costs for all three will increase noticeably due to expected rate increases at the County and Miami Beach. Because of the strong demographics in household income, we do not expect this to affect the Town's ability to recover its costs through its rates. On a positive note, the Town recently replaced its underground water, sewer, and stormwater infrastructure, much of which dated back to the 1940's. The cost of the debt service for this replacement is now reflected in the Town's rates.

The Town's labor costs are reasonable for the area and fairly well controlled. Health care costs are typical for the South Florida area and pension costs are below what most South Florida municipalities experience. The pension trust funds have a fairly high funding ratio and we expect that to increase given current market valuations. It will be incumbent upon the Town to resist improvements to benefits and to continue to fully fund the plan each year. The Town funds its annual required contribution early in October of each year instead of paying in monthly or quarterly. This practice should reduce the Town's cost over the long-term.

The Town's residents and businesses experienced a period of time after Hurricane Irma where electrical power was interrupted. The Town is studying the feasibility of relocating the electrical lines underground

to reduce the frequency and duration of power outages. Initial estimates indicate that this will be a multi-million dollar undertaking that likely will require the issuance of debt.

The Town is concerned with rising sea levels. Sea levels are increasing and we are concerned about the impact to our barrier island. In addition to beach shoreline concerns, seawalls may need to be reconstructed to new levels and stormwater systems may need to be reconfigured to reduce or prevent flooding. These impacts could have a considerable financial impact on the Town and its property owners. Additionally, demand for property that would be adversely affected by rising sea levels may be reduced, affecting the Town's tax base. These remain unquantified but are genuine concerns that the Town is evaluating.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

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## **BASIC FINANCIAL STATEMENTS**

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

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**TOWN OF SURFSIDE, FLORIDA**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2017**

	Governmental Activities	Business- type Activities	Total
<b>Assets</b>			
Cash	\$ 8,498,138	\$ 3,688,683	\$ 12,186,821
Investments	3,503,124	40,976	3,544,100
Receivables, net	609,126	1,995,097	2,604,223
Internal balances	595,405	(595,405)	--
Prepaid items	174,644	31,933	206,577
Capital assets not being depreciated	1,461,229	1,358,011	2,819,240
Capital assets being depreciated, net	<u>14,062,396</u>	<u>24,734,848</u>	<u>38,797,244</u>
<b>Total Assets</b>	<u>28,904,062</u>	<u>31,254,143</u>	<u>60,158,205</u>
<b>Deferred Outflows of Resources</b>			
Pension	<u>1,315,990</u>	<u>178,381</u>	<u>1,494,371</u>
<b>Liabilities</b>			
Accounts payable	350,588	263,279	613,867
Accrued liabilities	579,878	125,022	704,900
Interest payable	--	205,552	205,552
Retainage payable	71,800	1,235	73,035
Unearned revenue	29,344	3,170	32,514
Customer deposits	371,173	246,338	617,511
Noncurrent liabilities:			
Due within one year	82,231	1,117,094	1,199,325
Due in more than one year	<u>2,815,761</u>	<u>15,726,544</u>	<u>18,542,305</u>
<b>Total Liabilities</b>	<u>4,300,775</u>	<u>17,688,234</u>	<u>21,989,009</u>
<b>Deferred Inflows of Resources</b>			
Pension	26,423	3,464	29,887
Parking Trust Fund	<u>--</u>	<u>451,500</u>	<u>451,500</u>
<b>Total Deferred Inflows of Resources</b>	<u>26,423</u>	<u>454,964</u>	<u>481,387</u>
<b>Net Position</b>			
Net investment in capital assets	15,477,037	9,694,811	25,171,848
Restricted for:			
Tourism	469,880	--	469,880
Transportation	388,363	--	388,363
Police forfeiture	164,933	--	164,933
Renewal and replacement	--	1,788,459	1,788,459
Parking Development	--	25,500	25,500
Loan reserve	--	324,000	324,000
Unrestricted	<u>9,392,641</u>	<u>1,456,556</u>	<u>10,849,197</u>
<b>Total Net Position</b>	<u>\$ 25,892,854</u>	<u>\$ 13,289,326</u>	<u>\$ 39,182,180</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>							
General government	\$ 4,804,921	\$ 2,115,144	\$ --	\$ --	\$ (2,689,777)	\$ --	\$ (2,689,777)
Public safety	6,310,662	1,546,610	61,950	--	(4,702,102)	--	(4,702,102)
Public works	1,519,141	--	--	170,000	(1,349,141)	--	(1,349,141)
Leisure services	2,011,932	707,641	--	--	(1,304,291)	--	(1,304,291)
Transportation	254,825	--	228,739	--	(26,086)	--	(26,086)
Interest on long-term debt	1,869	--	--	--	(1,869)	--	(1,869)
<b>Total Governmental Activities</b>	<u>14,903,350</u>	<u>4,369,395</u>	<u>290,689</u>	<u>170,000</u>	<u>(10,073,266)</u>	<u>--</u>	<u>(10,073,266)</u>
<b>Business-type Activities</b>							
Water and sewer	3,459,678	3,312,110	--	--	--	(147,568)	(147,568)
Municipal parking	1,056,670	1,131,024	--	--	--	74,354	74,354
Sanitation	1,393,630	1,852,855	--	--	--	459,225	459,225
Stormwater utility	499,783	531,309	--	--	--	31,526	31,526
<b>Total Business-type Activities</b>	<u>6,409,761</u>	<u>6,827,298</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>417,537</u>	<u>417,537</u>
<b>Total</b>	<u>\$ 21,313,111</u>	<u>\$ 11,196,693</u>	<u>\$ 290,689</u>	<u>\$ 170,000</u>	<u>(10,073,266)</u>	<u>417,537</u>	<u>(9,655,729)</u>
<b>General Revenues</b>							
Taxes							
Property taxes					8,167,329	--	8,167,329
Resort taxes					1,374,357	--	1,374,357
Franchise fees based on gross receipts					468,525	--	468,525
Utility taxes					630,568	--	630,568
Communications services tax					220,848	--	220,848
Unrestricted intergovernmental revenues					718,484	--	718,484
Unrestricted investment earnings					38,709	440	39,149
Miscellaneous revenues					532,619	--	532,619
<b>Transfers</b>					326,884	(326,884)	--
<b>Total General Revenues and Transfers</b>					<u>12,478,323</u>	<u>(326,444)</u>	<u>12,151,879</u>
<b>Change in Net Position</b>					2,405,057	91,093	2,496,150
<b>Net Position - Beginning</b>					<u>23,487,797</u>	<u>13,198,233</u>	<u>36,686,030</u>
<b>Net Position - Ending</b>					<u>\$ 25,892,854</u>	<u>\$ 13,289,326</u>	<u>\$ 39,182,180</u>

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

**TOWN OF SURFSIDE, FLORIDA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 5,124,504	\$ 1,813,048	\$ 393,825	\$ 1,166,761	\$ 8,498,138
Investments	3,271,672	--	218,834	12,618	3,503,124
Receivables, net	462,576	--	35,263	111,287	609,126
Due from other funds	806,527	--	--	--	806,527
Prepaid items	174,461	183	--	--	174,644
<b>Total Assets</b>	<b><u>\$ 9,839,740</u></b>	<b><u>\$ 1,813,231</u></b>	<b><u>\$ 647,922</u></b>	<b><u>\$ 1,290,666</u></b>	<b><u>\$ 13,591,559</u></b>
<b>Liabilities</b>					
Accounts payable	\$ 284,036	\$ 11,345	\$ --	\$ 55,207	\$ 350,588
Accrued liabilities	568,509	10,608	--	761	579,878
Due to other funds	--	--	--	211,122	211,122
Retainage payable	--	--	71,800	--	71,800
Unearned revenue	20,759	8,185	--	400	29,344
Customer deposits	331,173	40,000	--	--	371,173
<b>Total Liabilities</b>	<b><u>1,204,477</u></b>	<b><u>70,138</u></b>	<b><u>71,800</u></b>	<b><u>267,490</u></b>	<b><u>1,613,905</u></b>
<b>Fund Balances</b>					
Non-spendable:					
Prepaid items	174,461	183	--	--	174,644
Restricted for:					
Tourism	--	--	--	469,880	469,880
Transportation surtax	--	--	--	388,363	388,363
Police forfeiture	--	--	--	164,933	164,933
Assigned for:					
Hurricanes and emergencies	2,000,000	--	--	--	2,000,000
Capital projects	--	--	576,122	--	576,122
Building projects	--	1,742,910	--	--	1,742,910
Unassigned	6,460,802	--	--	--	6,460,802
<b>Total Fund Balances</b>	<b><u>8,635,263</u></b>	<b><u>1,743,093</u></b>	<b><u>576,122</u></b>	<b><u>1,023,176</u></b>	<b>11,977,654</b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 9,839,740</u></b>	<b><u>\$ 1,813,231</u></b>	<b><u>\$ 647,922</u></b>	<b><u>\$ 1,290,666</u></b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					15,523,625
Deferred outflows of resources related to pensions are recorded in the statement of net position					1,315,990
Deferred inflows of resources related to pensions are recorded in the statement of net position					(26,423)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:					
Compensated absences					(356,434)
Capital lease					(46,588)
Net pension liability					(2,129,806)
Net OPEB obligation					(365,164)
<b>Net Position of Governmental Activities</b>					<b><u>\$ 25,892,854</u></b>

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



**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 8,167,329	\$ --	\$ --	\$ --	\$ 8,167,329
Resort taxes	1,374,357	--	--	707,641	2,081,998
Utility taxes	630,568	--	--	--	630,568
Communications services tax	220,848	--	--	--	220,848
Franchise fees	468,525	--	--	--	468,525
Licenses and permits	127,607	1,698,792	--	--	1,826,399
Intergovernmental	718,484	--	--	228,739	947,223
Charges for services	288,745	--	--	--	288,745
Fines and forfeitures	1,546,610	--	--	61,950	1,608,560
Developer fees	--	--	170,000	--	170,000
Interest earnings	36,223	--	2,351	135	38,709
Miscellaneous	514,169	4,058	--	14,392	532,619
<b>Total Revenues</b>	<u>14,093,465</u>	<u>1,702,850</u>	<u>172,351</u>	<u>1,012,857</u>	<u>16,981,523</u>
<b>Expenditures</b>					
Current:					
General government	3,144,824	793,258	50,000	618,361	4,606,443
Public safety	5,991,970	--	--	39,260	6,031,230
Public works	1,100,787	--	--	--	1,100,787
Leisure services	1,936,655	--	--	--	1,936,655
Transportation	--	--	--	183,890	183,890
Capital outlay	--	--	800,581	--	800,581
Debt service:					
Principal	54,638	--	--	--	54,638
Interest and fiscal charges	1,869	--	--	--	1,869
<b>Total Expenditures</b>	<u>12,230,743</u>	<u>793,258</u>	<u>850,581</u>	<u>841,511</u>	<u>14,716,093</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>1,862,722</u>	<u>909,592</u>	<u>(678,230)</u>	<u>171,346</u>	<u>2,265,430</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	446,116	941,983	100,000	--	1,488,099
Transfers out	(1,041,983)	(108,482)	--	(10,750)	(1,161,215)
<b>Total Other Financing Sources (Uses)</b>	<u>(595,867)</u>	<u>833,501</u>	<u>100,000</u>	<u>(10,750)</u>	<u>326,884</u>
<b>Net Change in Fund Balances</b>	1,266,855	1,743,093	(578,230)	160,596	2,592,314
<b>Fund Balances - Beginning</b>	<u>7,368,408</u>	<u>--</u>	<u>1,154,352</u>	<u>862,580</u>	<u>9,385,340</u>
<b>Fund Balances - Ending</b>	<u>\$ 8,635,263</u>	<u>\$ 1,743,093</u>	<u>\$ 576,122</u>	<u>\$ 1,023,176</u>	<u>\$ 11,977,654</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, 2017**

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Amounts reported for governmental activities in the statement of activities (Page 20) are different because:

Net change in fund balances - total governmental funds (Page 22)	\$ 2,592,314
--	--------------

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	\$ 929,787	
Depreciation and amortization	<u>(833,457)</u>	
Net adjustment		96,330
Loss on disposal of capital assets		(3,361)

