

TOWN OF SURFSIDE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by
Finance Department

TOWN OF SURFSIDE, FLORIDA

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INTRODUCTORY SECTION



TOWN OF SURFSIDE

10000 BAYVIEW BLVD
SUITE 200, FORT LAUDERDALE, FL 33309
(954) 375-3741

July 31, 2019

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 or Surfside), for the fiscal year ended September 30, 2018. In submitting the report, we have strived to achieve transparency and full-disclosure and give readers of these financial statements a thorough understanding of the Town's finances for the year and at the end of the year. 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, 2018. 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. The 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 5,802 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 added significantly to the Town's tax base, reducing pressure on property taxes and providing a better mix of property within the Town. The increase in development has not 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. Accordingly, the pension plan's funded ratio is over 90% as of its 10/1/2017 valuation, and we expect that to increase gradually over time. 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, 2017. 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 2017 to 2,100 or 5.85% 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 2018 CAFR continues to meet the Certificate of Achievement requirements and we will submit it to GFOA to determine its eligibility for another certificate. The Town has also once again received the GFOA Distinguished Budget Presentation Award for its 2019 adopted budget document. The award is presented to even fewer municipalities. In 2017, the most recently completed cycle, only 1,085 municipalities, or 3.02%, were given the award.

ACKNOWLEDGEMENTS

The preparation of this CAFR would not have been possible without efforts of the Finance Department. The finance department staff consisting of Interim Finance Director Christopher Wallace, Controller Mayte Gamiotea, Andria Meiri, Budget Officer, Manny Carta, Accountant, and Darlene Martinat, Payroll/Accounts Payable Specialist who are also to be especially thanked for their contributions to this report. The completion of the report, though delayed, was during a challenging time, coming on the heels of a complete software conversion and staff shortages. And, much like last year, the Town was still working with FEMA to close out Hurricane Irma claims. The amount of work and effort put forth by this team cannot be understated or over appreciated. 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 its CAFR. Without their efforts, this report could not have been completed.

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

TOWN COMMISSION

Daniel Dietch, Mayor

Daniel Gielchinsky, Vice Mayor

Barry Cohen, Commissioner

Michael Karukin, Commissioner

Tina Paul, Commissioner

OFFICIALS

Guillermo Olmedillo, Town Manager

Duncan Tavares, Assistant Town Manager

Julio Yero, 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

Lindsay Fast, Tourism 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

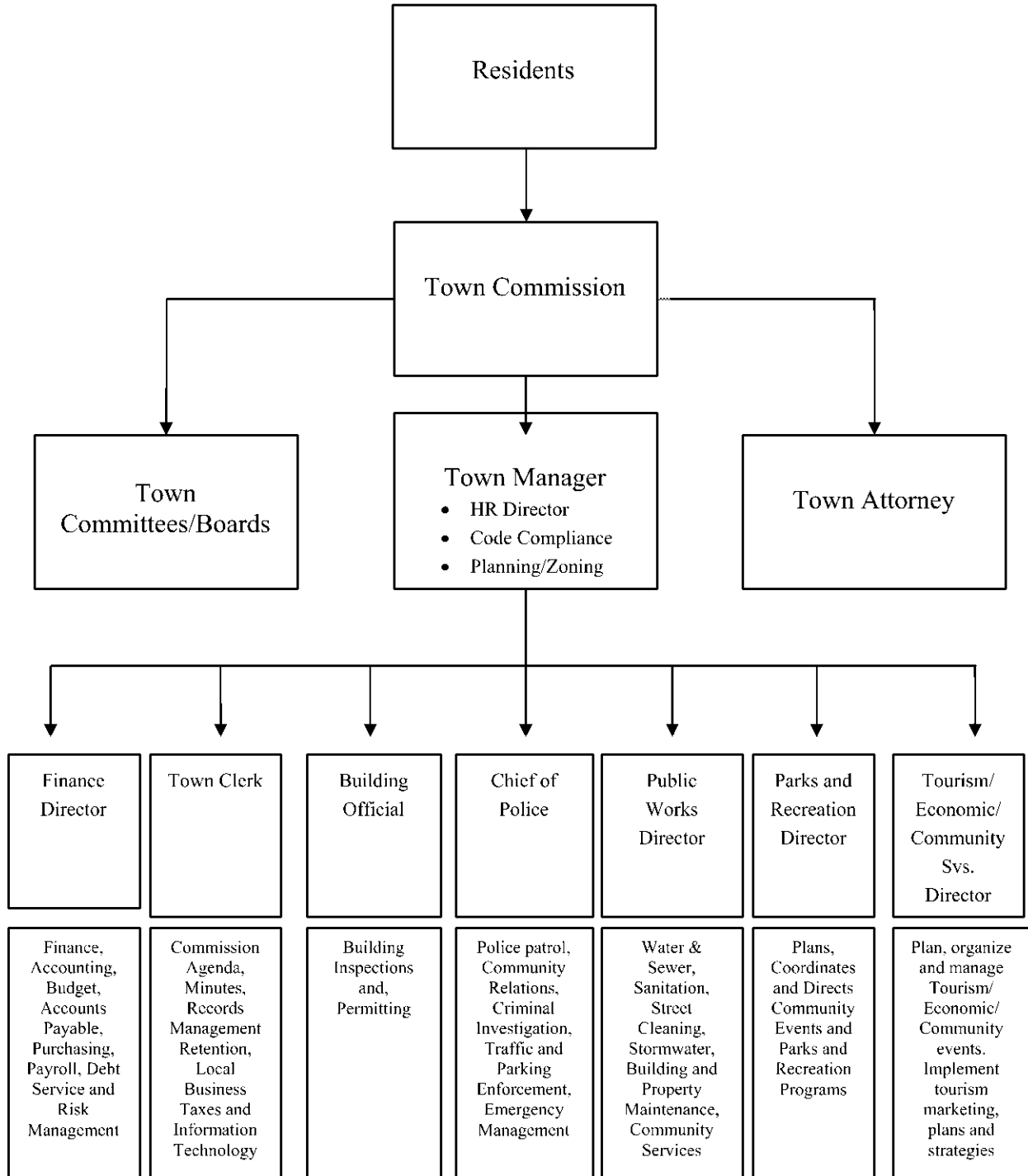
INDEPENDENT AUDITORS

Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2018





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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town), as of and for the fiscal year ended September 30, 2018, 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, 2018, 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 68 through 70, and the required supplementary information for the pensions and OPEB on pages 71 through 73 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 July 31, 2019 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
July 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

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, 2018. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2018 FINANCIAL HIGHLIGHTS

- The Town's total assets plus deferred outflows exceeded its total liabilities plus deferred inflows of resources by \$43,740,628 (total net position) as of September 30, 2018.
- The Town implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the current fiscal year. Implementation of this statement has resulted in a restatement of the fiscal year 2017 government-wide and proprietary fund net position. More information is available in footnote 12 to the financial statements.
- Total net position increased \$4,558,448 after the prior period adjustment and the total components are comprised of the following:
 - (1) Capital assets, net of related debt, of \$24,860,745 include property and equipment, net of accumulated depreciation, and reduced by capital related outstanding debt.
 - (2) Net position of \$2,888,692 is restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.
 - (3) Unrestricted net position consists of \$15,991,191 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 \$16,717,120 at September 30, 2018. This compares to the prior year total ending fund balance of \$11,977,654, showing an increase of \$4,739,466 during the current year. Unassigned fund balance is \$8,902,050 at September 30, 2018.
- At the end of the current fiscal year, the unassigned and unrestricted fund balance for the General Fund was \$10,902,050 or 98.9% of total General Fund expenditures. The unrestricted fund balance for the General fund was \$8,902,050 or 72.7% of total General Fund expenditures. Financially, fiscal year 2018 was a positive year.
- 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 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 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 and Building 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 68-73 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 74.

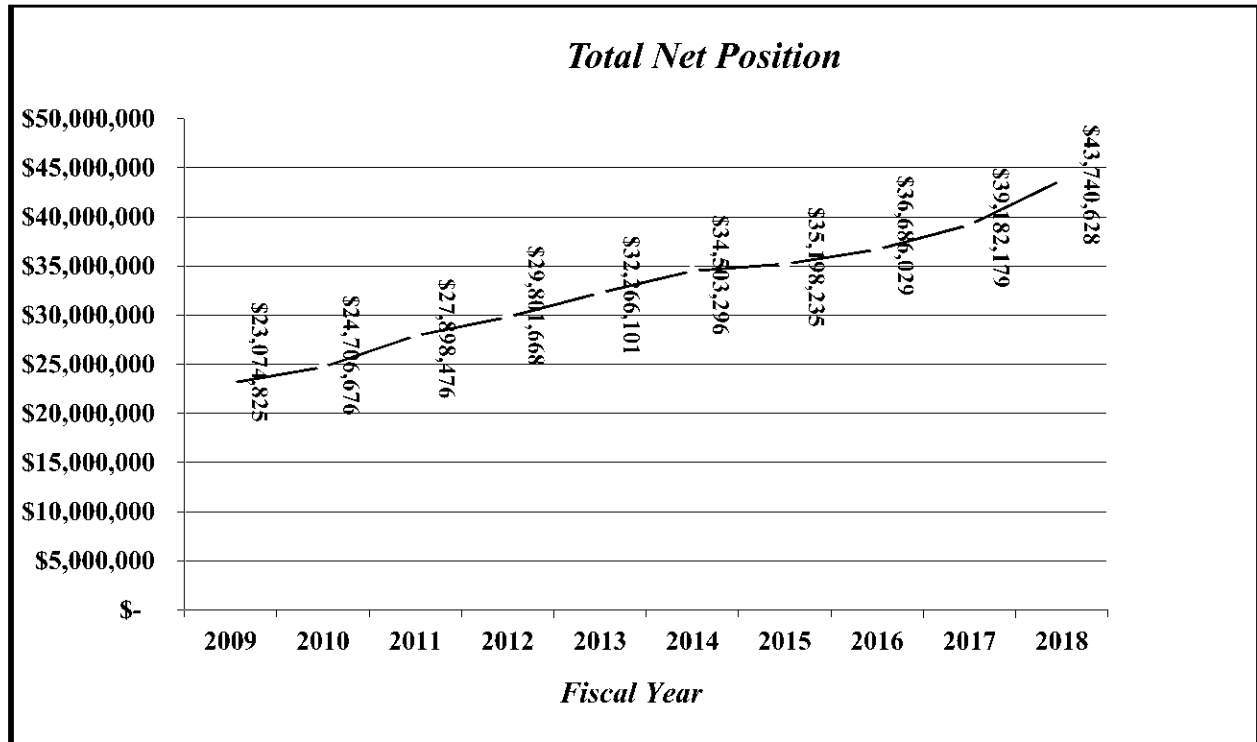
FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end is \$43,740,628. The following table provides a summary of the Town's net position:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current assets	\$ 18,342,187	\$ 13,380,437	\$ 5,871,546	\$ 5,161,284	\$ 24,213,733	\$ 18,541,721
Non-current assets						
Capital assets	15,095,787	15,523,625	25,058,872	26,092,859	40,154,659	41,616,484
Total assets	33,437,974	28,904,062	30,930,418	31,254,143	64,368,392	60,158,205
Deferred outflows of resources	1,459,408	1,315,990	201,207	178,381	1,660,615	1,494,371
Liabilities:						
Current liabilities	1,668,015	1,485,014	797,100	1,961,690	2,465,115	3,446,704
Long-term liabilities	3,136,720	2,815,761	15,779,841	15,726,544	18,916,561	18,542,305
Total liabilities	4,804,735	4,300,775	16,576,941	17,688,234	21,381,676	21,989,009
Deferred inflows of resources	434,443	26,423	472,360	454,964	906,703	481,387
Net position:						
Net investment in capital assets	15,092,876	15,477,037	9,767,869	9,694,811	24,860,745	25,171,848
Restricted	776,233	1,023,176	2,112,459	2,137,959	2,888,692	3,161,135
Unrestricted	13,789,195	9,392,641	2,201,996	1,456,555	15,991,191	10,849,196
Total net position	\$ 29,658,304	\$ 25,892,854	\$ 14,082,324	\$ 13,289,325	\$ 43,740,628	\$ 39,182,179

(This page continued on the subsequent page)

The following chart reports the Town's total net position balances from fiscal year 2009 - 2018.