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	54,638
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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	6,446	
Deferred outflows	(341,130)	
Deferred inflows	(26,423)	
Net pension liability	90,627	
Net OPEB obligation	<u>(64,384)</u>	
Net adjustment		<u>(334,864)</u>

Change in net position of governmental activities (Page 20)	<u>\$ 2,405,057</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, 2017**

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$ --	\$ 956,010	\$ 228,974	\$ 2,503,699	\$ 3,688,683
Investments	40,976	--	--	--	40,976
Receivables, net	1,003,220	503,500	370,849	117,528	1,995,097
Due from other funds	--	--	--	1,096,671	1,096,671
Prepaid items	5,245	4,855	20,756	1,077	31,933
<b>Total Current Assets</b>	<u>1,049,441</u>	<u>1,464,365</u>	<u>620,579</u>	<u>3,718,975</u>	<u>6,853,360</u>
<b>Noncurrent Assets</b>					
<b>Capital Assets</b>					
Land	--	1,358,011	--	--	1,358,011
Infrastructure	24,197,722	1,447,360	--	3,582,936	29,228,018
Equipment	291,340	668,797	733,299	--	1,693,436
	24,489,062	3,474,168	733,299	3,582,936	32,279,465
Less: accumulated depreciation	(4,425,436)	(1,057,866)	(208,260)	(495,044)	(6,186,606)
<b>Total Capital Assets, Net</b>	<u>20,063,626</u>	<u>2,416,302</u>	<u>525,039</u>	<u>3,087,892</u>	<u>26,092,859</u>
<b>Total Noncurrent Assets</b>	<u>20,063,626</u>	<u>2,416,302</u>	<u>525,039</u>	<u>3,087,892</u>	<u>26,092,859</u>
<b>Total Assets</b>	<u>21,113,067</u>	<u>3,880,667</u>	<u>1,145,618</u>	<u>6,806,867</u>	<u>32,946,219</u>
<b>Deferred Outflows of Resources</b>					
Pension	33,574	58,630	72,323	13,854	178,381
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	70,934	109,784	38,370	44,191	263,279
Accrued liabilities	106,573	6,547	9,121	2,781	125,022
Due to other funds	1,692,076	--	--	--	1,692,076
Interest payable	154,164	--	--	51,388	205,552
Retainage payable	1,235	--	--	--	1,235
Current portion capital lease payable	13,210	--	--	--	13,210
Current portion of revenue bonds payable	493,129	--	--	164,376	657,505
Current portion of state revolving loan payable	325,828	--	--	109,267	435,095
Compensated absences	2,751	1,353	7,180	--	11,284
Unearned revenue	--	3,170	--	--	3,170
Customer deposits	246,338	--	--	--	246,338
<b>Total Current Liabilities</b>	<u>3,106,238</u>	<u>120,854</u>	<u>54,671</u>	<u>372,003</u>	<u>3,653,766</u>
<b>Noncurrent Liabilities</b>					
Net OPEB obligation	13,799	7,058	26,363	360	47,580
Net pension liability	54,189.00	93,774	116,134	22,308	286,405
Compensated absences	24,759	12,176	64,622	--	101,557
Revenue bonds payable	5,985,836	--	--	1,995,279	7,981,115
State revolving loan payable	5,482,908	--	--	1,826,979	7,309,887
<b>Total Noncurrent Liabilities</b>	<u>11,561,491</u>	<u>113,008</u>	<u>207,119</u>	<u>3,844,926</u>	<u>15,726,544</u>
<b>Total Liabilities</b>	<u>14,667,729</u>	<u>233,862</u>	<u>261,790</u>	<u>4,216,929</u>	<u>19,380,310</u>
<b>Deferred Inflows of Resources</b>					
Pension	692	1,120	1,369	283	3,464
Parking Trust Fund	--	451,500	--	--	451,500
<b>Net Position</b>					
Net investment in capital assets	7,761,480	2,416,302	525,039	(1,008,010)	9,694,811
Restricted for renewal and replacement	1,522,319	--	--	266,140	1,788,459
Restricted for loan reserve	243,000	--	--	81,000	324,000
Restricted for parking development	--	25,500	--	--	25,500
Unrestricted	(3,048,579)	811,013	429,743	3,264,379	1,456,556
<b>Total Net Position</b>	<u>\$ 6,478,220</u>	<u>\$ 3,252,815</u>	<u>\$ 954,782</u>	<u>\$ 2,603,509</u>	<u>\$ 13,289,326</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, 2017**

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
<b>Operating Revenues</b>					
Charges for services:					
Water sales	\$ 1,763,433	\$ --	\$ --	\$ --	\$ 1,763,433
Sewer charges	1,547,562	--	--	--	1,547,562
Parking fees	--	1,131,024	--	--	1,131,024
Solid waste fees	--	--	1,662,063	--	1,662,063
Recycling fees	--	--	137,488	--	137,488
Drainage fees	--	--	--	531,309	531,309
Miscellaneous	1,115	--	53,304	--	54,419
<b>Total Operating Revenues</b>	<u>3,312,110</u>	<u>1,131,024</u>	<u>1,852,855</u>	<u>531,309</u>	<u>6,827,298</u>
<b>Operating Expenses</b>					
Personal services	332,837	474,200	709,968	120,945	1,637,950
Administrative	94,943	468,896	163,535	104,225	831,599
Water system	626,097	--	--	--	626,097
Sewer system	1,180,773	--	--	--	1,180,773
Solid waste system	--	--	454,330	--	454,330
Depreciation	792,401	113,574	65,797	130,606	1,102,378
<b>Total Operating Expenses</b>	<u>3,027,051</u>	<u>1,056,670</u>	<u>1,393,630</u>	<u>355,776</u>	<u>5,833,127</u>
<b>Operating Income</b>	<u>285,059</u>	<u>74,354</u>	<u>459,225</u>	<u>175,533</u>	<u>994,171</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest earnings	440	--	--	--	440
Interest expense	(432,627)	--	--	(144,007)	(576,634)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(432,187)</u>	<u>--</u>	<u>--</u>	<u>(144,007)</u>	<u>(576,194)</u>
<b>Income (Loss) Before Transfers</b>	(147,128)	74,354	459,225	31,526	417,977
Transfers out	(87,965)	(87,965)	(124,565)	(26,389)	(326,884)
<b>Total Transfers</b>	<u>(87,965)</u>	<u>(87,965)</u>	<u>(124,565)</u>	<u>(26,389)</u>	<u>(326,884)</u>
<b>Change in Net Position</b>	(235,093)	(13,611)	334,660	5,137	91,093
<b>Net Position - Beginning</b>	<u>6,713,313</u>	<u>3,266,426</u>	<u>620,122</u>	<u>2,598,372</u>	<u>13,198,233</u>
<b>Net Position - Ending</b>	<u>\$ 6,478,220</u>	<u>\$ 3,252,815</u>	<u>\$ 954,782</u>	<u>\$ 2,603,509</u>	<u>\$ 13,289,326</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, 2017**

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 3,015,287	\$ 1,112,224	\$ 1,809,818	\$ 521,453	\$ 6,458,782
Payments to suppliers	(2,028,417)	(363,871)	(782,806)	(54,065)	(3,229,159)
Payments to employees	(248,299)	(461,163)	(683,782)	(117,068)	(1,510,312)
Receipts from other funds	595,405	--	--	--	595,405
<b>Net Cash Provided by Operating Activities</b>	<u>1,333,976</u>	<u>287,190</u>	<u>343,230</u>	<u>350,320</u>	<u>2,314,716</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers out	(87,965)	(87,965)	(124,565)	(26,389)	(326,884)
<b>Net Cash Used by Noncapital Financing Activities</b>	<u>(87,965)</u>	<u>(87,965)</u>	<u>(124,565)</u>	<u>(26,389)</u>	<u>(326,884)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	--	(555,698)	(216,655)	--	(772,353)
Proceeds from sale of capital assets	--	154,807	--	--	154,807
Principal payments	(803,955)	--	--	(263,734)	(1,067,689)
Interest expense and debt related costs	(442,056)	--	--	(147,151)	(589,207)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(1,246,011)</u>	<u>(400,891)</u>	<u>(216,655)</u>	<u>(410,885)</u>	<u>(2,274,442)</u>
<b>Cash Flows from Investing Activities</b>					
Interest earnings	440	--	--	--	440
Purchases of investments	(440)	--	--	--	(440)
<b>Net Cash Provided by Investing Activities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Increase (Decrease) in Cash</b>	--	(201,666)	2,010	(86,954)	(286,610)
<b>Cash - Beginning</b>	--	1,157,676	226,964	2,590,653	3,975,293
<b>Cash - Ending</b>	<u>\$ --</u>	<u>\$ 956,010</u>	<u>\$ 228,974</u>	<u>\$ 2,503,699</u>	<u>\$ 3,688,683</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, 2017**

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income	\$ 285,059	\$ 74,354	\$ 459,225	\$ 175,533	\$ 994,171
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	792,401	113,574	65,797	130,606	1,102,378
Changes in assets, liabilities and deferred inflows/outflows:					
(Increase) decrease in:					
Receivables	(298,807)	2,200	(43,037)	(9,856)	(349,500)
Prepaid items	15,502	22,569	125	9,530	47,726
Deferred outflows - pension	8,933	14,464	17,669	3,659	44,725
Increase (decrease) in:					
Accounts payable	(142,106)	82,456	(165,066)	40,630	(184,086)
Accrued liabilities	75,714	1,759	1,991	1,484	80,948
Unearned revenue	--	(3,322)	--	--	(3,322)
Due to other funds	595,405	--	--	--	595,405
Compensated absences	502	1,867	7,475	(762)	9,082
Net pension liability	(2,373)	(3,843)	(4,694)	(972)	(11,882)
Net OPEB obligation	1,070	992	2,376	185	4,623
Deferred inflows - pensions	692	1,120	1,369	283	3,464
Deferred inflows - parking trust fund	--	(21,000)	--	--	(21,000)
Customer deposits	1,984	--	--	--	1,984
Total adjustments	<u>1,048,917</u>	<u>212,836</u>	<u>(115,995)</u>	<u>174,787</u>	<u>1,320,545</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,333,976</u>	<u>\$ 287,190</u>	<u>\$ 343,230</u>	<u>\$ 350,320</u>	<u>\$ 2,314,716</u>

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

**TOWN OF SURFSIDE, FLORIDA**

**STATEMENT OF FIDUCIARY NET POSITION**

**SEPTEMBER 30, 2017**

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<b>Assets</b>	
<b>Total Investments</b>	<u>\$ 21,278,611</u>
<b>Receivables</b>	
Interest and dividends	40,089
Employee contributions	26,807
Other receivables	<u>21,972</u>
<b>Total Receivables</b>	<u>88,868</u>
<b>Prepaid Expenses</b>	<u>2,288</u>
<b>Total Assets</b>	<u>21,369,767</u>
<b>Liabilities and Net Position</b>	
Accounts payable	27,646
Refunds due to members	<u>49,520</u>
<b>Total Liabilities</b>	<u>77,166</u>
<b>Net Position Restricted for Pension Benefits</b>	<u><u>\$ 21,292,601</u></u>

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

# TOWN OF SURFSIDE, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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### Additions

#### Contributions

Plan members	\$ 462,846
Town	797,359
	<u>1,260,205</u>

#### Investment Income

Net appreciation in fair value of investments	1,657,511
Interest and dividends	462,340
	<u>2,119,851</u>
Less investment expenses	<u>(102,101)</u>

**Net Investment Income** 2,017,750

**Total Additions** 3,277,955

#### Deductions

Benefit payments	572,055
Refunds of contributions	79,232
Administrative expenses	85,518
	<u>736,805</u>

**Total Deductions** 736,805

**Change in Net Position** 2,541,150

**Net Position Restricted for Pension Benefits- Beginning** 18,751,451

**Net Position Restricted for Pension Benefits - Ending** \$ 21,292,601

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



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**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside, Florida (the Town) was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Town 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, 2017

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

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

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The Town does not employ an indirect cost allocation system.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

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

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

Property taxes and other taxes (such as franchise taxes, utilities taxes, and sales taxes), 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 *Building Fund* is used to account for the building department activities within the Town. Revenues are collected from development activity to fund building department operations.

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, 2017

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

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

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer utility operations, which are financed and operated in 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, 2017

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

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

Proprietary Funds distinguish *operating revenues* and *expenses* from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the Town's enterprise funds are charges to customers for services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town did not implement any new GASB pronouncements during the fiscal year ended September 30, 2017 that had an impact to the Town's financial statements.