Note over the last ten years, the total net position has increased \$20,665,802 or 89.6%.

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 11 to 1 as compared to 9 to 1 at September 30, 2017. The current ratio for business-type activities is 7.4 to 1 as compared to 2.6 to 1 at September 30, 2017. Overall, the total current ratio at September 30, 2018 was 9.8 to 1 as compared to 5.4 to 1 at September 30, 2017.

The Town reported positive balances in net position for both governmental and business-type activities. During 2018, net position increased \$3,800,648 for governmental activities and increased \$801,035 for business-type activities. The Town's overall financial position improved during fiscal year 2018. The Town remains in a strong financial position.

Note that 45.1% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. 81% 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 62.4% of its total assets in capital assets, as presented in the government-wide statement of net position.

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

	Summary of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program:						
Charges for services	\$ 3,976,474	\$ 4,369,395	\$ 7,794,422	\$ 6,827,298	\$ 11,770,896	\$ 11,196,693
Operating grants and contributions	268,780	290,689	-	-	268,780	290,689
Capital grants	471,250	170,000	-	-	471,250	170,000
General:						
Property taxes	9,626,611	8,167,329	-	-	9,626,611	8,167,329
Other taxes	3,461,268	2,694,298	-	-	3,461,268	2,694,298
Unrestricted intergovernmental	726,081	718,484	-	-	726,081	718,484
Unrestricted investment earnings	69,061	38,709	786	440	69,847	39,149
Miscellaneous	485,324	532,619	-	-	485,324	532,619
Total revenues	19,084,849	16,981,523	7,795,208	6,827,738	26,880,057	23,809,261
Program Expenses:						
General government	5,487,973	4,804,921	-	-	5,487,973	4,804,921
Public safety	5,803,057	6,310,662	-	-	5,803,057	6,310,662
Public works	1,842,003	1,519,141	-	-	1,842,003	1,519,141
Leisure services	2,115,577	2,011,932	-	-	2,115,577	2,011,932
Transportation	319,257	254,825	-	-	319,257	254,825
Interest	583	1,869	-	-	583	1,869
Water and sewer	-	-	3,528,213	3,459,678	3,528,213	3,459,678
Municipal parking	-	-	1,027,029	1,056,670	1,027,029	1,056,670
Sanitation	-	-	1,575,168	1,393,630	1,575,168	1,393,630
Stormwater utility	-	-	519,513	499,783	519,513	499,783
Total expenses	15,568,450	14,903,350	6,649,923	6,409,761	22,218,373	21,313,111
Changes in net position before transfers	3,516,399	2,078,173	1,145,285	417,977	4,661,684	2,496,150
Transfers	344,250	326,884	(344,250)	(326,884)	-	-
Changes in net position after transfers	3,860,649	2,405,057	801,035	91,093	4,661,684	2,496,150
Beginning net position	25,892,854	23,487,797	13,289,326	13,198,233	39,182,180	36,686,030
Prior period adjustment	(95,199)	-	(8,037)	-	(103,236)	-
Ending net position	\$ 29,658,304	\$ 25,892,854	\$ 14,082,324	\$ 13,289,326	\$ 43,740,628	\$ 39,182,180

Governmental Activities Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 50.4% of the Town's total revenues as compared to 48.1% in fiscal year 2017. Other taxes, which includes resort, franchise, utility and communications taxes provided 18.1% of the Town's total revenues as compared to 15.9% in fiscal year 2017. At the government-wide financial reporting level, charges for services decreased \$392,921. In prior years, the Town received red light camera revenues, however, this revenue was discontinued and only a residual amount was recognized during fiscal year 2018. Also, the Town did increase revenues in parks and recreation and in other areas during the year.

The capital grants of \$471,250 in public works included the replacement of the Town's seawalls.

Note that program revenues covered 30.3% of governmental operating expenses as compared to 32.4% in fiscal year 2017. This means that the government's taxpayers and the Town's other general revenues normally fund 69.7% 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.

	<u>Total Cost of Services</u>	<u>Percentage of Total</u>	<u>Net Cost of Services</u>	<u>Percentage of Total</u>
General government	\$ 5,487,973	35.3%	\$ 2,893,521	26.7%
Public safety	5,803,057	37.3%	5,444,551	50.2%
Public works	1,842,003	11.8%	1,370,753	12.6%
Leisure services	2,115,577	13.6%	1,057,782	9.7%
Transportation	319,257	2.1%	84,757	0.8%
Interest	583	0.0%	583	0.0%
Total	<u>\$ 15,568,450</u>	<u>100.0%</u>	<u>\$ 10,851,947</u>	<u>100.0%</u>

The public safety expenses, both gross and net of program revenues total over 37.3% of total costs.

Business-type Activities

The Town reports four major enterprise funds.

Overall Analysis of Major Business-type Funds – Total operating revenues increased \$967,124 or 14.2%. Total operating expenses increased \$271,167 or 4.6%. In total, the operating income, before transfers, increased \$695,957. The total increase in net position for all enterprise funds was \$801,035.

The operating income (loss) for each major enterprise fund was as follows for fiscal years 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Water and sewer	\$ 1,042,717	\$ 285,059	\$ 757,658
Municipal parking	154,394	74,354	80,040
Sanitation	246,347	459,225	(212,878)
Stormwater	246,670	175,533	71,137
Total	<u>\$ 1,690,128</u>	<u>\$ 994,171</u>	<u>\$ 695,957</u>

The following includes an analysis of the fiscal year 2018 financial activities for each enterprise fund.

Water and Sewer Fund - The total assets decreased \$215,281 or 1% due primarily to a \$186,898 decrease in cash, an increase in accounts receivable of \$379,364 or 37.8%, and a decrease in the net book value of capital assets due to depreciation of \$792,607. Total liabilities decreased \$764,199 due to the scheduled long-term debt payments.

Operating revenues increased \$849,563 or 25.7% because of a 20% water and sewer rate increase effective Oct. 1, 2017 and the addition of a new development online.

In total, operating expenses increased \$91,905 or just 3%. Personal services decreased \$31,747 or 9.5% due to a vacancy in the customer service representative position. Water system costs increased \$59,556 or 9.5% from fiscal year 2017 due to the Miami Dade County combined rate increase 10.71%. Sewer system costs decreased just \$4,642.

Net position increased \$541,016 in fiscal year 2018, resulting in ending net position of \$7,022,718.

Municipal Parking Fund – The total assets decreased \$37,969 or 1%. Capital asset costs increased \$78,995 and the accumulated depreciation increased \$130,796.

Operating revenues increased \$50,399 or 4.5% and operating expenses decreased \$29,641 or 2.8%. The cost of administration decreased \$38,379 because of the vacancy of one parking enforcement officer position. In total, operating income increased \$80,040 in fiscal year 2018 over the fiscal year 2017 operating income. Net position increased \$61,164 in fiscal year 2018, resulting in an ending net position of \$3,307,816.

Sanitation Fund - The total assets increased \$148,422 or 3.8%. The cost of capital assets remained the same as that at September 30, 2017. Total liabilities increased \$30,000. Operating revenues were \$31,340, or just 1.7% below 2017. Administrative costs increased \$55,109 or 33.7% largely due to insurance and vehicle maintenance costs. More specifically, personnel costs increased \$88,516 or 12.5% because a maintenance worker II position was added in fiscal year 2018 and a customer service representative position was filled by a temporary person.

In total, operating expenses increased \$181,530 or 13%.

Operating income decreased \$212,878 or 46.4% due to an increase in operating expenses as mentioned above. Net position decreased \$111,455 or 49.1% in fiscal year 2018, resulting in an ending net position of \$116,517.

Stormwater Fund - The total assets decreased \$218,897. Cash decreased \$104,397. Net capital assets decreased \$130,606 from fiscal year 2017. Total liabilities decreased \$303,068 primarily due to long-term debt service payments of \$273,149.

The operating revenues increased \$98,502 from fiscal year 2017 and the operating expenses increased \$27,365.

As a result, operating income was \$246,670 or 40.5% above fiscal year 2017. Net position increased \$82,338 in fiscal year 2018, resulting in ending net position of \$2,685,553.

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 \$16,717,120 compared to \$11,977,654 at September 30, 2017.

The total governmental revenues and transfers exceeded expenditures and transfers out by \$4,739,466. The general fund's revenues and transfers exceeded its expenditures and transfers out by \$2,383,150. The building fund's revenues exceeded its expenditures and transfers out by \$1,017,580. The capital projects fund's expenditures exceeded revenues and transfers in by \$1,582,780.

Governmental funds report total fund balance of \$16,717,120. Of this year-end total, \$776,233 is restricted to various ongoing programs. \$2 million is assigned in the General Fund for emergencies and hurricanes since we are a coastal community subject to hurricane risk and \$2,158,902 is assigned in the Capital Projects Fund for future capital projects. \$122,161 is considered non-spendable and \$8,902,050 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds shows an increase of \$4,739,466 or 39.6% 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 \$2,383,150 or 27.6%. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 89% of annual expenditures. This compares to 70.3% at September 30, 2017.

Property taxes increased \$1,459,282 or 29% due to new development that was completed and added to the tax rolls. Resort taxes increased \$679,784 or 49.5% as the result of the construction of a Four Seasons at the Surf Club, which was added to the tax rolls.

Utility tax revenue increased \$52,696 or 8.4%. Franchise fees increased \$43,647 over fiscal year 2017. Licenses and permits decreased \$3,407 from fiscal year 2017.

Fines and forfeitures decreased \$1,222,384 or 79% below the prior year due to the termination of the red-light camera violations. All other revenue streams were consistent with the 2017 amounts.

Total General Fund expenditures increased just \$21,304 above the fiscal year 2017 level. Although most changes are not significant, some of these changes, by department, from fiscal year 2017 are described below.

General government costs were \$1,525 or less than 1% below the 2017 amount.

Public safety expenditures decreased \$692,805 or 11.6% due to costs associated with the elimination of the red-light program.

Public works costs increased \$306,970 or 27.9% due to the following purchases:

- \$119,305 - purchase of new bucket truck.
- \$55,670 - increase in Water and Sewer cost charged back to Town.
- \$115,898 - Hurricane Irma costs.
- \$16,000 - health insurance elections.

Leisure services costs increased \$97,620 or 5% over the prior year.

Capital Projects Fund - This fund reported revenue from developer contributions totaling \$471,250. This fund spent \$90,956 on capital projects. At September 30, 2018, this fund reported \$2,163,095 in cash and investments. At year-end, this fund reported total fund balance of \$2,158,902.

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. This fund reported licenses and permits totaling \$2,158,121 and spent \$1,027,811 with an ending fund balance of \$2,760,673.

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 amended in this fiscal year.

Revenue – The revenue side of the budget was amended upward \$549,717 or 3.9%. The resort taxes budget was increased \$262,628 or 16.3% and the fines and forfeitures budget was amended upward \$167,089 or 91.9%.

Property taxes were \$179,480 below budget and resort taxes were 5.2% higher than budget by \$177,080.

Utility tax revenue exceeded the final budget by \$111,659 or 19.5% because of a rate increase of 20% in fiscal year 2018. Franchise taxes exceeded the final budget by \$48,095 which resulted from both a new building and new hotel went on-line in this fiscal year.

Licenses and permits were above budget by \$25,700, due to a higher than anticipated revenue stream. The miscellaneous revenue budget was amended upward by \$120,000 and the amended budget was still exceeded by \$134,523. One of these increases related to revenue from off-duty detail which was higher than expected; A contribution from a developer was also received for approximately \$50,000 and approximately another \$48,000 was recognized from various unexpected sources.

In total, actual revenues were above the budget by \$435,300.

Expenditures - On the expenditure side, the budget was amended upward \$369,464 or 13%. The Town's executive budget was amended upward by \$60,017 but underspent by \$87,148.

The underspending related to:

- Employee attrition
- Transferred positions from the attorney's budget, but not filled
- The executive to the town manager position was vacant for a portion of the year

The Finance and IT budget was amended upward by \$95,652, but actually underspent at year-end by \$93,160. The amount planned to be expended was actually expended in fiscal 2019.

The non-departmental budget was amended downward \$205,787 due to the reallocation of merit pay. Also, there was \$17,000 transferred to the Town Attorney budget for additional legal services and \$63,000 transferred to Finance and IT budget for the software conversion project

The budget for public safety was underspent by \$270,241 due to the allocation of expenditures initially posted to the wrong year, but subsequently corrected.

The public works budget was underspent by \$211,145. The leisure services budget was underspent by \$62,972.

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, 2018, was \$15,092,787 and \$25,058,872, respectively. The change in this net investment was 2.8% decrease for governmental activities and a 4% decrease for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
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	12,480	-	-	-	12,480	-
Total non-depreciable	<u>1,473,709</u>	<u>1,461,229</u>	<u>1,358,011</u>	<u>1,358,011</u>	<u>2,831,720</u>	<u>2,819,240</u>
Depreciable assets:						
Buildings	11,188,329	11,182,276	-	-	11,188,329	11,182,276
Machinery, equipment and furniture	3,200,788	2,943,071	1,773,461	1,693,436	4,974,249	4,636,507
Infrastructure	6,444,834	6,366,358	29,228,018	29,228,018	35,672,852	35,594,376
Total depreciable assets	<u>20,833,951</u>	<u>20,491,705</u>	<u>31,001,479</u>	<u>30,921,454</u>	<u>51,835,430</u>	<u>51,413,159</u>
Less accumulated depreciation	<u>7,214,873</u>	<u>6,429,309</u>	<u>7,300,618</u>	<u>6,186,606</u>	<u>14,515,491</u>	<u>12,615,915</u>
Book value - depreciable assets	<u>13,619,078</u>	<u>14,062,396</u>	<u>23,700,861</u>	<u>24,734,848</u>	<u>37,319,939</u>	<u>38,797,244</u>
Percentage depreciated	<u>35%</u>	<u>31%</u>	<u>24%</u>	<u>20%</u>	<u>28%</u>	<u>25%</u>
Total net capital assets	<u>\$ 15,092,787</u>	<u>\$ 15,523,625</u>	<u>\$ 25,058,872</u>	<u>\$ 26,092,859</u>	<u>\$ 40,151,659</u>	<u>\$ 41,616,484</u>

At September 30, 2018, the depreciable capital assets for governmental activities were 35% depreciated. This compares to the 31% at September 30, 2017. With the Town's business-type activities, 24% of the asset values were depreciated at September 30, 2018, compared to 20% at September 30, 2017. 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 was just \$6,053.

The major equipment additions \$257,717 include the costs for the purchase of the following:

- \$10,380 - computers and networking equipment
- \$97,129 - police vehicles
- \$119,305 - purchase of new bucket truck.
- \$41,586 - community center pool heater
- \$6,750 - community center air conditioning unit for concession stand.
- \$2,773 - fan and motor for the community center

The infrastructure additions of \$78,476 includes the balance of the Seawalls project, phase 2.

Business-type Activities Capital Assets

There was no specific major equipment included in the \$80,025 fiscal year 2018 purchases.

Debt

The following table reports long-term debt balances at September 30, 2018 and 2017:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ -	\$ -	\$ 7,981,115	\$ 8,638,620	\$ 7,981,115	\$ 8,638,620
Capital leases	2,911	46,588	-	13,210	2,911	59,798
State revolving loan	-	-	7,309,888	7,744,982	7,309,888	7,744,982
Compensated absences	400,366	356,434	117,969	112,841	518,335	469,275
Total OPEB liability	486,410	365,164	66,318	47,580	552,728	412,744
Net pension liability*	2,289,981	2,129,806	304,551	286,405	2,594,532	2,416,211
Total	<u>\$ 3,179,668</u>	<u>\$ 2,897,992</u>	<u>\$ 15,779,841</u>	<u>\$ 16,843,638</u>	<u>\$ 18,959,509</u>	<u>\$ 19,741,630</u>

* 2017 amounts represent the Town's net OPEB obligation based on GASB No. 45.

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 from time to time. 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. There is some evidence that people are emigrating from high tax states to Florida and purchasing homes here, which may increase overall values. Because of recent new development, we believe that any impact will be managed easily by the Town. Future development is constrained by the Town's charter and citizen opposition to intensive redevelopment.

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 the 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 added 43% more taxable value to the Town's 2018 (FY2019) tax rolls and provided more diversification to its tax base mix. However, at the same time, existing property values declined by about 3.5%, a worrisome trend if continued. During the 2019 calendar year, taxable values increased by 1%, mostly on existing properties. During the last few years, the Town has increased its reserves and continues to do so.

The Town's beach is very much in need of re-nourishment. Delayed for a while, the project is now scheduled to go forward in August 2019 and be complete by May 2020. Unfortunately, the project will occur during the busiest time of the tourist season. The Town is expecting its revenues to be 25% lower because of this construction. This impact will be felt in FY2020. The impact to the Town will not be as great as might have occurred due to the new venues that are now operating and which have increased the tax base significantly for the resort taxes.

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. A recently unsolicited proposed mixed-use development that would have occurred on Town property was met with strong public opposition.

The Town's demographics are stable and characterized by two main demographic segments that live in the Town year-round and a third demographic that have 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 Esri¹ 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 2018 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 2023. 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. 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 resort tax revenues to the Town's coffers. The Town uses some of its resort tax 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 resort 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.

¹ 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.

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. The Town did not meet all of its coverage tests for FY17 but did for FY18. We expect coverage to be more than sufficient to meet our obligations.

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, though pressure is on to increase benefits. 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. Additionally, the Town budgets a higher amount than is actuarially required from a dollar contribution position. If the Town does not need the extra funding for unanticipated expenses during the year, an expected additional contribution of between \$70,000 to \$90,000 will be made. 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 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.

FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Governmental Activities	Business- type Activities	Total
Assets			
Cash	\$ 13,415,819	\$ 4,078,407	\$ 17,494,226
Investments	3,570,301	41,762	3,612,063
Receivables, net	638,501	2,314,897	2,953,398
Internal balances	595,405	(595,405)	--
Prepaid items	122,161	31,885	154,046
Capital assets not being depreciated	1,473,709	1,358,011	2,831,720
Capital assets being depreciated, net	<u>13,622,078</u>	<u>23,700,861</u>	<u>37,322,939</u>
Total Assets	<u>33,437,974</u>	<u>30,930,418</u>	<u>64,368,392</u>
Deferred Outflows of Resources			
Pension	1,455,706	194,208	1,649,914
OPEB	<u>3,702</u>	<u>6,999</u>	<u>10,701</u>
Total Deferred Outflows of Resources	<u>1,459,408</u>	<u>201,207</u>	<u>1,660,615</u>
Liabilities			
Accounts payable	359,966	221,218	581,184
Accrued liabilities	758,438	69,568	828,006
Interest payable	--	199,748	199,748
Unearned revenue	79,820	9,642	89,462
Customer deposits	426,843	296,924	723,767
Noncurrent liabilities:			
Due within one year	42,948	1,143,606	1,186,554
Due in more than one year	360,329	14,265,366	14,625,695
Net pension liability	2,289,981	304,551	2,594,532
Total OPEB liability	<u>486,410</u>	<u>66,318</u>	<u>552,728</u>
Total Liabilities	<u>4,804,735</u>	<u>16,576,941</u>	<u>21,381,676</u>
Deferred Inflows of Resources			
Pension	388,018	44,427	432,445
OPEB	46,325	1,925	48,250
Parking Trust Fund	<u>--</u>	<u>426,008</u>	<u>426,008</u>
Total Deferred Inflows of Resources	<u>434,343</u>	<u>472,360</u>	<u>906,703</u>
Net Position			
Net investment in capital assets	15,092,876	9,767,869	24,860,745
Restricted for:			
Tourism	353,414	--	353,414
Transportation	263,292	--	263,292
Police forfeiture	159,527	--	159,527
Renewal and replacement	--	1,788,459	1,788,459
Loan reserve	--	324,000	324,000
Unrestricted	<u>13,789,195</u>	<u>2,201,996</u>	<u>15,991,191</u>
Total Net Position	<u>\$ 29,658,304</u>	<u>\$ 14,082,324</u>	<u>\$ 43,740,628</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
General government	\$ 5,487,973	\$ 2,594,171	\$ --	\$ --	\$ (2,893,802)	\$ --	\$ (2,893,802)
Public safety	5,803,057	324,226	34,280	--	(5,444,551)	--	(5,444,551)
Public works	1,842,003	--	--	471,250	(1,370,753)	--	(1,370,753)
Leisure services	2,115,577	1,058,077	--	--	(1,057,500)	--	(1,057,500)
Transportation	319,257	--	234,500	--	(84,757)	--	(84,757)
Interest on long-term debt	583	--	--	--	(583)	--	(583)
Total Governmental Activities	<u>15,568,450</u>	<u>3,976,474</u>	<u>268,780</u>	<u>471,250</u>	<u>(10,851,946)</u>	<u>--</u>	<u>(10,851,946)</u>
Business-type Activities							
Water and sewer	3,528,213	4,161,673	--	--	--	633,460	633,460
Municipal parking	1,027,029	1,181,423	--	--	--	154,394	154,394
Sanitation	1,575,168	1,821,515	--	--	--	246,347	246,347
Stormwater utility	519,513	629,811	--	--	--	110,298	110,298
Total Business-type Activities	<u>6,649,923</u>	<u>7,794,422</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,144,499</u>	<u>1,144,499</u>
Total	<u>\$ 22,218,373</u>	<u>\$ 11,770,896</u>	<u>\$ 268,780</u>	<u>\$ 471,250</u>	<u>(10,851,946)</u>	<u>1,144,499</u>	<u>(9,707,447)</u>
General Revenues							
Taxes							
Property taxes					9,626,611	--	9,626,611
Resort taxes					2,054,141	--	2,054,141
Franchise fees based on gross receipts					490,095	--	490,095
Utility taxes					683,659	--	683,659
Communications services tax					233,373	--	233,373
Unrestricted intergovernmental revenues					726,081	--	726,081
Unrestricted investment earnings					69,061	786	69,847
Miscellaneous revenues					485,324	--	485,324
Transfers					344,250	(344,250)	--
Total General Revenues and Transfers					<u>14,712,595</u>	<u>(343,464)</u>	<u>14,369,131</u>
Change in Net Position							
					3,860,649	801,035	4,661,684
Net Position - Beginning, as previously reported							
					25,892,854	13,289,326	39,182,180
Prior period adjustment (See Note 12)							
					(95,199)	(8,037)	(103,236)
Net Position - Beginning, restated							
					<u>25,797,655</u>	<u>13,281,289</u>	<u>39,078,944</u>
Net Position - Ending							
					<u>\$ 29,658,304</u>	<u>\$ 14,082,324</u>	<u>\$ 43,740,628</u>

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

TOWN OF SURFSIDE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 7,324,494	\$ 2,845,491	\$ 1,940,064	\$ 1,305,770	\$ 13,415,819
Investments	3,334,410	--	223,031	12,860	3,570,301
Receivables, net	506,499	--	--	132,002	638,501
Due from other funds	1,214,525	--	--	--	1,214,525
Prepaid items	116,363	2,899	--	2,899	122,161
Total Assets	\$ 12,496,291	\$ 2,848,390	\$ 2,163,095	\$ 1,453,531	\$ 18,961,307
Liabilities					
Accounts payable	\$ 287,265	\$ 16,897	\$ 4,193	\$ 51,611	\$ 359,966
Accrued liabilities	740,875	15,795	--	1,768	758,438
Due to other funds	--	--	--	619,120	619,120
Unearned revenue	62,895	15,025	--	1,900	79,820
Customer deposits	386,843	40,000	--	--	426,843
Total Liabilities	1,477,878	87,717	4,193	674,399	2,244,187
Fund Balances					
Non-spendable:					
Prepaid items	116,363	2,899	--	2,899	122,161
Restricted for:					
Tourism	--	--	--	353,414	353,414
Transportation surtax	--	--	--	263,292	263,292
Police forfeiture	--	--	--	159,527	159,527
Assigned for:					
Hurricanes and emergencies	2,000,000	--	--	--	2,000,000
Capital projects	--	--	2,158,902	--	2,158,902
Building projects	--	2,757,774	--	--	2,757,774
Unassigned	8,902,050	--	--	--	8,902,050
Total Fund Balances	11,018,413	2,760,673	2,158,902	779,132	16,717,120
Total Liabilities and Fund Balances	\$ 12,496,291	\$ 2,848,390	\$ 2,163,095	\$ 1,453,531	
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					15,095,787
Deferred outflows of resources related to pensions/OPEB are recorded in the statement of net position					1,459,408
Deferred inflows of resources related to pensions/OPEB are recorded in the statement of net position					(434,343)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:					
Compensated absences					(400,366)
Capital lease					(2,911)
Net pension liability					(2,289,981)
Total OPEB liability					(486,410)
Net Position of Governmental Activities					\$ 29,658,304

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, 2018

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 9,626,611	\$ --	\$ --	\$ --	\$ 9,626,611
Resort taxes	2,054,141	--	--	1,058,077	3,112,218
Utility taxes	683,659	--	--	--	683,659
Communications services tax	233,373	--	--	--	233,373
Franchise fees	490,095	--	--	--	490,095
Licenses and permits	124,200	2,158,121	--	--	2,282,321
Intergovernmental	726,081	--	--	234,500	960,581
Charges for services	311,850	--	--	--	311,850
Fines and forfeitures	324,226	--	--	34,280	358,506
Developer fees	--	--	471,250	--	471,250
Interest earnings	64,623	--	4,196	242	69,061
Miscellaneous	473,848	2,176	--	9,300	485,324
Total Revenues	<u>15,112,707</u>	<u>2,160,297</u>	<u>475,446</u>	<u>1,336,399</u>	<u>19,084,849</u>
Expenditures					
Current:					
General government	3,143,581	1,027,811	29,621	998,381	5,199,394
Public safety	5,299,171	--	--	31,093	5,330,264
Public works	1,407,757	--	--	--	1,407,757
Leisure services	2,033,993	--	--	--	2,033,993
Transportation	--	--	--	248,321	248,321
Capital outlay	323,290	--	90,956	11,398	425,644
Debt service:					
Principal	43,677	--	--	--	43,677
Interest and fiscal charges	583	--	--	--	583
Total Expenditures	<u>12,252,052</u>	<u>1,027,811</u>	<u>120,577</u>	<u>1,289,193</u>	<u>14,689,633</u>
Excess of Revenues over Expenditures	<u>2,860,655</u>	<u>1,132,486</u>	<u>354,869</u>	<u>47,206</u>	<u>4,395,216</u>
Other Financing Sources (Uses)					
Transfers in	470,406	--	1,227,911	--	1,698,317
Transfers out	(947,911)	(114,906)	--	(291,250)	(1,354,067)
Total Other Financing Sources (Uses)	<u>(477,505)</u>	<u>(114,906)</u>	<u>1,227,911</u>	<u>(291,250)</u>	<u>344,250</u>
Net Change in Fund Balances	2,383,150	1,017,580	1,582,780	(244,044)	4,739,466
Fund Balances - Beginning	<u>8,635,263</u>	<u>1,743,093</u>	<u>576,122</u>	<u>1,023,176</u>	<u>11,977,654</u>
Fund Balances - Ending	<u>\$ 11,018,413</u>	<u>\$ 2,760,673</u>	<u>\$ 2,158,902</u>	<u>\$ 779,132</u>	<u>\$ 16,717,120</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, 2018

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) \$ 4,739,466

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	\$ 424,719	
Depreciation	<u>(845,472)</u>	
Net adjustment		(420,753)
Loss on disposal of capital assets		(7,085)

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	43,677
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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	(43,932)	
Deferred outflows	139,716	
Deferred inflows	(361,595)	
Net pension liability	(160,175)	
Total OPEB liability	<u>(68,671)</u>	
Net adjustment		<u>(494,657)</u>

Change in net position of governmental activities (Page 20)	<u>\$ 3,860,649</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, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Assets					
Current Assets					
Cash	\$ 186,898	\$ 999,790	\$ 492,417	\$ 2,399,302	\$ 4,078,407
Investments	41,762	--	--	--	41,762
Receivables, net	1,382,584	475,508	327,891	128,914	2,314,897
Due from other funds	--	--	--	1,096,671	1,096,671
Prepaid items	14,493	2,899	8,696	5,797	31,885
Total Current Assets	<u>1,625,737</u>	<u>1,478,197</u>	<u>829,004</u>	<u>3,630,684</u>	<u>7,563,622</u>
Noncurrent Assets					
Capital Assets					
Land	--	1,358,011	--	--	1,358,011
Infrastructure	24,197,722	1,447,360	--	3,582,935	29,228,017
Equipment	292,370	747,792	733,299	--	1,773,461
	24,490,092	3,553,163	733,299	3,582,935	32,359,489
Less: accumulated depreciation	(5,218,043)	(1,188,662)	(268,263)	(625,649)	(7,300,617)
Total Capital Assets, Net	<u>19,272,049</u>	<u>2,364,501</u>	<u>465,036</u>	<u>2,957,286</u>	<u>25,058,872</u>
Total Noncurrent Assets	<u>19,272,049</u>	<u>2,364,501</u>	<u>465,036</u>	<u>2,957,286</u>	<u>25,058,872</u>
Total Assets	<u>20,897,786</u>	<u>3,842,698</u>	<u>1,294,040</u>	<u>6,587,970</u>	<u>32,622,494</u>
Deferred Outflows of Resources					
Pension	36,419	64,073	78,806	14,910	194,208
OPEB	311	2,557	4,126	5	6,999
Total Deferred Outflows of Resources	<u>36,730</u>	<u>66,630</u>	<u>82,932</u>	<u>14,915</u>	<u>201,207</u>
Liabilities					
Current Liabilities					
Accounts payable	173,360	7,740	33,002	7,116	221,218
Accrued liabilities	25,252	10,913	23,734	9,669	69,568
Due to other funds	1,692,076	--	--	--	1,692,076
Interest payable	149,811	--	--	49,937	199,748
Current portion of revenue bonds payable	516,405	--	--	172,135	688,540
Current portion of state revolving loan payable	332,452	--	--	110,817	443,269
Compensated absences	2,885	1,478	7,383	51	11,797
Unearned revenue	--	9,642	--	--	9,642
Customer deposits	296,924	--	--	--	296,924
Total Current Liabilities	<u>3,189,165</u>	<u>29,773</u>	<u>64,119</u>	<u>349,725</u>	<u>3,632,782</u>
Noncurrent Liabilities					
Total OPEB liability	11,556	16,746	37,659	357	66,318
Net pension liability	57,449,00	100,015	123,567	23,520	304,551
Compensated absences	25,965	13,302	66,445	460	106,172
Revenue bonds payable	5,469,431	--	--	1,823,144	7,292,575
State revolving loan payable	5,149,964	--	--	1,716,655	6,866,619
Total Noncurrent Liabilities	<u>10,714,365</u>	<u>130,063</u>	<u>227,671</u>	<u>3,564,136</u>	<u>14,636,235</u>
Total Liabilities	<u>13,903,530</u>	<u>159,836</u>	<u>291,790</u>	<u>3,913,861</u>	<u>18,269,017</u>
Deferred Inflows of Resources					
Pension	8,052	15,208	18,148	3,019	44,427
OPEB	216	460	797	452	1,925
Parking Trust Fund	--	426,008	--	--	426,008
Total Deferred Inflows of Resources	<u>8,268</u>	<u>441,676</u>	<u>18,945</u>	<u>3,471</u>	<u>472,360</u>
Net Position					
Net investment in capital assets	7,803,797	2,364,501	465,036	(865,465)	9,767,869
Restricted for renewal and replacement	1,522,319	--	--	266,140	1,788,459
Restricted for loan reserve	243,000	--	--	81,000	324,000
Unrestricted	(2,546,398)	943,315	601,201	3,203,878	2,201,996
Total Net Position	<u>\$ 7,022,718</u>	<u>\$ 3,307,816</u>	<u>\$ 1,066,237</u>	<u>\$ 2,685,553</u>	<u>\$ 14,082,324</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, 2018