#### *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.

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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

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

##### *2. Interfund Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of the interfund loans).

##### *3. Receivables*

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

##### *4. Prepaid Items*

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

##### *5. 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.

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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 (continued)***

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, 2017.

The Town records impairment losses on long-lived assets used in operations when events and circumstances indicate the assets might be impaired. No impairment losses have been recorded.

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

***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 2017 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, 2016. The amounts paid during fiscal year 2017 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.



# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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### 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 (continued)*

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 two items that qualify for reporting in this category. A deferred inflow for pensions and the proprietary funds statement of net position includes a parking trust fund agreement. These amounts are deferred and recognized as an inflow of resources and recognized as revenue in the period that the time restrictions are met.

##### *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.

##### *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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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### 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)***

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.

*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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

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

##### *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, 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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

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

##### *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.

#### *INVESTMENTS – TOWN*

The Town's investment policy authorizes Town officials to invest in those instruments authorized by the Florida Statutes and the Town's investment policy, including the certificates of deposit and money market funds (placed with "qualified public depositories"); U.S. Treasury and Government Agency securities; corporate bonds; commercial paper; mutual funds; repurchase agreements; and the Florida PRIME administered by the State Board of Administration (SBA).

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### *INVESTMENTS – TOWN (CONTINUED)*

Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of 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, 2017, 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.

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

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

*INVESTMENTS – TOWN (CONTINUED)*

As of September 30, 2017, the Town had the following investment subject to interest rate risk:

	Reported Value	Weighted Average Maturity
<b>Investments</b>		
Florida PRIME	\$ 3,544,100	51 days

Florida PRIME is presented as an investment 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, 2017, 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, 2017

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### 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, 2017**

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### 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, 2017:

	<u>Reported Value</u>
<b>Investments</b>	
Money market funds	\$ 504,118
Certificates of deposit	300,984
U.S. Treasury securities	203,499
U.S. Government agency bonds	502,984
Municipal obligations	805,974
Corporate bonds	2,693,039
Mortgage backed securities	320,760
Equities	
Common stock and American depositary receipts and exchange traded funds	8,180,226
Mutual funds	5,656,847
Real estate investment trusts	136,323
Master limited partnerships	645,958
Core real estate fund	1,327,899
<b>Total</b>	<b>\$ 21,278,611</b>

As of September 30, 2017, the Plan had the following investment types subject to interest rate risk:

Investment Type	Fair Value	Sector Distribution
Corporate bonds	\$ 2,693,039	59.5%
Municipal obligations	805,974	17.8%
U.S. Government agency bonds	502,984	11.1%
U.S. Treasury securities	203,499	4.5%
Mortgage backed securities	320,760	7.1%
<b>Total Fair Value</b>	<b>\$ 4,526,256</b>	



**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

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

<u>Years</u>	<u>Maturity Distribution</u>		<u>Credit Quality Distribution</u>	
	<u>% of Fixed Income Securities</u>		<u>Rating</u>	<u>% of Fixed Income Securities</u>
0-1	2.0%		AAA	2.0%
1-5	34.7%		AA	46.9%
5-10	26.6%		A	36.8%
10+	<u>36.7%</u>		BBB	12.3%
	<u>100.0%</u>		Not Rated	<u>2.0%</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, 2017, 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 nor any 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, 2017

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### 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:

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes 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, 2017**

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

#### *FAIR VALUE HIERARCHY (CONTINUED)*

Debt 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. Treasuries and 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, 2017:

	Fair Value Measurements Using			
	9/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities				
U.S. Treasury securities	\$ 203,499	\$ --	\$ 203,499	\$ --
Corporate bonds	2,693,039	--	2,693,039	--
Municipal obligations	805,974	--	805,974	--
Mortgage backed securities	320,760	--	320,760	--
U.S. Government agency bonds	502,984	--	502,984	--
Total debt securities	4,526,256	--	4,526,256	--
Equity securities				
Common stock, ADR's, and ETF's	8,180,226	8,180,226	--	--
Mutual funds	5,656,847	5,656,847	--	--
Real Estate Investment Trusts	136,323	136,323	--	--
Total equity securities	13,973,396	13,973,396	--	--
Total investments at fair value	18,499,652	13,973,396	4,526,256	--
<b>Investments Measured at Net Asset Value (NAV)*</b>				
Core real estate fund	1,327,899			
Master limited partnerships	645,958			
Total investments measured at NAV	1,973,857			
Money market funds (exempt)	504,118			
Certificates of deposit (exempt)	300,984			
Total investments	\$ 21,278,611			

\* 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.

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

#### *FAIR VALUE HIERARCHY (CONTINUED)*

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 <sup>(1)</sup>	\$ 1,327,899	\$ --	Quarterly	N/A
Master limited partnerships <sup>(2)</sup>	\$ 645,958	\$ --	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.

### NOTE 3 – RECEIVABLES

Receivables as of September 30, 2017 for the Town’s major and nonmajor funds, including the applicable allowances for uncollectible accounts, if any, are as follows:

	General	Capital Projects	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Total
<b>Receivables</b>								
Property taxes	\$ 32,754	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 32,754
Intergovernmental	132,307	35,263	111,287	--	--	--	--	278,857
Other	297,515	--	--	--	503,500	--	--	801,015
Accounts - billed	--	--	--	453,986	--	370,849	29,494	854,329
Accounts - unbilled	--	--	--	549,234	--	--	88,034	637,268
Gross receivables	462,576	35,263	111,287	1,003,220	503,500	370,849	117,528	2,604,223
Less: allowance for uncollectibles	--	--	--	--	--	--	--	--
<b>Total Receivables, Net</b>	<u>\$ 462,576</u>	<u>\$ 35,263</u>	<u>\$ 111,287</u>	<u>\$ 1,003,220</u>	<u>\$ 503,500</u>	<u>\$ 370,849</u>	<u>\$ 117,528</u>	<u>\$ 2,604,223</u>

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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### NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Town for the fiscal year ended September 30, 2017, 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 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, 2017, there were no material delinquent taxes.

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

The composition of the interfund balances as of September 30, 2017 is as follows:

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

Receivable Funds	Payable Fund			Total
	Water and Sewer	Transportation Surtax Fund	Police Forfeiture Fund	
General Fund	\$ 595,405	\$ 194,982	16,140	\$ 806,527
Stormwater Utility Fund	1,096,671	--	--	1,096,671
	<u>\$ 1,692,076</u>	<u>\$ 194,982</u>	<u>\$ 16,140</u>	<u>\$ 1,903,198</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	\$ 446,116	\$ 1,041,983
Building Fund	941,983	108,482
Capital Projects Fund	100,000	--
Transportation Surtax Fund (Nonmajor Fund)	--	10,750
Water and Sewer Fund	--	87,965
Municipal Parking Fund	--	87,965
Sanitation Fund	--	124,565
Stormwater Utility Fund	--	26,389
<b>Total Interfund Transfers</b>	<u>\$ 1,488,099</u>	<u>\$ 1,488,099</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, 2017**

### NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
<b>Governmental Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	128,297	803,502	931,799	--
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,589,526</u>	<u>803,502</u>	<u>931,799</u>	<u>1,461,229</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	11,026,367	155,909	--	11,182,276
Machinery, furniture and equipment	2,845,297	124,580	26,806	2,943,071
Infrastructure	5,588,764	777,594	--	6,366,358
<b>Total Capital Assets Being Depreciated</b>	<u>19,460,428</u>	<u>1,058,083</u>	<u>26,806</u>	<u>20,491,705</u>
<b>Less: Accumulated Depreciation for</b>				
Buildings	2,265,340	269,583	--	2,534,923
Machinery, furniture and equipment	1,897,903	261,384	23,444	2,135,843
Infrastructure	1,456,054	302,489	--	1,758,543
<b>Total Accumulated Depreciation</b>	<u>5,619,297</u>	<u>833,456</u>	<u>23,444</u>	<u>6,429,309</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>13,841,131</u>	<u>224,627</u>	<u>3,362</u>	<u>14,062,396</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 15,430,657</u>	<u>\$ 1,028,129</u>	<u>\$ 935,161</u>	<u>\$ 15,523,625</u>
	Beginning Balances	Increase	Decrease	Ending Balances
<b>Business-type Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,358,011	\$ --	\$ --	\$ 1,358,011
Construction in progress	--	--	--	--
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,358,011</u>	<u>--</u>	<u>--</u>	<u>1,358,011</u>
<b>Capital Assets Being Depreciated</b>				
Equipment	1,412,611	772,353	491,528	1,693,436
Infrastructure	29,228,018	--	--	29,228,018
<b>Total Capital Assets Being Depreciated</b>	<u>30,640,629</u>	<u>772,353</u>	<u>491,528</u>	<u>30,921,454</u>
<b>Less: Accumulated Depreciation for</b>				
Equipment	698,080	159,190	336,721	520,549
Infrastructure	4,722,869	943,188	--	5,666,057
<b>Total Accumulated Depreciation</b>	<u>5,420,949</u>	<u>1,102,378</u>	<u>336,721</u>	<u>6,186,606</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>25,219,680</u>	<u>(330,025)</u>	<u>154,807</u>	<u>24,734,848</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 26,577,691</u>	<u>\$ (330,025)</u>	<u>\$ 154,807</u>	<u>\$ 26,092,859</u>

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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### NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

#### **Governmental Activities**

General government	\$ 125,390
Public safety	163,327
Physical environment	415,143
Leisure services	58,661
Transportation	<u>70,935</u>

<b>Total Depreciation Expense – Governmental Activities</b>	<b><u>\$ 833,456</u></b>
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#### **Business-type Activities**

Water and sewer	\$ 792,401
Municipal parking	113,574
Sanitation	65,797
Stormwater utility	<u>130,606</u>

<b>Total Depreciation Expense – Business-type Activities</b>	<b><u>\$ 1,102,378</u></b>
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### NOTE 7 – LONG TERM LIABILITIES

#### **GOVERNMENTAL ACTIVITIES**

The following is summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Capital lease	\$ 101,226	\$ --	\$ 54,638	\$ 46,588	\$ 46,588
Compensated absences	362,880	340,543	346,989	356,434	35,643
Net pension liability	2,220,433	1,899,957	1,990,584	2,129,806	--
Net OPEB obligation	<u>300,781</u>	<u>64,383</u>	<u>--</u>	<u>365,164</u>	<u>--</u>
<b>Total Governmental Activities</b>	<b><u>\$ 2,985,320</u></b>	<b><u>\$ 2,304,883</u></b>	<b><u>\$ 2,392,211</u></b>	<b><u>\$ 2,897,992</u></b>	<b><u>\$ 82,231</u></b>



**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Capital lease	\$ 25,957	\$ --	\$ 12,747	\$ 13,210	\$ 13,210
Revenue bonds series 2011	9,266,490	--	627,870	8,638,620	657,505
State revolving loan	8,172,054	--	427,072	7,744,982	435,095
Compensated absences	103,759	51,567	42,485	112,841	11,284
Net pension liability	298,287	255,496	267,378	286,405	--
Net OPEB obligation	42,957	4,623	--	47,580	--
<b>Total Business-type Activities</b>	<u>\$ 17,909,504</u>	<u>\$ 311,686</u>	<u>\$ 1,377,552</u>	<u>\$ 16,843,638</u>	<u>\$ 1,117,094</u>

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

***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. 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 \$8,638,620. For the current year, debt service which is comprised of accrued interest and principal payments was \$1,065,249. Pledged revenues were \$3,842,304.

<b>Fiscal Year Ending September 30</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 657,505	\$ 407,743	\$ 1,065,248
2019	688,540	376,709	1,065,249
2020	721,039	344,210	1,065,249
2021	755,073	310,177	1,065,250
2022	790,711	274,537	1,065,248
2023-2026	<u>5,025,752</u>	<u>706,897</u>	<u>5,732,649</u>
<b>Total</b>	<u>\$ 8,638,620</u>	<u>\$ 2,420,272</u>	<u>\$ 11,058,892</u>

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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 bears an interest rate of 1.87% and matures on January 15, 2033. No proceeds were received during the 2017 fiscal year.

The principal total outstanding at September 30, 2017 is \$7,744,982. The loan is secured by the net water, sewer and stormwater revenues. Total debt service for fiscal year 2017 was \$577,901 and the pledged revenue was \$3,842,304. 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.