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
Operating Revenues					
Charges for services:					
Water sales	\$ 2,122,175	\$ --	\$ --	\$ --	\$ 2,122,175
Sewer charges	2,037,321	--	--	--	2,037,321
Parking fees	--	1,181,423	--	--	1,181,423
Solid waste fees	--	--	1,663,718	--	1,663,718
Recycling fees	--	--	126,625	--	126,625
Drainage fees	--	--	--	629,811	629,811
Miscellaneous	2,177	--	31,172	--	33,349
Total Operating Revenues	<u>4,161,673</u>	<u>1,181,423</u>	<u>1,821,515</u>	<u>629,811</u>	<u>7,794,422</u>
Operating Expenses					
Personal services	301,090	465,716	798,485	126,390	1,691,681
Administrative	163,475	430,517	218,644	126,145	938,781
Water system	685,653	--	--	--	685,653
Sewer system	1,176,131	--	--	--	1,176,131
Solid waste system	--	--	498,036	--	498,036
Depreciation	792,607	130,796	60,003	130,606	1,114,012
Total Operating Expenses	<u>3,118,956</u>	<u>1,027,029</u>	<u>1,575,168</u>	<u>383,141</u>	<u>6,104,294</u>
Operating Income	<u>1,042,717</u>	<u>154,394</u>	<u>246,347</u>	<u>246,670</u>	<u>1,690,128</u>
Nonoperating Revenues (Expenses)					
Interest earnings	786	--	--	--	786
Interest expense	(409,257)	--	--	(136,372)	(545,629)
Total Nonoperating Expenses	<u>(408,471)</u>	<u>--</u>	<u>--</u>	<u>(136,372)</u>	<u>(544,843)</u>
Income Before Transfers	634,246	154,394	246,347	110,298	1,145,285
Transfers out	(93,230)	(93,230)	(129,830)	(27,960)	(344,250)
Change in Net Position	541,016	61,164	116,517	82,338	801,035
Net Position - Beginning, as previously reported	6,478,220	3,252,815	954,782	2,603,509	13,289,326
Prior period adjustment (See Note 12)	3,482	(6,163)	(5,062)	(294)	(8,037)
Net Position - Beginning, restated	<u>6,481,702</u>	<u>3,246,652</u>	<u>949,720</u>	<u>2,603,215</u>	<u>13,281,289</u>
Net Position - Ending	<u>\$ 7,022,718</u>	<u>\$ 3,307,816</u>	<u>\$ 1,066,237</u>	<u>\$ 2,685,553</u>	<u>\$ 14,082,324</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, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Cash Flows from Operating Activities					
Receipts from customers	\$ 3,832,895	\$ 1,183,923	\$ 1,864,473	\$ 618,425	\$ 7,499,716
Payments to suppliers	(1,933,316)	(530,605)	(709,988)	(167,940)	(3,341,849)
Payments to employees	(372,152)	(437,313)	(761,212)	(115,949)	(1,686,626)
Net Cash Provided by Operating Activities	<u>1,527,427</u>	<u>216,005</u>	<u>393,273</u>	<u>334,536</u>	<u>2,471,241</u>
Cash Flows from Noncapital Financing Activities					
Transfers out	(93,230)	(93,230)	(129,830)	(27,960)	(344,250)
Net Cash Used by Noncapital Financing Activities	<u>(93,230)</u>	<u>(93,230)</u>	<u>(129,830)</u>	<u>(27,960)</u>	<u>(344,250)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(1,030)	(78,995)	--	--	(80,025)
Principal payments	(832,659)	--	--	(273,149)	(1,105,808)
Interest expense and debt related costs	(413,610)	--	--	(137,824)	(551,434)
Net Cash Used by Capital and Related Financing Activities	<u>(1,247,299)</u>	<u>(78,995)</u>	<u>--</u>	<u>(410,973)</u>	<u>(1,737,267)</u>
Cash Flows from Investing Activities					
Interest earnings	786	--	--	--	786
Purchases of investments	(786)	--	--	--	(786)
Net Cash Provided by Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash	186,898	43,780	263,443	(104,397)	389,724
Cash - Beginning	<u>--</u>	<u>956,010</u>	<u>228,974</u>	<u>2,503,699</u>	<u>3,688,683</u>
Cash - Ending	<u>\$ 186,898</u>	<u>\$ 999,790</u>	<u>\$ 492,417</u>	<u>\$ 2,399,302</u>	<u>\$ 4,078,407</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, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 1,042,717	\$ 154,394	\$ 246,347	\$ 246,670	\$ 1,690,128
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	792,607	130,796	60,003	130,606	1,114,012
Changes in assets, liabilities and deferred inflows/outflows:					
(Increase) decrease in:					
Receivables	(379,364)	27,992	42,958	(11,386)	(319,800)
Prepaid items	(9,248)	1,956	12,060	(4,720)	48
Deferred outflows - pension/OPEB	(3,156)	(8,000)	(10,609)	(1,061)	(22,826)
Increase (decrease) in:					
Accounts payable	102,426	(102,044)	(5,368)	(37,075)	(42,061)
Accrued liabilities	(81,321)	4,366	14,613	6,888	(55,454)
Unearned revenue	--	6,472	--	--	6,472
Retainage payable	(1,235)	--	--	--	(1,235)
Compensated absences	1,340	1,251	2,026	511	5,128
Net pension liability	3,260	6,241	7,433	1,212	18,146
Total OPEB liability	1,239	3,525	6,234	(297)	10,701
Deferred inflows - pensions/OPEB	7,576	14,548	17,576	3,188	42,888
Deferred inflows - parking trust fund	--	(25,492)	--	--	(25,492)
Customer deposits	50,586	--	--	--	50,586
Total adjustments	484,710	61,611	146,926	87,866	781,113
Net Cash Provided by Operating Activities	<u>\$ 1,527,427</u>	<u>\$ 216,005</u>	<u>\$ 393,273</u>	<u>\$ 334,536</u>	<u>\$ 2,471,241</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2018

Assets

Money market funds	\$ 667,624
Certificates of deposit	29,676
U.S. Treasury securities	221,241
U.S. Government agency bonds	364,325
Municipal obligations	1,611,501
Corporate bonds	2,597,858
Mortgage backed securities	360,157
Equities	
Common stock and American depository receipts and exchange traded funds	9,171,029
Mutual funds	6,048,544
Real estate investment trusts	136,131
Master limited partnerships	675,305
Core real estate fund	<u>1,421,525</u>

Total Investments

23,304,916

Receivables

Interest and dividends	51,367
Employee contributions	19,269
Other receivables	<u>21,972</u>

Total Receivables

92,608

Prepaid Expenses

2,959

Total Assets

23,400,483

Liabilities and Net Position

Accounts payable	80,719
Refunds due to members	<u>10,388</u>

Total Liabilities

91,107

Net Position Restricted for Pension Benefits

\$ 23,309,376

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, 2018

Additions

Contributions

Plan members	\$ 459,190
Town	917,274
	<u>1,376,464</u>

Investment Income

Net appreciation in fair value of investments	1,098,341
Interest and dividends	591,178
	<u>1,689,519</u>
Less investment expenses	<u>(109,703)</u>

Net Investment Income 1,579,816

Total Additions 2,956,280

Deductions

Benefit payments	816,380
Refunds of contributions	2,736
Administrative expenses	120,389
	<u>939,505</u>

Total Deductions 939,505

Change in Net Position 2,016,775

Net Position Restricted for Pension Benefits- Beginning 21,292,601

Net Position Restricted for Pension Benefits - Ending \$ 23,309,376

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

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018

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, 2018

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*, a special revenue 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, 2018

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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

During the year ended September 30, 2018, The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. This statement includes financial reporting requirements and note disclosures for defined benefit OPEB plans that are not administered through trusts that meet specified criteria. This new guidance requires the restatement of the prior year net position. For additional information refer to Note 12.

E. 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2018.

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 2018 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, 2017. The amounts paid during fiscal year 2018 to the Plan will be reflected within the Town’s pension expense and related liability when the net pension liability is measured for the subsequent fiscal year. In addition, the Town reports a deferred outflow for its obligation for the total OPEB liability.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 three items that qualify for reporting in this category. A deferred inflow for pensions, OPEB 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2018

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 by 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, 2018, 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, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

As of September 30, 2018, the Town had the following investment subject to interest rate risk:

	Reported Value	Weighted Average Maturity
Investments		
Florida PRIME	\$ 3,612,063	72 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, 2018, the Town's portfolio did not have any investments subject to a concentration of credit risk, other than Florida PRIME.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018

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, 2018:

	<u>Reported Value</u>
Investments	
Money market funds	\$ 667,624
Certificates of deposit	29,676
U.S. Treasury securities	221,241
U.S. Government agency bonds	364,325
Municipal obligations	1,611,501
Corporate bonds	2,597,858
Mortgage backed securities	360,157
Equities	
Common stock and American depository receipts and exchange traded funds	9,171,029
Mutual funds	6,048,544
Real estate investment trusts	136,131
Master limited partnerships	675,305
Core real estate fund	<u>1,421,525</u>
Total	<u>\$ 23,304,916</u>

As of September 30, 2018, the Plan had the following investment types subject to interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Sector Distribution</u>
Corporate bonds	\$ 2,597,858	50.4%
Municipal obligations	1,611,501	31.3%
U.S. Government agency bonds	364,325	7.1%
U.S. Treasury securities	221,241	4.3%
Mortgage backed securities	<u>360,157</u>	7.0%
Total Fair Value	<u>\$ 5,155,082</u>	

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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	1.8%		AAA	2.7%
1-5	36.9%		AA	54.1%
5-10	22.5%		A	27.9%
10+	<u>38.7%</u>		BBB	13.5%
	<u>100.0%</u>		Not Rated	<u>1.8%</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, 2018, 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, 2018

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).