<b>Fiscal Year Ending September 30</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	468,725	109,176	577,901
2023-2027	2,479,074	410,433	2,889,507
2028-2033	<u>3,007,141</u>	<u>171,317</u>	<u>3,178,458</u>
<b>Total</b>	<u>\$ 7,744,982</u>	<u>\$ 1,212,488</u>	<u>\$ 8,957,470</u>

*CAPITAL LEASES*

The Town entered into three separate lease agreements, at different dates, totaling approximately \$272,000 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.

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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 2.35%. The third lease agreement, entered on October 4, 2014, was for the amount of \$127,784 with an applicable annual interest rate of 1.83%. All leases are payable monthly.

**Asset Acquired Under the Capital Lease**

Machinery and equipment	\$ 687,382
Accumulated depreciation	<u>(554,230)</u>

**Total Assets Acquired Under the Capital Lease** \$ 133,152

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

Fiscal Year Ending September 30,	Amount
2018	<u>\$ 60,507</u>
Total minimum lease payments	60,507
Less: interest portion	<u>(709)</u>
<b>Present Value of Future Minimum Lease Payments</b>	<u><u>\$ 59,798</u></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.

*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.

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

*PLAN DESCRIPTION (CONTINUED)*

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 latest Plan Ordinance (16-1652) was effective October 1, 2016.

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

Membership in the Plan as of October 1, 2016, the latest actuarial valuation, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	35
Inactive plan members entitled but not yet receiving benefits	5
Active plan members	<u>89</u>
<b>Total Members</b>	<u>129</u>

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### *CONTRIBUTIONS AND FUNDING POLICY*

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contribution to the Plan which was determined based on the October 1, 2015 actuarial valuation, totaled \$797,359 for the year ended September 30, 2017.

#### *General Employees*

Initially employees were required to contribute 5% of their salary. One employee still contributes 5%, but all other general employees contribute 6%. Effective October 1, 2016, the employee contribution for general employees and senior management increased to 8%. The employee previously contributing 5% of their covered compensation is now required to contribute 7%.

#### *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, 2017. Two (2) general employees are currently participating in the DROP as of September 30, 2017. As of September 30, 2017, the balance in the DROP account was \$353,607. 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, 2017**

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**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 fiduciary 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 at September 30, 2017, using a measurement date of September 30, 2016 was as follows:

Total pension liability	\$21,167,662
Plan fiduciary net position	<u>(18,751,451)</u>
<b>Net Pension Liability</b>	<b><u>\$ 2,416,211</u></b>
Plan fiduciary net position as a percentage of the total pension liability	88.59%

# TOWN OF SURFSIDE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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### 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)
<b>Balances at September 30, 2015</b>	<u>\$ 19,012,209</u>	<u>\$ 16,493,489</u>	<u>\$ 2,518,720</u>
Changes for the year:			
Service cost	932,365	--	932,365
Expected interest growth	1,458,652	--	1,458,652
Assumption changes	402,655	--	402,655
Difference Between Actual and Expected Experience	(35,527)	--	(35,527)
Net investment income	--	1,850,417	(1,850,417)
Contributions - Town	--	757,304	(757,304)
Contributions - member	--	383,619	(383,619)
Administrative expenses	--	(130,686)	130,686
Benefit payments, including refunds of employee contributions	(602,692)	(602,692)	--
Net changes	<u>2,155,453</u>	<u>2,257,962</u>	<u>(102,509)</u>
<b>Balances at September 30, 2016</b>	<u>\$ 21,167,662</u>	<u>\$ 18,751,451</u>	<u>\$ 2,416,211</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, 2016
Actuarial valuation	October 1, 2015
Interest rates:	
Single discount rate:	7.25%
Inflation rate:	2.50%

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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, 2016 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%	7.7%
International equity	10.0%	3.5%
Fixed income	25.0%	3.9%
Real estate	10.0%	5.8%
Cash	3.0%	0.9%

***DISCOUNT RATE***

A discount rate of 7.25% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.25%. 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, 2017**

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**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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset) of the Town	\$ 5,488,159	\$ 2,416,211	\$ (85,474)

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

At September 30, 2017, the Town reported a net pension liability of \$2,416,211. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. For the fiscal year ended September 30, 2017, the Town recognized pension expense of \$313,234. 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	\$ 168,932	\$ 29,887
Changes of assumptions or other inputs	338,742	
Net difference between projected and actual earnings on pension plan investment	189,338	
Town contributions subsequent to the measurement date	797,359	--
<b>Total</b>	<b>\$ 1,494,371</b>	<b>\$ 29,887</b>

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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, 2016 in the amount of \$797,359, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. 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
2018	\$ 183,060
2019	183,062
2020	242,085
2021	(31,009)
2022	72,442
Thereafter	<u>17,485</u>
<b>Total</b>	<u><u>\$ 667,125</u></u>

***PAYABLE TO THE PENSION PLAN***

At September 30, 2016, the Town reported a payable of \$26,807 for the outstanding amount of contributions to the pension plan required for the fiscal year ended September 30, 2017.

**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, 2017**

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**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	\$ 71,374
Interest on normal cost	13,753
Adjustment to the annual required contribution	<u>(13,664)</u>
Annual OPEB cost	71,463
Estimated employer contribution	<u>(2,467)</u>
Increase in net OPEB obligation	68,996
Net OPEB obligation - Beginning of Year	<u>343,748</u>
<b>Net OPEB Obligation - End of Year</b>	<b><u>\$ 412,744</u></b>

**TOWN OF SURFSIDE, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**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:

	2017	2016	2015
Annual OPEB cost	\$ 71,463	\$ 64,958	\$ 68,356
Percentage of OPEB cost contributed	3.5%	3.0%	7.0%
Net OPEB obligation	412,744	343,828	280,847

***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 (a)	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
\$ --	\$ 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, 2017**

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**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	2.75%

**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, 2017**

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### **NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### *LITIGATION*

The Town is a defendant in various lawsuits incidental to its operations. It is the opinion of Town Management and Town Legal Counsel, that the ultimate resolution of all 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 \$459,083. This was covered by excess of revenues over estimated revenues.

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

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**TOWN OF SURFSIDE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Budgetary	Variance
	Original	Final	Basis Actual	with Final Budget - Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 8,047,948	\$ 8,047,948	\$ 8,167,329	\$ 119,381
Resort taxes	1,306,790	1,306,790	1,374,357	67,567
Utility taxes	580,000	580,000	630,568	50,568
Communications services tax	211,965	211,965	220,848	8,883
Franchise taxes	487,000	487,000	468,525	(18,475)
Licenses and permits	156,250	156,250	127,607	(28,643)
Intergovernmental	706,499	706,499	718,484	11,985
Charges for services	286,100	286,100	288,745	2,645
Fines and forfeitures	712,000	712,000	1,546,610	834,610
Interest earnings	5,500	5,500	36,223	30,723
Miscellaneous	226,025	226,025	514,169	288,144
<b>Total Revenues</b>	<u>12,726,077</u>	<u>12,726,077</u>	<u>14,093,465</u>	<u>1,367,388</u>
<b>Expenditures</b>				
Current:				
General government:	3,479,247	3,479,247	3,144,824	334,423
Legislative				
Town attorney				
Executive				
Planning & code compliance				
Finance & IT				
Town clerk				
Public safety	5,532,887	5,532,887	5,991,970	(459,083)
Public works	1,400,927	1,400,927	1,100,787	300,140
Leisure services	1,988,444	1,988,444	1,936,655	51,789
<b>Total Expenditures</b>	<u>12,401,505</u>	<u>12,401,505</u>	<u>12,174,236</u>	<u>227,269</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>324,572</u>	<u>324,572</u>	<u>1,919,229</u>	<u>1,594,657</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	446,116	446,116	446,116	--
Transfers out	(770,688)	(770,688)	(1,041,983)	271,295
<b>Total Other Financing Sources (Uses)</b>	<u>(324,572)</u>	<u>(324,572)</u>	<u>(595,867)</u>	<u>271,295</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,323,362</u>	<u>\$ 1,411,414</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$ --</u>	<u>\$ --</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, 2017**

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**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 no supplemental appropriations in the General Fund for the fiscal year ended September 30, 2017.

**TOWN OF SURFSIDE, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**NOTE 2 – RECONCILIATION OF GAAP BASIS TO BUDGETARY BASIS**

<b>Expenditures Reported on a GAAP Basis</b>	\$ 12,230,743
Debt service not budgeted	<u>(56,507)</u>
<b>Expenditures on a Budgetary Basis</b>	<u><u>\$ 12,174,236</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**

<b>Measurement Date, September 30,</b>	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,052,014	\$ 932,365	\$ 901,998	\$ 888,988
Interest	1,646,114	1,458,652	1,336,817	1,227,596
Benefit changes	282,066	--	--	35,244
Difference between actual and expected experience	297,252	(35,527)	100,031	170,264
Changes of assumptions	93,312	402,653	--	--
Benefit payments, including refunds of member contributions	<u>(651,287)</u>	<u>(602,692)</u>	<u>(665,019)</u>	<u>(545,746)</u>
<b>Net Change in Total Pension Liability</b>	2,719,471	2,155,451	1,673,827	1,776,346
<b>Total Pension Liability - Beginning</b>	<u>21,167,662</u>	<u>19,012,211</u>	<u>17,338,384</u>	<u>15,562,038</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 23,887,133</u>	<u>\$ 21,167,662</u>	<u>\$ 19,012,211</u>	<u>\$ 17,338,384</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Town	\$ 797,359	\$ 757,304	\$ 727,022	\$ 631,584
Contributions - Members	462,846	383,619	387,678	349,600
Net Investment income	2,017,750	1,850,415	(128,796)	1,396,431
Benefit payments, including refunds of member contributions	<u>(651,287)</u>	<u>(602,690)</u>	<u>(665,019)</u>	<u>(545,746)</u>
Administrative expense	<u>(85,518)</u>	<u>(130,686)</u>	<u>(85,426)</u>	<u>(80,194)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	2,541,150	2,257,962	235,459	1,751,675
<b>Plan Fiduciary Net Position - Beginning</b>	<u>18,751,451</u>	<u>16,493,489</u>	<u>16,258,030</u>	<u>14,506,355</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 21,292,601</u>	<u>\$ 18,751,451</u>	<u>\$ 16,493,489</u>	<u>\$ 16,258,030</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 2,594,532</u>	<u>\$ 2,416,211</u>	<u>\$ 2,518,722</u>	<u>\$ 1,080,354</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 89.14%	 88.59%	 86.75%	 93.77%
 Covered Employee Payroll	 \$ 5,766,823	 \$ 5,710,172	 \$ 5,321,296	 \$ 5,103,795
 Net Pension Liability as a Percentage of Covered- Employee Payroll	 44.99%	 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
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%
2017	797,359	797,359	--	5,766,823	13.83%

**Notes to the schedule**

Valuation date: October 1, 2015

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, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset valuation method	5 year smoothed market
Salary increases	4.0% - 13.5%
Inflation	2.5%
Cost of living adjustments	1.5%
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Generational Mortality Table, separate rates for healthy males and females, 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactive with Scall AA.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

**Tourism Fund** – This fund is used to account for the 34 percent portion of the resort tax collections, which are restricted to promote tourism related activities of the Town which are restricted to approved functions and activities.

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

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

**TOWN OF SURFSIDE, FLORIDA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2017**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
<b>Assets</b>				
Cash	\$ 463,923	\$ 532,218	\$ 170,620	\$ 1,166,761
Investments	--	--	12,618	12,618
Receivables	<u>34,562</u>	<u>76,725</u>	<u>--</u>	<u>111,287</u>
<b>Total Assets</b>	<u>\$ 498,485</u>	<u>\$ 608,943</u>	<u>\$ 183,238</u>	<u>\$ 1,290,666</u>
<b>Liabilities</b>				
Accounts payable	\$ 27,444	\$ 25,598	\$ 2,165	\$ 55,207
Accrued liabilities	761	--	--	761
Due to other funds	--	194,982	16,140	211,122
Unearned revenue	<u>400</u>	<u>--</u>	<u>--</u>	<u>400</u>
<b>Total Liabilities</b>	<u>28,605</u>	<u>220,580</u>	<u>18,305</u>	<u>267,490</u>
<b>Fund Balances</b>				
Restricted for:				
Tourism	469,880	--	--	469,880
Transportation surtax	--	388,363	--	388,363
Police forfeiture	<u>--</u>	<u>--</u>	<u>164,933</u>	<u>164,933</u>
<b>Total Fund Balances</b>	<u>469,880</u>	<u>388,363</u>	<u>164,933</u>	<u>1,023,176</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 498,485</u>	<u>\$ 608,943</u>	<u>\$ 183,238</u>	<u>\$ 1,290,666</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, 2017**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
<b>Revenues</b>				
Resort taxes	\$ 707,641	\$ --	\$ --	\$ 707,641
Intergovernmental	--	228,739	--	228,739
Fines and forfeitures	--	--	61,950	61,950
Interest earnings	--	--	135	135
Miscellaneous	14,392	--	--	14,392
<b>Total Revenues</b>	<u>722,033</u>	<u>228,739</u>	<u>62,085</u>	<u>1,012,857</u>
<b>Expenditures</b>				
General Government	618,361	--	--	618,361
Public safety	--	--	39,260	39,260
Transportation	--	183,890	--	183,890
<b>Total Expenditures</b>	<u>618,361</u>	<u>183,890</u>	<u>39,260</u>	<u>841,511</u>
<b>Excess of Revenues Over Expenditures</b>	103,672	44,849	22,825	171,346
<b>Other Financing Uses</b>				
Transfers out	--	(10,750)	--	(10,750)
<b>Net Change in Fund Balances</b>	103,672	34,099	22,825	160,596
<b>Fund Balances - Beginning</b>	<u>366,208</u>	<u>354,264</u>	<u>142,108</u>	<u>862,580</u>
<b>Fund Balances - Ending</b>	<u>\$ 469,880</u>	<u>\$ 388,363</u>	<u>\$ 164,933</u>	<u>\$ 1,023,176</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, 2017**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Resort taxes	\$ 670,610	\$ 670,610	\$ 707,641	\$ 37,031
Miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>14,392</u>	<u>11,892</u>
<b>Total Revenues</b>	<u>673,110</u>	<u>673,110</u>	<u>722,033</u>	<u>48,923</u>
<b>Expenditures</b>				
Current:				
General government	735,031	735,031	618,361	116,670
Capital outlay	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total Expenditures</b>	<u>735,031</u>	<u>735,031</u>	<u>618,361</u>	<u>116,670</u>
<b>Net Change in Fund Balance</b>	<u>\$ (61,921)</u>	<u>\$ (61,921)</u>	<u>\$ 103,672</u>	<u>\$ 165,593</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$ 61,921</u>	<u>\$ 61,921</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 228,739	\$ 13,739
<b>Total Revenues</b>	<u>215,000</u>	<u>215,000</u>	<u>228,739</u>	<u>13,739</u>
<b>Expenditures</b>				
Current:				
Transportation	<u>270,580</u>	<u>270,580</u>	<u>183,890</u>	<u>86,690</u>
<b>Total Expenditures</b>	<u>270,580</u>	<u>270,580</u>	<u>183,890</u>	<u>86,690</u>
<b>Excess of Revenues over Expenditures</b>	<u>(55,580)</u>	<u>(55,580)</u>	<u>44,849</u>	<u>(100,429)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(10,750)</u>	<u>(10,750)</u>	<u>(10,750)</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>\$ (66,330)</u>	<u>\$ (66,330)</u>	<u>\$ 34,099</u>	<u>\$ 100,429</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$ 66,330</u>	<u>\$ 66,330</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$       --	\$       --	\$    61,950	\$    61,950
Miscellaneous	--	--	135	135
<b>Total Revenues</b>	<u>          --</u>	<u>          --</u>	<u>      62,085</u>	<u>      62,085</u>
<b>Expenditures</b>				
Current:				
Public safety	<u>      50,592</u>	<u>      50,592</u>	<u>      39,260</u>	<u>      11,332</u>
<b>Total Expenditures</b>	<u>      50,592</u>	<u>      50,592</u>	<u>      39,260</u>	<u>      11,332</u>
<b>Net Change in Fund Balance</b>	<u>    \$ (50,592)</u>	<u>    \$ (50,592)</u>	<u>    \$  22,825</u>	<u>    \$  73,417</u>
<b>Appropriated Beginning Fund Balance</b>	<u>    \$  50,592</u>	<u>    \$  50,592</u>		

# STATISTICAL SECTION

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

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

**Contents**

**Exhibits**

**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)**

	<b>For the Fiscal Year Ended September 30,</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Expenses:</b>										
General government	\$ 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	\$ 4,804,921
Public safety	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	6,310,662
Public works	848,334	961,381	803,147	829,383	980,590	1,034,890	1,266,810	1,516,329	1,487,590	1,519,141
Leisure services	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	2,011,932
Tourism development	-	-	-	-	-	-	-	-	381,891	-
Transportation	173,759	114,121	105,682	124,500	138,815	168,417	209,373	271,284	3,213	254,825
Interest	-	-	-	-	4,754	6,045	5,787	5,475	-	1,869
<b>Total Expenses</b>	<b>10,407,765</b>	<b>9,571,841</b>	<b>8,185,452</b>	<b>8,984,938</b>	<b>10,352,161</b>	<b>10,937,233</b>	<b>11,503,818</b>	<b>13,200,729</b>	<b>13,573,120</b>	<b>14,903,350</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	169,749	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974	1,003,521	1,233,195	2,115,144
Public safety	287,324	199,614	-	479,795	626,372	645,803	777,293	940,380	1,140,065	1,546,610
Leisure services	125,120	123,327	144,757	166,570	387,170	404,443	608,316	601,904	639,875	707,641
Transportation	-	-	-	516	-	-	-	-	-	-
Operating grants and contributions	325,309	269,317	382,635	401,300	245,305	271,588	523,432	277,331	301,052	290,689
Capital grants and contributions	-	-	-	1,275	-	350,000	1,395,000	141,217	554,446	170,000
<b>Total Program Revenues</b>	<b>907,502</b>	<b>790,762</b>	<b>901,948</b>	<b>1,509,005</b>	<b>2,533,793</b>	<b>3,067,827</b>	<b>5,510,015</b>	<b>2,964,353</b>	<b>3,868,633</b>	<b>4,830,084</b>
<b>Net (Expense) Revenue</b>	<b>(9,500,263)</b>	<b>(8,781,079)</b>	<b>(7,283,504)</b>	<b>(7,475,933)</b>	<b>(7,818,368)</b>	<b>(7,869,406)</b>	<b>(5,993,803)</b>	<b>(10,236,376)</b>	<b>(9,704,487)</b>	<b>(10,073,266)</b>
<b>General Revenues:</b>										
Taxes:										
Property taxes	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	8,167,329
Resort taxes	424,279	366,867	390,873	435,175	344,063	343,733	677,079	1,154,041	1,226,351	1,374,357
Franchise fees based on gross receipts	463,823	416,728	414,835	416,277	399,621	394,613	442,572	451,450	424,878	468,525
Utility taxes	438,335	66,825	120,307	470,350	471,994	503,592	553,407	568,462	577,872	630,568
Communications services tax	337,348	385,486	343,440	353,667	325,102	298,019	282,169	268,859	234,542	220,848
Unrestricted intergovernmental revenues	519,837	862,137	905,255	657,120	639,582	638,944	681,956	713,914	717,252	718,484
Unrestricted investment earnings (losses)	194,695	(36,049)	98,208	37,368	62,782	30,399	-	28,783	26,988	38,709
Miscellaneous	49,503	81,280	56,481	138,283	205,832	241,930	396,138	613,367	571,559	532,619
<b>Total General Revenues</b>	<b>8,720,575</b>	<b>8,468,995</b>	<b>7,653,127</b>	<b>8,127,734</b>	<b>7,713,363</b>	<b>7,708,956</b>	<b>8,693,872</b>	<b>10,325,143</b>	<b>11,055,908</b>	<b>12,151,439</b>
<b>Net Transfers In (Out)</b>	<b>(110,940)</b>	<b>121,893</b>	<b>208,502</b>	<b>212,172</b>	<b>26,329</b>	<b>402,278</b>	<b>189,770</b>	<b>(19,272)</b>	<b>442,008</b>	<b>326,884</b>
<b>Total General Revenues and Net Transfers</b>	<b>8,609,635</b>	<b>8,590,888</b>	<b>7,861,629</b>	<b>8,339,906</b>	<b>7,739,692</b>	<b>8,111,234</b>	<b>8,883,642</b>	<b>10,305,871</b>	<b>11,497,916</b>	<b>12,478,323</b>
<b>Change in Net Position</b>	<b>\$ (890,628)</b>	<b>\$ (190,191)</b>	<b>\$ 578,125</b>	<b>\$ 863,973</b>	<b>\$ (78,676)</b>	<b>\$ 241,828</b>	<b>\$ 2,889,839</b>	<b>\$ 69,495</b>	<b>\$ 1,793,429</b>	<b>\$ 2,405,057</b>

**Data Source:**

Applicable years' comprehensive annual financial report.

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

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

	For the Fiscal Year Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
General government	37.8%	29.7%	29.4%	31.1%	30.1%	32.5%	28.9%	26.0%	24.3%	32.2%
Public safety	35.6%	42.8%	46.3%	45.6%	42.7%	40.3%	43.5%	42.6%	43.3%	42.3%
Public works	8.2%	10.0%	9.8%	9.2%	9.5%	9.5%	11.0%	11.5%	11.0%	10.2%
Leisure services	16.8%	16.3%	13.3%	12.7%	16.3%	16.2%	14.7%	17.8%	18.7%	13.5%
Tourism development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%	0.0%
Transportation	1.7%	1.2%	1.3%	1.4%	1.4%	1.5%	1.8%	2.1%	0.1%	1.8%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	18.7%	25.1%	41.5%	30.5%	50.3%	45.5%	40.0%	33.9%	31.9%	43.8%
Public safety	31.7%	25.2%	0.0%	31.8%	24.7%	21.1%	14.1%	31.7%	29.5%	32.0%
Leisure services	13.8%	15.6%	16.0%	11.0%	15.3%	13.2%	11.0%	20.3%	16.5%	14.7%
Operating grants and contributions	35.8%	34.1%	42.5%	26.7%	9.7%	8.9%	9.6%	9.5%	7.9%	6.1%
Capital grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	25.3%	4.8%	14.3%	3.4%
<b>Total Program Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>General Revenues:</b>										
Taxes:										
Property taxes	72.2%	74.7%	69.6%	69.1%	68.3%	68.2%	65.1%	63.2%	65.8%	67.2%
Resort taxes	4.9%	4.3%	5.1%	5.4%	4.5%	4.5%	7.8%	11.2%	11.1%	11.3%
Franchise fees based on gross receipts	5.3%	4.9%	5.4%	5.1%	5.2%	5.1%	5.1%	4.4%	3.8%	3.9%
Utility taxes	5.0%	0.8%	1.6%	5.8%	6.1%	6.5%	6.4%	5.5%	5.2%	5.2%
Communications services tax	3.9%	4.6%	4.5%	4.4%	4.2%	3.9%	3.2%	2.6%	2.1%	1.8%
Unrestricted intergovernmental revenues	6.0%	10.2%	11.8%	8.1%	8.3%	8.3%	7.8%	6.9%	6.5%	5.9%
Unrestricted investment earnings (losses)	2.2%	-0.4%	1.3%	0.5%	0.8%	0.4%	0.0%	0.3%	0.2%	0.3%
Miscellaneous	0.5%	0.9%	0.7%	1.6%	2.6%	3.1%	4.6%	5.9%	5.3%	4.4%
<b>Total General Revenues</b>	<b>99.9%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Data Source:**

Applicable years' comprehensive annual financial report.