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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Fair Value Hierarchy (continued)

Money market funds are reported at amortized cost.

The following is a summary of the fair value hierarchy of investments as of September 30, 2018:

	Fair Value Measurements Using			
	9/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
U.S. Treasury securities	\$ 221,241	\$ --	\$ 203,499	\$ --
Corporate bonds	2,597,858	--	2,597,858	--
Municipal obligations	1,611,501	--	1,611,501	--
Mortgage backed securities	360,157	--	360,157	--
U.S. Government agency bonds	364,325	--	364,325	--
Total debt securities	<u>5,155,082</u>	<u>--</u>	<u>5,137,340</u>	<u>--</u>
Equity securities				
Common stock, ADR's, and ETF's	9,171,029	9,171,029	--	--
Mutual funds	6,048,544	6,048,544	--	--
Real Estate Investment Trusts	136,131	136,131	--	--
Total equity securities	<u>15,355,704</u>	<u>15,355,704</u>	<u>--</u>	<u>--</u>
Total investments at fair value	<u>20,510,786</u>	<u>15,355,704</u>	<u>5,137,340</u>	<u>--</u>
Investments Measured at Net Asset Value (NAV)				
Core real estate fund	1,421,525			
Master limited partnerships	675,305			
Total investments measured at NAV	<u>2,096,830</u>			
Money market funds (exempt)	667,624			
Certificates of deposit (exempt)	29,676			
Total investments	<u>\$ 23,304,916</u>			

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (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	Unfunded	Redemption	Redemption
	Value	Commitments	Frequency (if Currently Eligible)	Notice Period
Core Real Estate Fund ⁽¹⁾	\$ 1,421,525	\$ --	Quarterly	N/A
Master limited partnerships ⁽²⁾	\$ 675,305	\$ --	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, 2018 for the Town’s major and nonmajor funds, including the applicable allowances for uncollectible accounts, if any, are as follows:

	Nonmajor		Water	Municipal		Stormwater		Total
	General	Governmental	and Sewer	Parking	Sanitation	Utility		
Receivables								
Property taxes	\$ 31,073	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 31,073
Intergovernmental	149,769	132,002	--	--	--	--	--	281,771
Other	325,657	--	--	475,508	--	--	--	801,165
Accounts - billed	--	--	561,906	--	327,891	23,318	--	913,115
Accounts - unbilled	--	--	820,678	--	--	105,596	--	926,274
Gross receivables	506,499	132,002	1,382,584	475,508	327,891	128,914	--	2,953,398
Less: allowance for uncollectibles	--	--	--	--	--	--	--	--
Total Receivables, Net	\$ 506,499	\$ 132,002	\$ 1,382,584	\$ 475,508	\$ 327,891	\$ 128,914	\$ --	\$ 2,953,398

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018, was 4.8000 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, 2018, there were no material delinquent taxes.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the interfund balances as of September 30, 2018 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	\$ 567,449	51,671	\$ 1,214,525
Stormwater Utility Fund	1,096,671	--	--	1,096,671
	\$ 1,692,076	\$ 567,449	\$ 51,671	\$ 2,311,196

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	\$ 470,406	\$ 947,911
Building Fund	--	114,906
Capital Projects Fund	1,227,911	--
Tourism Fund (Nonmajor Fund)	--	180,000
Transportation Surtax Fund (Nonmajor Fund)	--	111,250
Water and Sewer Fund	--	93,230
Municipal Parking Fund	--	93,230
Sanitation Fund	--	129,830
Stormwater Utility Fund	--	27,960
Total Interfund Transfers	\$ 1,698,317	\$ 1,698,317

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, 2018

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	--	12,480	--	12,480
Total Capital Assets Not Being Depreciated	<u>1,461,229</u>	<u>12,480</u>	<u>--</u>	<u>1,473,709</u>
Capital Assets Being Depreciated				
Buildings	11,182,276	7,278	1,225	11,188,329
Machinery, furniture and equipment	2,943,071	326,485	68,768	3,200,788
Infrastructure	6,366,358	78,476	--	6,444,834
Total Capital Assets Being Depreciated	<u>20,491,705</u>	<u>412,239</u>	<u>69,993</u>	<u>20,833,951</u>
Less: Accumulated Depreciation for				
Buildings	2,534,923	279,475	--	2,814,398
Machinery, furniture and equipment	2,135,843	231,384	62,908	2,304,319
Infrastructure	1,758,543	334,613	--	2,093,156
Total Accumulated Depreciation	<u>6,429,309</u>	<u>845,472</u>	<u>62,908</u>	<u>7,211,873</u>
Total Capital Assets Being Depreciated, Net	<u>14,062,396</u>	<u>(433,233)</u>	<u>7,085</u>	<u>13,622,078</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,523,625</u>	<u>\$ (420,753)</u>	<u>\$ 7,085</u>	<u>\$ 15,095,787</u>
	Beginning Balances	Increase	Decrease	Ending Balances
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,358,011	\$ --	\$ --	\$ 1,358,011
Construction in progress	--	--	--	--
Total Capital Assets Not Being Depreciated	<u>1,358,011</u>	<u>--</u>	<u>--</u>	<u>1,358,011</u>
Capital Assets Being Depreciated				
Equipment	1,693,436	80,025	--	1,773,461
Infrastructure	29,228,018	--	--	29,228,018
Total Capital Assets Being Depreciated	<u>30,921,454</u>	<u>80,025</u>	<u>--</u>	<u>31,001,479</u>
Less: Accumulated Depreciation for				
Equipment	520,549	173,955	--	694,504
Infrastructure	5,666,057	940,057	--	6,606,114
Total Accumulated Depreciation	<u>6,186,606</u>	<u>1,114,012</u>	<u>--</u>	<u>7,300,618</u>
Total Capital Assets Being Depreciated, Net	<u>24,734,848</u>	<u>(1,033,987)</u>	<u>--</u>	<u>23,700,861</u>
Business-type Activities Capital Assets, Net	<u>\$ 26,092,859</u>	<u>\$ (1,033,987)</u>	<u>\$ --</u>	<u>\$ 25,058,872</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 137,404
Public safety	163,328
Physical environment	415,143
Leisure services	58,661
Transportation	<u>70,936</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 845,472</u>
Business-type Activities	
Water and sewer	\$ 792,606
Municipal parking	130,796
Sanitation	60,004
Stormwater utility	<u>130,606</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 1,114,012</u>

NOTE 7 – LONG TERM LIABILITIES

GOVERNMENTAL ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital lease	\$ 46,588	\$ --	\$ 43,677	\$ 2,911	\$ 2,911
Compensated absences	<u>356,434</u>	<u>340,543</u>	<u>296,611</u>	<u>400,366</u>	<u>40,037</u>
Total Governmental Activities	<u>\$ 403,022</u>	<u>\$ 340,543</u>	<u>\$ 340,288</u>	<u>\$ 403,277</u>	<u>\$ 42,948</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Capital lease	\$ 13,210	\$ --	\$ 13,210	\$ --	\$ --
Revenue bonds series 2011	8,638,620	--	657,505	7,981,115	688,540
State revolving loan	7,744,982	--	435,094	7,309,888	443,269
Compensated absences	112,841	51,568	46,440	117,969	11,797
Total Business-type Activities	<u>\$ 16,509,653</u>	<u>\$ 51,568</u>	<u>\$ 1,152,249</u>	<u>\$ 15,408,972</u>	<u>\$ 1,143,606</u>

The General Fund is typically used to liquidate the compensated absences, the Total OPEB Liability 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 \$9,993,644. 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.

Fiscal Year Ending September 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	828,033	237,216	1,065,249
2024-2026	4,197,719	469,682	4,667,401
Total	<u>\$ 7,981,115</u>	<u>\$ 2,012,529</u>	<u>\$ 9,993,644</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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 2018 fiscal year.

The principal total outstanding at September 30, 2018 is \$7,309,888. The loan is secured by the net water, sewer and stormwater revenues. Total debt service for fiscal year 2018 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.

Fiscal Year Ending September 30	Principal	Interest	Total
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	477,531	100,370	577,901
2024-2028	2,525,649	363,858	2,889,507
2029-2033	2,483,036	117,522	2,600,558
Total	\$ 7,309,888	\$ 1,069,682	\$ 8,379,570

CAPITAL LEASES

The Town entered into two separate lease agreements, at different dates, totaling approximately \$210,000 for the purpose of financing the acquisition of police vehicles. 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, 2018

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

CAPITAL LEASES (CONTINUED)

The first lease agreement, entered on November 7, 2013, was for the amount of \$82,559 with an applicable annual interest rate of 2.35%. The second 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>(598,984)</u>

Total Assets Acquired Under the Capital Lease \$ 88,398

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 are as follows:

Fiscal Year Ending September 30,	Amount
2019	<u>\$ 2,911</u>
Total minimum lease payments	2,911
Less: interest portion	<u>(9)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 2,902</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, 2018

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, 2017, the latest actuarial valuation, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	37
Inactive plan members entitled but not yet receiving benefits	5
Active plan members	<u>87</u>
Total Members	<u><u>129</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2016 actuarial valuation, totaled \$917,274 for the year ended September 30, 2018.