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

<b>For the Fiscal Year Ended September 30,</b>										
<b>Source</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Expenses:</b>										
Water and sewer	\$ 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	\$ 3,459,678
Municipal parking	188,086	174,680	222,108	368,497	622,208	888,502	898,121	954,129	1,095,550	1,056,670
Sanitation	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	1,393,630
Stormwater utility	115,723	128,910	114,086	122,207	130,323	144,999	349,434	471,517	492,599	499,783
<b>Total Expenses</b>	<b>3,231,752</b>	<b>2,991,646</b>	<b>3,276,401</b>	<b>3,332,363</b>	<b>3,556,112</b>	<b>4,002,826</b>	<b>5,532,091</b>	<b>5,747,827</b>	<b>6,191,532</b>	<b>6,409,761</b>
<b>Program Revenues:</b>										
Charges for services:										
Water and sewer	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	3,312,110
Municipal parking	296,600	394,975	404,293	679,970	893,026	1,056,467	1,028,740	1,047,506	1,086,763	1,131,024
Sanitation	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	1,852,855
Stormwater utility	114,219	243,775	247,002	501,655	502,972	499,705	497,300	493,107	507,827	531,309
Capital grants and contributions	12,500	-	-	567,710	276,844	1,086,000	-	-	-	-
<b>Total Program Revenues</b>	<b>2,557,590</b>	<b>3,857,360</b>	<b>4,414,060</b>	<b>5,857,232</b>	<b>5,677,879</b>	<b>6,513,160</b>	<b>5,661,078</b>	<b>6,352,593</b>	<b>6,327,686</b>	<b>6,827,298</b>
<b>Net (Expense) Revenue</b>	<b>(674,162)</b>	<b>865,714</b>	<b>1,137,659</b>	<b>2,524,869</b>	<b>2,121,767</b>	<b>2,510,334</b>	<b>128,987</b>	<b>604,766</b>	<b>136,154</b>	<b>417,537</b>
<b>General Revenues:</b>										
Investment earnings	101,307	2,569	15,622	15,130	14,790	(13,811)	139	1,406	220	440
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)	(326,884)
<b>Total General Revenues</b>										
<b>Net Transfers</b>	<b>212,247</b>	<b>(119,324)</b>	<b>(83,933)</b>	<b>(197,042)</b>	<b>(11,539)</b>	<b>(416,089)</b>	<b>(187,270)</b>	<b>20,678</b>	<b>(441,788)</b>	<b>(326,444)</b>
<b>Change in Net Position</b>	<b>\$ (461,915)</b>	<b>\$ 746,390</b>	<b>\$ 1,053,726</b>	<b>\$ 2,327,827</b>	<b>\$ 2,110,228</b>	<b>\$ 2,094,245</b>	<b>\$ (58,283)</b>	<b>\$ 625,444</b>	<b>\$ (305,634)</b>	<b>\$ 91,093</b>

**Data Source:**

Applicable years' comprehensive annual financial report.

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

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

	<b>For the Fiscal Year Ending September 30,</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Expenses:</b>										
Governmental activities	\$ 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	\$ 14,903,350
Business-type activities	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	6,409,761
<b>Total Expenses</b>	<b>13,639,517</b>	<b>12,563,487</b>	<b>11,461,853</b>	<b>12,317,301</b>	<b>13,908,273</b>	<b>14,940,059</b>	<b>17,000,076</b>	<b>18,948,556</b>	<b>19,764,652</b>	<b>21,313,111</b>
<b>Program Revenues:</b>										
Governmental activities	907,502	790,762	901,948	1,509,005	2,533,793	3,067,827	5,510,015	2,964,353	3,868,633	4,830,084
Business-type activities	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	6,827,298
<b>Total Program Revenues</b>	<b>3,465,092</b>	<b>4,648,122</b>	<b>5,316,008</b>	<b>7,366,237</b>	<b>8,211,672</b>	<b>9,580,987</b>	<b>11,171,093</b>	<b>9,316,946</b>	<b>10,196,319</b>	<b>11,657,382</b>
<b>Net (Expense) Revenue</b>	<b>(10,174,425)</b>	<b>(7,915,365)</b>	<b>(6,145,845)</b>	<b>(4,951,064)</b>	<b>(5,696,601)</b>	<b>(5,359,072)</b>	<b>(5,828,983)</b>	<b>(9,631,610)</b>	<b>(9,568,333)</b>	<b>(9,655,729)</b>
<b>General Revenues and Transfers:</b>										
Governmental activities	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	12,478,323
Business-type activities	212,247	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	20,678	(441,788)	(326,444)
<b>Total General Revenues</b>	<b>8,821,882</b>	<b>8,471,564</b>	<b>7,777,696</b>	<b>8,142,864</b>	<b>7,728,153</b>	<b>7,695,145</b>	<b>8,660,539</b>	<b>10,326,549</b>	<b>11,056,128</b>	<b>12,151,879</b>
<b>Change in Net Position</b>	<b>\$ (1,352,543)</b>	<b>\$ 556,199</b>	<b>\$ 1,631,851</b>	<b>\$ 3,191,800</b>	<b>\$ 2,031,552</b>	<b>\$ 2,336,073</b>	<b>\$ 2,831,556</b>	<b>\$ 694,939</b>	<b>\$ 1,487,795</b>	<b>\$ 2,496,150</b>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 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	\$ 15,477,037
Restricted	819,427	724,122	667,360	542,516	416,070	364,115	736,441	893,489	859,426	1,023,176
Unrestricted	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	9,392,641
<b>Subtotal Governmental Activities Net Position</b>	<b>17,857,427</b>	<b>17,667,236</b>	<b>18,245,361</b>	<b>19,109,334</b>	<b>19,030,658</b>	<b>19,272,486</b>	<b>22,162,325</b>	<b>21,694,368</b>	<b>23,487,797</b>	<b>25,892,854</b>
<b>Business-type Activities</b>										
Net investment in capital assets	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	9,694,811
Restricted	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	2,137,959
Unrestricted	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	1,456,556
<b>Subtotal Business-type Activities Net Position</b>	<b>4,661,199</b>	<b>5,407,589</b>	<b>6,461,315</b>	<b>8,789,142</b>	<b>10,899,370</b>	<b>12,993,615</b>	<b>12,935,332</b>	<b>13,503,867</b>	<b>13,198,233</b>	<b>13,289,326</b>
<b>Primary Government</b>										
Net investment in capital assets	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	25,171,848
Restricted	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	3,161,135
Unrestricted	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	10,849,197
<b>Total Primary Government Net Position</b>	<b>\$ 22,518,626</b>	<b>\$ 23,074,825</b>	<b>\$ 24,706,676</b>	<b>\$ 27,898,476</b>	<b>\$ 29,930,028</b>	<b>\$ 32,266,101</b>	<b>\$ 35,097,657</b>	<b>\$ 35,198,235</b>	<b>\$ 36,686,030</b>	<b>\$ 39,182,180</b>

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Amounts										
Taxes	\$ 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	\$ 11,569,268
Intergovernmental	887,507	1,131,454	745,540	967,988	830,878	844,891	1,126,412	942,305	947,680	947,223
Licenses and permits	169,749	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974	715,657	939,870	1,826,399
Charges for services	125,120	123,327	144,757	166,183	207,563	224,177	254,554	287,864	293,325	288,745
Fines and forfeitures	287,324	199,614	190,243	570,227	678,567	711,444	856,269	989,320	1,210,689	1,608,560
Developer fees	-	-	-	-	-	350,000	1,395,000	76,980	554,446	170,000
Investment earnings	194,695	(36,049)	103,576	39,545	58,819	30,399	-	28,783	26,988	38,709
Miscellaneous	49,503	96,289	59,781	138,283	211,636	244,234	399,359	615,872	571,559	532,619
<b>Total Revenues</b>	<b>\$ 9,670,438</b>	<b>\$ 9,274,766</b>	<b>\$ 8,555,076</b>	<b>\$ 9,636,738</b>	<b>\$ 10,247,156</b>	<b>\$ 10,779,087</b>	<b>\$ 14,207,108</b>	<b>\$ 13,227,764</b>	<b>\$ 14,924,541</b>	<b>\$ 16,981,523</b>
<b>% change from prior year</b>	<b>-14.5%</b>	<b>-4.1%</b>	<b>-7.8%</b>	<b>12.6%</b>	<b>6.3%</b>	<b>5.2%</b>	<b>31.8%</b>	<b>-6.9%</b>	<b>12.8%</b>	<b>13.8%</b>
Percentages										
Taxes	82.3%	81.5%	81.1%	75.7%	68.2%	64.7%	56.1%	72.4%	69.5%	68.1%
Intergovernmental	9.2%	12.2%	8.7%	10.0%	8.1%	7.8%	7.9%	7.1%	6.3%	5.6%
Licenses and permits	1.8%	2.1%	4.4%	4.8%	12.4%	13.0%	15.5%	5.4%	6.3%	10.8%
Charges for services	1.3%	1.3%	1.7%	1.7%	2.0%	2.1%	1.8%	2.2%	2.0%	1.7%
Fines and forfeitures	3.0%	2.3%	2.2%	5.9%	6.6%	6.6%	6.0%	7.5%	8.1%	9.5%
Developer fees	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	9.8%	0.6%	3.7%	1.0%
Investment earnings	2.0%	-0.4%	1.2%	0.4%	0.6%	0.3%	0.0%	0.2%	0.2%	0.2%
Miscellaneous	0.4%	1.0%	0.7%	1.4%	2.1%	2.3%	2.9%	4.7%	3.9%	3.1%
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**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
<b>Amounts</b>						
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
2017	8,167,329	2,081,998	630,568	468,525	220,848	11,569,268
<b>% Change in Dollars Over 10 Years</b>	29.8%	390.7%	43.9%	1.0%	-34.5%	45.4%
<b>Percentage of Total</b>						
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%
2017	70.5%	18.0%	5.5%	4.0%	2.0%	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)*

<b>For the Fiscal Year Ended September 30,</b>										
<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Current:</b>										
General government	\$ 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	\$ 4,606,443
Public safety	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	6,031,230
Public works	749,358	855,526	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789	1,100,787
Leisure services	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	1,936,655
Transportation	159,979	99,476	91,037	106,292	117,044	123,254	142,272	174,620	310,767	183,890
<b>Total Current</b>	<b>9,610,094</b>	<b>9,038,524</b>	<b>7,728,448</b>	<b>8,211,414</b>	<b>9,428,240</b>	<b>10,526,321</b>	<b>10,687,100</b>	<b>12,323,308</b>	<b>12,599,883</b>	<b>13,859,005</b>
<b>% Change From Prior Year</b>	<b>5.5%</b>	<b>-5.9%</b>	<b>-14.5%</b>	<b>6.2%</b>	<b>14.8%</b>	<b>11.6%</b>	<b>1.5%</b>	<b>15.3%</b>	<b>2.2%</b>	<b>10.0%</b>
<b>Capital Outlay</b>										
	1,903,727	611,486	877,372	5,157,666	650,979	591,077	1,619,235	1,806,345	262,468	800,581
<b>% Change From Prior Year</b>	<b>492.5%</b>	<b>-67.9%</b>	<b>43.5%</b>	<b>487.9%</b>	<b>-87.4%</b>	<b>-9.2%</b>	<b>173.9%</b>	<b>11.6%</b>	<b>-85.5%</b>	<b>205.0%</b>
<b>Debt Service</b>										
Principal	-	-	-	-	72,944	123,380	138,236	169,279	100,013	54,638
Interest	-	-	-	-	4,754	6,045	5,787	5,475	3,213	1,869
Total Debt Service	-	-	-	-	77,698	129,425	144,023	174,754	103,226	56,507
<b>% Change From Prior Year</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>66.6%</b>	<b>11.3%</b>	<b>21.3%</b>	<b>-40.9%</b>	<b>-45.3%</b>
<b>Total Expenditures</b>	<b>\$ 11,513,821</b>	<b>\$ 9,650,010</b>	<b>\$ 8,605,820</b>	<b>\$ 13,369,080</b>	<b>\$ 10,156,917</b>	<b>\$ 11,246,823</b>	<b>\$ 12,450,358</b>	<b>\$ 14,304,407</b>	<b>\$ 12,965,577</b>	<b>\$ 14,716,093</b>
<b>% Change From Prior Year</b>	<b>22.1%</b>	<b>-16.2%</b>	<b>-10.8%</b>	<b>55.3%</b>	<b>-24.0%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>14.9%</b>	<b>-9.4%</b>	<b>13.5%</b>
<b>Debt Service as a % of Noncapital Expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.2%</b>	<b>1.5%</b>	<b>1.2%</b>	<b>0.8%</b>	<b>0.4%</b>