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 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, 2018. Two (2) general employees are currently participating in the DROP as of September 30, 2018. As of September 30, 2018, the balance in the DROP account was \$306,694. 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, 2018

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, 2018, using a measurement date of September 30, 2017 was as follows:

Total pension liability	\$ 23,887,133
Plan fiduciary net position	<u>(21,292,601)</u>
Net Pension Liability	<u>\$ 2,594,532</u>
Plan fiduciary net position as a percentage of the total pension liability	89.14%

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2016	<u>\$ 21,167,662</u>	<u>\$ 18,751,451</u>	<u>\$ 2,416,211</u>
Changes for the year:			
Service cost	1,052,014	--	1,052,014
Expected interest growth	1,646,114	--	1,646,114
Assumption changes	93,312	--	93,312
Benefit changes	282,066	--	282,066
Difference Between Actual and Expected Experience	297,252	--	297,252
Net investment income	--	2,017,750	(2,017,750)
Contributions - Town	--	797,359	(797,359)
Contributions - member	--	462,846	(462,846)
Administrative expenses	--	(85,518)	85,518
Benefit payments, including refunds of employee contributions	<u>(651,287)</u>	<u>(651,287)</u>	<u>--</u>
Net changes	<u>2,719,471</u>	<u>2,541,150</u>	<u>178,321</u>
Balances at September 30, 2017	<u>\$ 23,887,133</u>	<u>\$ 21,292,601</u>	<u>\$ 2,594,532</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, 2017
Actuarial valuation	October 1, 2016
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, 2018

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, 2017 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%	7.1%
International equity	10.0%	2.8%
Fixed income	25.0%	3.9%
Real estate	10.0%	5.7%
Cash	3.0%	0.7%

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, 2018

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	\$ 6,100,796	\$ 2,594,532	\$ (259,577)

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

For the fiscal year ended September 30, 2018, the Town recognized pension expense of \$449,340. In addition, the Town reports deferred outflows and inflows 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	\$ 379,549	\$ 24,249
Changes of assumptions or other inputs	353,091	
Net difference between projected and actual earnings on pension plan investment	--	\$ 408,196
Town contributions subsequent to the measurement date	917,274	--
Total	\$ 1,649,914	\$ 432,445

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2017 in the amount of \$917,274, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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
2019	\$ 118,197
2020	177,220
2021	(95,874)
2022	7,575
2023	80,478
Thereafter	<u>12,599</u>
Total	<u>\$ 300,195</u>

PAYABLE TO THE PENSION PLAN

At September 30, 2018, the Town reported a payable of \$19,269 for the outstanding amount of employee contributions to the pension plan required for the fiscal year ended September 30, 2018.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

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 is the legal authority for the Plan. The Plan has no assets and does not issue a separate financial report.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY

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.

EMPLOYEES COVERED BY BENEFIT TERMS

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees and beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>90</u>
Total Members	<u><u>92</u></u>

TOTAL OPEB LIABILITY

The Town’s total OPEB liability of \$552,728 was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	October 1, 2017
Measurement date	October 1, 2017
Actuarial value of assets	N/A - no plan assets
Inflation	2.50% - not explicitly used in valuation
Salary increases	4.0% - 8.0%

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (CONTINUED)

Discount rate	3.50%
Healthcare cost trend rates	Based on the Getzen Model starting at 7.5% gradually decreasing to an ultimate rate of 4.4% in 2040
Retirees' share of benefit-related costs	100% of blended health insurance premium rates - except of 0% by statute for certain conditions for Police Officers death and disability benefits.
Long-term expected rate of return, net of investment expense	N/A
Mortality	RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table (police officers), both with full generational improvements in mortality using scale BB

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2009 to September 30, 2014.

CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balance at September 30, 2017	<u>\$ 515,980</u>
Changes for the year:	
Service cost	65,712
Other recognized changes in net pension liability	
Interest	17,993
Difference between actual and expected experience	(12,840)
Assumption changes	(31,526)
Benefit payments and refunds	<u>(2,591)</u>
Net changes	<u>36,748</u>
Balance at September 30, 2018	<u><u>\$ 552,728</u></u>
Covered Employee Payroll	\$ 5,893,543

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the sensitivity of the Town’s total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact on the Town’s total OPEB liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at September 30, 2018:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 662,971	\$ 552,728	\$ 465,210

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the Town’s total OPEB liability, calculated using the 7.5% to 4.4% healthcare trend rate. The sensitivity analysis shows the impact on the Town’s total OPEB liability if the healthcare trend rate were 1.00% lower or 1.00% higher than the current healthcare trend rate at September 30, 2018:

	1% Decrease (6.5% to 3.4%)	Current Trend Rates (7.5% to 4.4%)	1% Increase (8.5% to 5.4%)
Total OPEB liability	\$ 442,196	\$ 552,728	\$ 701,321

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For fiscal year ended September 30, 2018, the Town recognized OPEB expense of \$85,514.

At September 30, 2018, the Town reports deferred outflows and inflows of resources related to the Plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	\$ 7,875	\$ 20,715
Changes of assumptions or other inputs	--	27,535
Expected benefit payments subsequent to the measurement date	2,826	--
Total	\$ 10,701	\$ 48,250

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The deferred outflow of resources, resulting from expected benefit payments subsequent to the measurement date (October 1, 2017) in the amount of \$2,876 will be recognized as a reduction in the Town's total OPEB liability in the subsequent fiscal year. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2019	\$ (5,616)
2020	(5,616)
2021	(5,616)
2022	(5,616)
2023	(5,616)
Thereafter	<u>(12,295)</u>
Total	<u>\$ (40,375)</u>

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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

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

LITIGATION

The Town is a defendant in various lawsuits incidental to its operations. It is the opinion of Town Management and Town Legal Counsel, that the ultimate resolution of 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 Building Fund, expenditures for general government operating expenditures exceeded appropriations by \$36,274. This was covered by excess of revenues over appropriations.

NOTE 12– PRIOR PERIOD ADJUSTMENT

The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. This statement includes financial reporting requirements and note disclosures for defined benefit OPEB plans that are not administered through trusts that meet specified criteria. This new guidance requires the restatement of the prior year net position. Therefore, in accordance with the requirements of GASB No. 75, below are the restated balances of net position as of September 30, 2017:

Restatement	Governmental Activities	Business-Type Activities					Business-type Activities Total	Town Total
		Water and Sewer Fund	Municipal Parking Fund	Sanitation Fund	Stormwater Utility Fund			
Net position as of September 30, 2017 (as previously reported)	\$ 25,892,854	\$ 6,478,220	\$ 3,252,815	\$ 954,782	\$ 2,603,509	\$ 13,289,326	\$ 237,618,998	
Eliminate OPEB obligation (GASB 45)	365,164	13,799	7,058	26,363	360	47,580	412,744	
Recording of Total OPEB Liability (GASB 75)	(460,363)	(10,317)	(13,221)	(31,425)	(654)	(55,617)	(515,980)	
Total Restatement	<u>(95,199)</u>	<u>3,482</u>	<u>(6,163)</u>	<u>(5,062)</u>	<u>(294)</u>	<u>(8,037)</u>	<u>(103,236)</u>	
Net Position as of September 30, 2017 (Restated)	<u>\$ 25,797,655</u>	<u>\$ 6,481,702</u>	<u>\$ 3,246,652</u>	<u>\$ 949,720</u>	<u>\$ 2,603,215</u>	<u>\$ 13,281,289</u>	<u>\$ 39,078,944</u>	

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 9,806,091	\$ 9,806,091	\$ 9,626,611	\$ (179,480)
Resort taxes	1,614,433	1,877,061	2,054,141	177,080
Utility taxes	572,000	572,000	683,659	111,659
Communications services tax	220,559	220,559	233,373	12,814
Franchise taxes	442,000	442,000	490,095	48,095
Licenses and permits	98,500	98,500	124,200	25,700
Intergovernmental	674,282	674,282	726,081	51,799
Charges for services	279,000	279,000	311,850	32,850
Fines and forfeitures	184,000	351,089	324,226	(26,863)
Interest earnings	17,500	17,500	64,623	47,123
Miscellaneous	219,325	339,325	473,848	134,523
Total Revenues	<u>14,127,690</u>	<u>14,677,407</u>	<u>15,112,707</u>	<u>435,300</u>
Expenditures				
Current:				
General government:				
Legislative	99,055	84,055	68,262	15,793
Town attorney	494,817	450,920	424,319	26,601
Executive	803,822	863,839	776,691	87,148
Planning & code compliance	470,168	486,048	476,730	9,318
Finance & IT	857,648	953,300	860,140	93,160
Town clerk	352,890	352,890	329,873	23,017
Non-departmental	589,296	383,509	226,868	156,641
Public safety	5,531,739	5,724,264	5,454,023	270,241
Public works	1,572,745	1,740,057	1,528,912	211,145
Leisure services	2,066,444	2,169,206	2,106,234	62,972
Total Expenditures	<u>12,838,624</u>	<u>13,208,088</u>	<u>12,252,052</u>	<u>956,036</u>
Excess of Revenues over Expenditures	<u>1,289,066</u>	<u>1,469,319</u>	<u>2,860,655</u>	<u>1,391,336</u>
Other Financing Sources (Uses)				
Transfers in	470,406	470,406	470,406	--
Transfers out	(947,911)	(947,911)	(947,911)	--
Total Other Financing Uses	<u>(477,505)</u>	<u>(477,505)</u>	<u>(477,505)</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ 811,561</u>	<u>\$ 991,814</u>	<u>\$ 2,383,150</u>	<u>\$ (520,736)</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ --</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Building permits	\$ 1,646,000	2,130,075	\$ 2,158,121	\$ 28,046
Other revenues	10,000	10,000	--	(10,000)
Miscellaneous	1,000	1,000	2,176	1,176
Total Revenues	<u>1,657,000</u>	<u>2,141,075</u>	<u>2,160,297</u>	<u>19,222</u>
Expenditures				
Current:				
General government:				
Operating expenses	991,537	991,537	1,027,811	(36,274)
Capital Outlay	90,000	90,000	--	90,000
Total Expenditures	<u>1,081,537</u>	<u>1,081,537</u>	<u>1,027,811</u>	<u>53,726</u>
Excess of Revenues over Expenditures	<u>575,463</u>	<u>1,059,538</u>	<u>1,132,486</u>	<u>72,948</u>
Other Financing Sources (Uses)				
Transfers out	(114,906)	(114,906)	(114,906)	--
Total Other Financing Sources (Uses)	<u>(114,906)</u>	<u>(114,906)</u>	<u>(114,906)</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ 460,557</u>	<u>\$ 944,632</u>	<u>\$ 1,017,580</u>	<u>\$ (34,504)</u>
Appropriated Beginning Fund Balance	<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, 2018

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets for the general fund, building fund and proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States. The Town prepares a budget for its capital projects fund; however, this budget is prepared as a project budget and not as an annually appropriated budget.

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

Budgets are monitored at the department level. Budgetary control over expenditures, including capital outlay and transfers, is maintained at the fund level whereby management cannot transfer or over expend appropriations at the individual fund level.