**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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Current:</b>										
General government	\$ 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	\$ 4,606,443
Public safety	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	6,031,230
Physical environment	749,358	855,526	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789	1,100,787
Leisure services	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	1,936,655
Transportation	159,979	99,476	91,037	106,292	117,044	123,254	142,272	174,620	310,767	183,890
<b>Total Current</b>	<b>\$ 9,610,094</b>	<b>\$ 9,038,524</b>	<b>\$ 7,728,448</b>	<b>\$ 8,211,414</b>	<b>\$ 9,428,240</b>	<b>\$ 10,526,321</b>	<b>\$ 10,687,100</b>	<b>\$ 12,323,308</b>	<b>\$ 12,599,883</b>	<b>\$ 13,859,005</b>
	<b>Percentage of Total</b>									
<b>Current:</b>										
General government	39.8%	29.9%	30.0%	28.1%	30.9%	32.2%	28.7%	26.3%	25.1%	33.2%
Public safety	37.3%	43.5%	47.2%	48.2%	42.3%	42.8%	45.3%	44.0%	44.1%	43.5%
Physical environment	7.8%	9.5%	9.0%	8.8%	9.3%	8.8%	9.4%	9.7%	8.8%	7.9%
Leisure services	13.4%	16.1%	12.6%	13.7%	16.2%	15.0%	15.2%	18.6%	19.5%	14.0%
Transportation	1.7%	1.0%	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	2.5%	1.4%
<b>Total Current</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**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 Ending September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Total Revenues</b>	\$ 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	\$ 16,981,523
<b>Total Expenditures</b>	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	14,716,093
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,843,383)	(375,244)	(50,744)	(3,732,342)	90,239	(467,736)	1,756,750	(1,076,643)	1,958,964	2,265,430
<b>Other Financing Sources (Uses)</b>										
Inception of capital leases	-	-	-	-	500,074	-	82,559	127,784	-	-
Transfers in	2,665,101	232,878	5,239,461	356,532	394,565	411,560	654,770	1,034,191	661,092	1,488,099
Transfers out	(2,776,041)	(110,985)	(5,030,959)	(144,360)	(368,236)	(9,282)	(465,000)	(1,053,463)	(219,084)	(1,161,215)
<b>Total Other Financing Sources (Uses)</b>	(110,940)	121,893	208,502	212,172	526,403	402,278	272,329	108,512	442,008	326,884
<b>Net Change in Fund Balances</b>	<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>	<u>\$ 2,592,314</u>

**Data Source:**

Applicable years' comprehensive annual financial report.



**Town of Surfside, Florida**  
**Fund Balances - Governmental Funds**  
**Fiscal Years 2008 - 2009**  
*(modified accrual basis of accounting)*

	September 30,	
	2008	2009
<b>General Fund</b>		
Reserved	\$ 101,996	\$ 117,013
Unreserved	6,786,540	7,178,522
<b>Total General Fund</b>	<u>6,888,536</u>	<u>7,295,535</u>
<b>General Fund % Change</b>		
<i>From Prior Year</i>	<u>-6.0%</u>	<u>5.9%</u>
<b>All Other Governmental Funds</b>		
Reserved <sup>1</sup>	8,590	-
Unreserved		
Special Revenue Funds	783,701	724,122
Capital Projects Funds	1,133,521	541,340
<b>Total All Other Governmental Funds</b>	<u>1,925,812</u>	<u>1,265,462</u>
<b>All Other Governmental Funds % Change From Prior Year</b>	<u>-44.0%</u>	<u>-34.3%</u>
<b>Total Governmental Funds</b>		
Reserved	110,586	117,013
Unreserved	8,703,762	8,443,984
<b>Total Governmental Funds</b>	<u>\$ 8,814,348</u>	<u>\$ 8,560,997</u>
<b>All Governmental Funds % Change From Prior Year</b>	<u>-18.1%</u>	<u>-2.9%</u>

**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 - 2017**  
*(modified accrual basis of accounting)*

	September 30,							
	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>								
Assigned to:								
Emergencies and cash flows	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 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	174,461
Asset held for resale	188,000	-	-	-	-	-	-	-
Unassigned	<u>867,867</u>	<u>2,051,608</u>	<u>3,121,636</u>	<u>3,151,275</u>	<u>4,204,273</u>	<u>3,722,284</u>	<u>5,170,003</u>	<u>6,460,802</u>
<b>Total General Fund</b>	<u>3,163,038</u>	<u>4,256,315</u>	<u>5,266,374</u>	<u>5,304,042</u>	<u>6,366,391</u>	<u>5,905,726</u>	<u>7,368,408</u>	<u>8,635,263</u>
<b>General Fund % Change From Prior Year</b>	<u>-56.5%</u>	<u>34.6%</u>	<u>23.7%</u>	<u>0.7%</u>	<u>20.0%</u>	<u>-7.2%</u>	<u>24.8%</u>	<u>17.2%</u>
<b>All Other Governmental Funds:</b>								
Nonspendable:								
Prepaid items	-	-	-	-	222	2,250	6154	-
Restricted for:								
Tourism	179,035	184,867	171,496	94,497	180,075	339,396	363,407	469,880
Transportation surtax	416,500	239,760	122,302	131,475	396,740	440,662	354,264	388,363
Police forfeiture	71,825	117,889	122,272	138,143	159,626	113,431	141,755	164,933
Committed to:								
Capital projects	4,201,479	-	-	-	-	-	-	-
Assigned to:								
Capital projects	<u>686,878</u>	<u>399,754</u>	<u>132,783</u>	<u>255,263</u>	<u>849,445</u>	<u>182,903</u>	<u>1,151,352</u>	<u>2,319,032</u>
<b>Total All Other Governmental Funds:</b>	<u>5,555,717</u>	<u>942,270</u>	<u>548,853</u>	<u>619,378</u>	<u>1,586,108</u>	<u>1,078,642</u>	<u>2,016,932</u>	<u>3342208</u>
<b>All Other Governmental Funds % Change From Prior Year</b>	<u>339.0%</u>	<u>-100.0%</u>	<u>-41.8%</u>	<u>12.8%</u>	<u>156.1%</u>	<u>-32.0%</u>	<u>87.0%</u>	<u>65.7%</u>
<b>Total Governmental Funds</b>	<u>\$ 8,718,755</u>	<u>\$ 5,198,585</u>	<u>\$ 5,815,227</u>	<u>\$ 5,923,420</u>	<u>\$ 7,952,499</u>	<u>\$ 6,984,368</u>	<u>\$ 9,385,340</u>	<u>\$11,977,471</u>
<b>All Governmental Funds % Change From Prior Year</b>	<u>1.8%</u>	<u>-100.0%</u>	<u>11.9%</u>	<u>1.9%</u>	<u>34.3%</u>	<u>-12.2%</u>	<u>34.4%</u>	<u>27.6%</u>

**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 <sup>1</sup>	Total Direct Tax Rate <sup>2</sup>	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
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	4.7332	-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	5.6030	-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	5.0293	16.9%
2016	1,476,296,054	12.3%	26,459,166	18.7%	1,502,755,219	5.0293	12.4%
2017	1,660,480,658	12.5%	28,958,680	9.4%	1,689,439,338	5.0144	12.4%
*	\$ 1,311,674,954		\$ 17,472,753		\$ 1,329,147,707		
**	1.0%		84.4%		1.7%		

\* Dollar average for ten years.  
 \*\* Percentage change in dollars over ten years.

**Notes:**  
<sup>1</sup> All property is assessed at 100% of fair market value.  
<sup>2</sup> Tax rates expressed in rate per \$1,000

**Data Source:**  
 Miami-Dade County Property Appraiser

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

Fiscal Year	Overlapping Rates <sup>1</sup>													Total Direct and Overlapping Millage
	Direct Town Operating Millage	Miami-Dade County			Miami-Dade County School Board			Water Management District	Environmental Project	Special District <sup>2</sup>	Children's Trust	Fire and Rescue	Fire Debt	
	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage								
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	5.6030	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0624	0.0345	0.5000	2.4496	0.0131	22.1315
2012	5.5000	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0613	0.0345	0.5000	2.4496	0.0131	21.9126
2013	5.3000	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0587	0.0345	0.5000	2.4496	0.0127	21.8103
2014	5.2000	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0548	0.2062	0.5000	2.4207	0.0114	21.6417
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	5.0293	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.1359	0.0471	0.1797	0.5000	2.4207	0.0075	20.7091
2017	5.0144	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.1275	0.0441	0.1704	0.4673	2.4207	0.0075	20.3128

**Notes:**

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

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

**Data Source:**

[http://www.miamidade.gov/pa/millage\\_tables.asp](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
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%
2017	8,047,948	8,167,329	101.48%	-	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, 2017 and 2010**

2017				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
Chateau Ocean LLC	\$ 72,579,715	1	4.37%	The Surf Club	\$ 40,373,960	1	3.18%
SC Residences Condominium LLC	69,016,922	2	4.16%	9379 Realty Group	13,970,000	2	1.10%
Beach House Hotel LLC	59,934,720	3	3.61%	Beach House Property, LLC	9,000,000	3	0.71%
Fort Capital Management LLC TRS (The Surf Club)	55,574,795	4	3.35%	Publix Super Markets, Inc.	8,380,000	4	0.66%
HPD TLD Partners LLC	27,708,656	5	1.67%	Ohio Savings Bank	5,736,360	5	0.45%
Surfside House Ocean Views LLC	24,446,257	6	1.47%	Transactaa Lanai Development LTD	5,695,000	6	0.45%
The Surf Club Apartments Inc.	23,780,081	7	1.43%	Collins Avenue Investment Group	3,800,000	7	0.30%
9564 Harding Investment LLC	19,500,000	8	1.17%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
Surfside Bal Harbour LLC	17,595,000	9	1.06%	Robert and Rita Swerdlow	2,993,148	9	0.24%
ASRR Suzer 8955 LLC	16,781,725	10	1.01%	Yoram and Yleana Izhak	2,614,259	10	0.21%
<b>Total Principal Taxpayers</b>	386,917,871		23.30%	<b>Total Principal Taxpayers</b>	95,851,727		7.54%
<b>All Other Taxpayers</b>	1,273,562,787		76.70%	<b>All Other Taxpayers</b>	1,174,828,574		92.46%
<b>Total</b>	<u>\$ 1,660,480,658</u>		<u>100.00%</u>	<b>Total</b>	<u>\$ 1,270,680,301</u>		<u>100.00%</u>

**Data Source:**

Town records.

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

**Town of Surfside, Florida**  
*Principal Personal Property Taxpayers*  
*Fiscal Years Ended September 30, 2017 and 2010*

2017				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
Grand Beach Hotel Surfside	\$ 7,573,238	1	26.15%	Florida Power and Light Company	\$ 5,242,893	1	41.21%
Florida Power & Light Company	6,547,377	2	22.61%	Atlantic Broadband	1,209,127	2	9.51%
Residence Inn Surfside	5,054,214	3	17.45%	Bell South Telecommunications, Inc.	857,154	3	6.74%
Atlantic Broadband	1,146,127	4	3.96%	Publix Super Markets, Inc.	814,421	4	6.40%
People's Gas System	898,488	5	3.10%	People's Gas System	652,838	5	5.13%
Publix Super Markets, Inc.	643,045	6	2.22%	The Surf Club	332,063	6	2.61%
Bellsouth Telecommunications LLC	545,825	7	1.88%	Café Ragazzi	258,972	7	2.04%
Champlain Towers North	405,560	8	1.40%	CVS	196,807	8	1.55%
SC Property Acquisition LLC	261,653	9	0.90%	Modular Space Corporation	148,275	9	1.17%
Flanigan's Seafood Bar & Grill	188,523	10	0.65%	Food Gang Restaurant	147,000	10	1.16%
<b>Total Principal Taxpayers</b>	23,264,050		80.34%	<b>Total Principal Taxpayers</b>	9,859,550		77.51%
<b>All Other Taxpayers</b>	5,694,630		19.66%	<b>All Other Taxpayers</b>	2,861,380		22.49%
<b>Total</b>	<u>\$ 28,958,680</u>		<u>100.00%</u>	<b>Total</b>	<u>\$ 12,720,930</u>		<u>100.00%</u>

**Data Source:**

Town records.

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

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

Fiscal Year	Governmental Activities	Business-type Activities					Grand Total	Population	Total Debt Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Loans Payable	Capital Leases	Total	Total		
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	5,703	3,278
2016	101,266	9,266,490	-	8,172,054	25,957	17,464,501	17,565,767	5,544	3,168
2017	46,588	8,638,620	-	7,744,982	13,210	16,396,812	16,443,400	5,814	2,828

**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 <sup>1</sup>	Revenues <sup>2</sup>	Transfer from (to) Rate Stabilization Fund	Less Operating Expenses <sup>3</sup>	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	3,535,306	410,553	2,109,719	1,836,140	627,870	437,378	1,065,248	1.72	1.15	0.57

**2017<sup>4, 5</sup>**

**Primary Debt Service Coverage**

Net Operating Revenues	\$ 1,295,176
Investment Earnings	440
Net transfer from (to) Rate Stabilization Fund	413,820
Net revenues available for debt service	\$ 1,709,436
Debt service requirements	\$ 1,065,249
Actual coverage	1.60
Required coverage	1.10

**State Revolving Fund Loan Debt Service Coverage**

Pledged revenues available for debt service	\$ 1,295,176
Less revenue required for primary debt service	(1,065,248)
Adjusted net revenues	\$ 229,928
Debt service requirements	\$ 577,901
Actual coverage	0.40
Required coverage	1.15

**Notes:**

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

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

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

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

<sup>5</sup> The Town changed the format of their pledge revenue coverage in 2016

**Town of Surfside, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Underlying Debt</u>
<b>Direct Debt</b>			
Capital leases	\$ 46,588	100%	<u>\$ 46,588</u>
<b>Overlapping Debt</b>			
Miami-Dade County <sup>2</sup>	\$ 4,726,379,000	0.40%	\$ 18,905,516
Miami-Dade County School Board <sup>3</sup>	3,810,543,000	0.40%	<u>15,242,172</u>
<b>Total Overlapping Debt</b>			<u><u>\$ 34,147,688</u></u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 34,194,276</u></u>

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> As of September 30, 2017

<sup>3</sup> As of June 30, 2017

**Data Source:**

Each specific government

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

Calendar Year	Population <sup>1</sup>	Per Capita Personal Income <sup>2</sup>	Unemployment Rate		
			County <sup>3</sup>	State of Florida <sup>4</sup>	United States <sup>5</sup>
2008	5,789	\$ 37,264	5.3%	6.5%	6.1%
2009	5,838	37,909	8.9%	9.3%	9.8%
2010	5,744	35,972	12.0%	9.4%	9.5%
2011	5,760	38,870	12.7%	10.2%	9.0%
2012	5,776	39,466	9.7%	9.0%	7.8%
2013	5,924	40,680	8.9%	8.5%	7.2%
2014	5,954	43,124	7.2%	7.8%	5.9%
2015	5,703	43,917	6.2%	5.4%	5.0%
2016	5,544	43,917	5.8%	5.1%	5.0%
2017	5,814	- <sup>6</sup>	5.0%	4.8%	4.2%

**Notes:**

Information not presented, not readily available

There are no public schools located within the Town.

**Data Sources:**

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

<sup>2</sup> Miami-Dade County comprehensive annual financial report

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

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

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

**Town of Surfside, Florida**  
**Principal Employers**  
**For the Fiscal Years Ended September 30, 2017 and 2008**

		<b>2017</b>	
<b>Employer</b>	<b>Type of Business</b>	<b>Number of Employees</b>	<b>Rank</b>
SC Hotel Property LLC (Four Seasons)	Hotel	329	1
Beach House Hotel D/B/A Grand Beach	Hotel	275	2
Publix Super Market, Inc.	Supermarket	104	3
Town of Surfside	Government	103	4
Flanigan's Seafood Bar & Grill	Restaurant	51	5
Residence Inn (Miami Beach Surfside)	Resort	50	6
M. Kotler Realty	Real Estate Agency	31	7
Solara Surfside Resort	Hotel & Time Share	30	8
Harding Realty	Real Estate Agency	30	9
Harbor Pita D/B/A Harbor Grill	Restaurant	28	10
<b>Total Principal Employers</b>		<b>1,031</b>	
		<b>2008</b>	
<b>Employer</b>	<b>Type of Business</b>	<b>Number of Employees</b>	<b>Rank</b>
Public Supermarkets	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	118	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Apartment Rentals	28	6
Flanigan's	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
<b>Total Principal Employers</b>		<b>576</b>	

**Data Source:**

Town records.

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

<b>Function/program</b>	<b>For the Fiscal Year Ended September 30,</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General Government</b>										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Town Attorney	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Executive	6.00	5.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	6.00
Financial Support Services	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Town Clerk	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building Services	3.00	3.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00
<b>Total General Government</b>	<b>19.00</b>	<b>19.00</b>	<b>18.00</b>	<b>19.00</b>	<b>20.00</b>	<b>22.00</b>	<b>22.00</b>	<b>23.00</b>	<b>23.00</b>	<b>25.00</b>
<b>Public Safety</b>										
Public Safety	44.00	44.00	34.50	33.00	31.75	32.25	33.25	34.25	34.25	36.25
Municipal Parking	2.00	2.00	2.50	3.00	5.00	6.75	6.75	6.75	6.75	6.75
<b>Total Public Safety</b>	<b>46.00</b>	<b>46.00</b>	<b>37.00</b>	<b>36.00</b>	<b>36.75</b>	<b>39.00</b>	<b>40.00</b>	<b>41.00</b>	<b>41.00</b>	<b>43.00</b>
<b>Public Works</b>										
Public Works	8.00	7.25	5.25	6.25	5.25	6.25	6.65	6.65	6.65	6.65
Water/Sewer	5.00	5.25	5.25	5.25	5.75	5.25	4.55	4.55	4.55	4.55
Solid Waste	12.00	12.25	10.25	10.25	10.25	10.25	11.25	10.25	10.25	10.25
Stormwater	1.00	1.25	1.25	1.25	1.25	1.25	1.55	1.55	1.55	1.55
<b>Total Public Works</b>	<b>26.00</b>	<b>26.00</b>	<b>22.00</b>	<b>23.00</b>	<b>22.50</b>	<b>23.00</b>	<b>24.00</b>	<b>23.00</b>	<b>23.00</b>	<b>23.00</b>
<b>Leisure Services</b>										
Leisure Services	17.00	17.00	7.00	10.00	10.75	11.32	11.32	11.32	11.32	11.32
Tourism	1.00	2.00	1.00	1.00	1.00	0.68	0.68	0.68	0.68	0.68
Library Services	3.00	3.00	-	-	-	-	-	-	-	-
<b>Total Leisure Services</b>	<b>21.00</b>	<b>22.00</b>	<b>8.00</b>	<b>11.00</b>	<b>11.75</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>
<b>Total</b>	<b>112.00</b>	<b>113.00</b>	<b>85.00</b>	<b>89.00</b>	<b>89.00</b>	<b>96.00</b>	<b>98.00</b>	<b>99.00</b>	<b>99.00</b>	<b>103.00</b>
<b>Percentage Change From Prior Year</b>	<b>-5.1%</b>	<b>0.9%</b>	<b>-24.8%</b>	<b>4.7%</b>	<b>0.0%</b>	<b>7.9%</b>	<b>2.1%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>4.0%</b>

Data Source:  
Town Records

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

<b>Function/program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public safety:</b>										
Police										
Uniformed employees	32	28	27	27	27	27	29	39	39	29
Non-uniformed employees	15	11	7	9	9	12	6	1	2	7
Dispatched responses	23,640	19,751	16,545	19,800	23,097	31,337	20,310	22,978	20,798	18,965
Traffic citations issued	7,968	6,782	5,752	5,289	4,814	5,475	4,637	4,659	5,059	3,413
Traffic warnings issued	-	-	4,333	4,067	5,139	3,867	3,808	3,839	3,620	3,205
Parking violations issued	6,863	7,407	6,060	9,833	11,884	19,607	13,963	14,204	13,861	10,658
<b>Building permits:</b>										
Permits issued	779	700	923	1,073	931	1,072	1,037	1,618	1,595	1,448
Estimated values (in millions)	\$5,797	\$6,559	\$16,147	\$84,806	\$ 36,392	\$71,790	\$69,500	\$259,152,489	\$ 5,884,371,369	\$7,529,568,193
<b>Utility:</b>										
<b>Municipal water system</b>										
Active water accounts	1547	1549	1551	1,551	1,647	1,680	1,687	1,687	1,648	1,658
New active accounts	-	-	-	-	-	-	-	-	-	-
Meter sales (in million gallons)	298,102	314,304	307,723	328,519	276,650	2,631,277	2,903,213	315,644,500	331,969,100	398,015,700
<b>Municipal sewer system</b>										
Active accounts/units	4059	4059	4061	4061	4061	4061	4061	4061	4,061	4061
<b>Solid waste services</b>										
Active accounts	1346	1348	1349	1344	1344	1344	1344	1344	1,344	1,344
<b>General government:</b>										
<b>Tax rates</b>										
<b>Utility services:</b>										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Franchises:</b>										
Electric	6%	6%	5.90%	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%
<b>Surfside Bus Service</b>										
Total number of passengers	-	16,173	18,813	21,543	12,947	21,514	24,083	28,868	33,029	28,918
Average number of passengers per month	-	1,348	1,568	1,795	1,079	1,792	2,006	2,406	2,752	2,410
Total number of miles driven	-	23,648	29,260	32,401	30,775	34,805	34,906	24,742	19,465	28,427
Average number of miles driven per month	-	1,971	2,438	2,700	2,565	2,900	2,909	2,061	1,622	2,369
<b>Culture and recreation:</b>										
<b>Participation:</b>										
Youth programs	403	551	658	960	1,005	1,043	2,825	5,280	1,427	1,325
Adult programs	228	234	463	555	781	1,232	1,349	1,521	1,526	1,481
Special events	3,390	3,300	3,340	4,280	4,630	5,727	7,734	7,840	4,570	5,319
Community Center	-	-	-	17,517	29,028	24,830	22,826	24,705	22,365	21,229

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Area:</b>										
Land excluding airport (sq. miles)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
<b>Infrastructure:</b>										
Paved streets	10	10	10	10	10	25	25	25	25	25
Sidewalks	1 mile	1 mile	1 mile	1 mile	1 mile	6 mile	6 mile	6 mile	6 mile	6 mile
Canals & waterways	-	-	-	-	-	-	-	-	-	0
Storm Drainage (catch basins)	388	388	388	388	388	388	388	388	388	388
Town owned street lights	37	37	37	37	37	37	37	37	37	37
FP&L owned street lights	293	293	293	293	293	293	293	293	293	293
<b>Public Safety:</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
<b>Recreatio.</b>										
Public Beach (miles)	1	1	1	1	1	1	1	1	1	1
Municipal Parks	3	3	3	3	3	3	3	3	3	3
Municipal Swimming Pool	-	-	-	-	-	2	1	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	1
<b>Municipal Water/Sewer System:</b>										
Water mains (miles)	15.7	15.7	15.7	15.7	15.7	25	25	25	25	25
Reuse water mains (miles)	-	-	-	-	-	-	-	-	-	0
Fire hydrants	84	84	84	84	84	84	84	84	84	84
Fire hydrants (reuse water)	-	-	-	-	-	-	-	-	-	0
Gravity Sewer (miles)	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Wastewater force main (miles)	0.3	0.3	0.3	0.3	0.3	1	1	1	1	1
Wastewater lift stations	2	2	2	2	2	2	2	2	2	2
<b>Municipal Parking:</b>										
Parking lots	6	6	6	6	6	7	7	8	8	8
Pay Station Parking Spaces	572	572	572	572	572	572	572	629	629	640
Metered Pay Stations	0	0	0	0	0	0	0	29	29	37
Single Space Meters	0	0	0	0	0	0	0	50	50	50

**Data Source**  
 Various Town Departments

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# REPORTING SECTION

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**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.**

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**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, 2017, 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 18, 2018.

***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 18, 2018

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

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**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, 2017, and have issued our report thereon dated June 18, 2018.

***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 Reporting Requirements***

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 (AT-C 315)*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 2018, 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 and Management***

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate 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.

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

### ***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, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

### ***Additional Matters***

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 18, 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, 2017. Management of the Town 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, 2017.

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 18, 2018



**TOWN OF SURFSIDE, FLORIDA**  
**9293 HARDING AVENUE**  
**SURFSIDE, FL 33154**  
**(305) 861-4863**  
**[www.townofsurfsidefl.gov](http://www.townofsurfsidefl.gov)**