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

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

If during the course of the fiscal year, it becomes evident that a particular fund is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption. All necessary supplemental appropriations are adopted by the Town Commission as part of the budget review process and are included in the Final Budget columns on the budgetary comparison schedule. There were supplemental appropriations in the general fund of approximately \$369,000 for the fiscal year ended September 30, 2018. There were no supplemental appropriations in the Building Fund for the fiscal year ended September 30, 2018.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE TOWN'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Measurement Date, September 30,	2017
Total OPEB Liability	
Service cost	\$ 65,712
Other recognized changes in net pension liability:	
Difference between actual and expected experience	(12,840)
Benefit payments and refunds	(2,591)
Interest	17,993
Assumption changes	<u>(31,526)</u>
Net Change in Total OPEB Liability	36,748
Total OPEB Liability - Beginning	<u>515,980</u>
Total OPEB Liability - Ending	<u>\$ 552,728</u>
Covered-Employee Payroll	\$ 5,893,543
Total OPEB Liability as a Percentage of Covered-Employee Payroll	29.10%

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

Measurement Date, September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,002,537	\$ 1,052,014	\$ 932,365	\$ 901,998	\$ 888,988
Interest	1,745,881	1,646,114	1,458,652	1,336,817	1,227,596
Benefit changes	--	282,066	--	--	35,244
Difference between actual and expected experience	(348,726)	297,252	(35,527)	100,031	170,264
Changes of assumptions	--	93,312	402,653	--	--
Benefit payments, including refunds of member contributions	(819,116)	(651,287)	(602,692)	(665,019)	(545,746)
Net Change in Total Pension Liability	1,580,576	2,719,471	2,155,451	1,673,827	1,776,346
Total Pension Liability - Beginning	23,887,133	21,167,662	19,012,211	17,338,384	15,562,038
Total Pension Liability - Ending (a)	<u>\$ 25,467,709</u>	<u>\$ 23,887,133</u>	<u>\$ 21,167,662</u>	<u>\$ 19,012,211</u>	<u>\$ 17,338,384</u>
Plan Fiduciary Net Position					
Contributions - Town	\$ 917,274	\$ 797,359	\$ 757,304	\$ 727,022	\$ 631,584
Contributions - Members	459,190	462,846	383,619	387,678	349,600
Net Investment income	1,579,816	2,017,750	1,850,415	(128,796)	1,396,431
Benefit payments, including refunds of member contributions	(819,116)	(651,287)	(602,690)	(665,019)	(545,746)
Administrative expense	(120,389)	(85,518)	(130,686)	(85,426)	(80,194)
Net Change in Plan Fiduciary Net Position	2,016,775	2,541,150	2,257,962	235,459	1,751,675
Plan Fiduciary Net Position - Beginning	21,292,601	18,751,451	16,493,489	16,258,030	14,506,355
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,309,376</u>	<u>\$ 21,292,601</u>	<u>\$ 18,751,451</u>	<u>\$ 16,493,489</u>	<u>\$ 16,258,030</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,158,333</u>	<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	91.53%	89.14%	88.59%	86.75%	93.77%
Covered Payroll	\$ 5,849,505	\$ 5,766,823	\$ 5,710,172	\$ 5,321,296	\$ 5,103,795
Net Pension Liability as a Percentage of Covered-Payroll	36.90%	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 Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2018	917,274	917,274	--	5,849,505	15.68%

Notes to the schedule

Valuation date: October 1, 2016

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, 2018:

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 Scale AA.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

TOWN OF SURFSIDE, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Assets				
Cash	\$ 337,655	\$ 765,035	\$ 203,080	\$ 1,305,770
Investments	--	--	12,860	12,860
Receivables	53,595	78,407	--	132,002
Prepaid items	2,899	--	--	2,899
Total Assets	<u>\$ 394,149</u>	<u>\$ 843,442</u>	<u>\$ 215,940</u>	<u>\$ 1,453,531</u>
Liabilities				
Accounts payable	\$ 34,168	\$ 12,701	\$ 4,742	\$ 51,611
Accrued liabilities	1,768	--	--	1,768
Due to other funds	--	567,449	51,671	619,120
Unearned revenue	1,900	--	--	1,900
Total Liabilities	<u>37,836</u>	<u>580,150</u>	<u>56,413</u>	<u>674,399</u>
Fund Balances				
Non-spendable:				
Prepaid items	2,899	--	--	2,899
Restricted for:				
Tourism	353,414	--	--	353,414
Transportation surtax	--	263,292	--	263,292
Police forfeiture	--	--	159,527	159,527
Total Fund Balances	<u>356,313</u>	<u>263,292</u>	<u>159,527</u>	<u>779,132</u>
Total Liabilities and Fund Balances	<u>\$ 394,149</u>	<u>\$ 843,442</u>	<u>\$ 215,940</u>	<u>\$ 1,453,531</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, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Revenues				
Resort taxes	\$ 1,058,077	\$ --	\$ --	\$ 1,058,077
Intergovernmental	--	234,500	--	234,500
Fines and forfeitures	--	--	34,280	34,280
Interest earnings	--	--	242	242
Miscellaneous	9,300	--	--	9,300
Total Revenues	<u>1,067,377</u>	<u>234,500</u>	<u>34,522</u>	<u>1,336,399</u>
Expenditures				
General Government	998,381	--	--	998,381
Public safety	--	--	31,093	31,093
Transportation	--	248,321	--	248,321
Capital outlay	2,563	--	8,835	11,398
Total Expenditures	<u>1,000,944</u>	<u>248,321</u>	<u>39,928</u>	<u>1,289,193</u>
Excess (Deficiency) of Revenues Over Expenditures	66,433	(13,821)	(5,406)	47,206
Other Financing Uses				
Transfers out	(180,000)	(111,250)	--	(291,250)
Net Change in Fund Balances	(113,567)	(125,071)	(5,406)	(244,044)
Fund Balances - Beginning	<u>469,880</u>	<u>388,363</u>	<u>164,933</u>	<u>1,023,176</u>
Fund Balances - Ending	<u>\$ 356,313</u>	<u>\$ 263,292</u>	<u>\$ 159,527</u>	<u>\$ 779,132</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Resort taxes	\$ 829,617	964,974	\$ 1,058,077	\$ 93,103
Miscellaneous	10,500	10,500	9,300	(1,200)
Total Revenues	<u>840,117</u>	<u>975,474</u>	<u>1,067,377</u>	<u>91,903</u>
Expenditures				
Current:				
General government	901,553	1,034,427	998,381	36,046
Capital outlay	--	--	2,563	(2,563)
Total Expenditures	<u>901,553</u>	<u>1,034,427</u>	<u>1,000,944</u>	<u>33,483</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(61,436)</u>	<u>(58,953)</u>	<u>66,433</u>	<u>125,386</u>
Other Financing Uses				
Transfers out	<u>(180,000)</u>	<u>(180,000)</u>	<u>(180,000)</u>	<u>--</u>
Net Changes in Fund Balance	<u>\$ (241,436)</u>	<u>\$ (238,953)</u>	<u>\$ (113,567)</u>	<u>\$ 125,386</u>
Appropriated Beginning Fund Balance	<u>\$ 241,436</u>	<u>\$ 238,953</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 223,000	\$ 223,000	\$ 234,500	\$ 11,500
Total Revenues	<u>223,000</u>	<u>223,000</u>	<u>234,500</u>	<u>11,500</u>
Expenditures				
Current:				
Transportation	273,000	273,000	248,321	24,679
Capital outlay	<u>50,000</u>	<u>109,046</u>	<u>--</u>	<u>109,046</u>
Total Expenditures	<u>323,000</u>	<u>382,046</u>	<u>248,321</u>	<u>133,725</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(100,000)</u>	<u>(159,046)</u>	<u>(13,821)</u>	<u>(145,225)</u>
Other Financing Uses				
Transfers out	<u>(111,250)</u>	<u>(111,250)</u>	<u>(111,250)</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ (211,250)</u>	<u>\$ (270,296)</u>	<u>\$ (125,071)</u>	<u>\$ 145,225</u>
Appropriated Beginning Fund Balance	<u>\$ 211,250</u>	<u>\$ 270,296</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ --	\$ 30,032	\$ 34,280	\$ 4,248
Miscellaneous	--	--	242	242
Total Revenues	<u>--</u>	<u>30,032</u>	<u>34,522</u>	<u>4,490</u>
Expenditures				
Current:				
Public safety	73,192	73,192	31,093	42,099
Capital outlay	5,000	5,000	8,835	(3,835)
Total Expenditures	<u>78,192</u>	<u>78,192</u>	<u>39,928</u>	<u>38,264</u>
Net Change in Fund Balance	<u>\$ (78,192)</u>	<u>\$ (48,160)</u>	<u>\$ (5,406)</u>	<u>\$ 42,754</u>
Appropriated Beginning Fund Balance	<u>\$ 78,192</u>	<u>\$ 48,160</u>		

STATISTICAL SECTION

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

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

Contents

Exhibits

Financial Trends

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

I - XII

Revenue Capacity

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

XIII - XVII

Debt Capacity

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

XVIII - XX

Demographic and Economic Information

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

XXI - XXIV

Operating Information

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

XXV

Data Source:

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

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

	For the Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
General government	\$ 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	\$ 5,487,973
Public safety	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	5,803,057
Public works	961,381	803,147	829,383	980,590	1,034,890	1,266,810	1,516,329	1,487,590	1,519,141	1,842,003
Leisure services	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	2,115,577
Tourism development	-	-	-	-	-	-	-	381,891	-	-
Transportation	114,121	105,682	124,500	138,815	168,417	209,373	271,284	3,213	254,825	319,257
Interest	-	-	-	4,754	6,045	5,787	5,475	-	1,869	583
Total Expenses	9,571,841	8,185,452	8,984,938	10,352,161	10,937,233	11,503,818	13,200,729	13,573,120	14,903,350	15,568,450
Program Revenues:										
Charges for services:										
General government	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974	1,003,521	1,233,195	2,115,144	2,594,171
Public safety	199,614	-	479,795	626,372	645,803	777,293	940,380	1,140,065	1,546,610	324,226
Leisure services	123,327	144,757	166,570	387,170	404,443	608,316	601,904	639,875	707,641	1,058,077
Transportation	-	-	516	-	-	-	-	-	-	-
Operating grants and contributions	269,317	382,635	401,300	245,305	271,588	523,432	277,331	301,052	290,689	268,780
Capital grants and contributions	-	-	1,275	-	350,000	1,395,000	141,217	554,446	170,000	471,250
Total Program Revenues	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	4,716,504
Net (Expense) Revenue	(8,781,079)	(7,283,504)	(7,475,933)	(7,818,368)	(7,869,406)	(5,993,803)	(10,236,376)	(9,704,487)	(10,073,266)	(10,851,946)
General Revenues:										
Taxes:										
Property taxes	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	9,626,611
Resort taxes	366,867	390,873	435,175	344,063	343,733	677,079	1,154,041	1,226,351	1,374,357	2,054,141
Franchise fees based on gross receipts	416,728	414,835	416,277	399,621	394,613	442,572	451,450	424,878	468,525	490,095
Utility taxes	66,825	120,307	470,350	471,994	503,592	553,407	568,462	577,872	630,568	683,659
Communications services tax	385,486	343,440	353,667	325,102	298,019	282,169	268,859	234,542	220,848	233,373
Unrestricted intergovernmental revenues	862,137	905,255	657,120	639,582	638,944	681,956	713,914	717,252	718,484	726,081
Unrestricted investment earnings (losses)	(36,049)	98,208	37,368	62,782	30,399	-	28,783	26,988	38,709	69,061
Miscellaneous	81,280	56,481	138,283	205,832	241,930	396,138	613,367	571,559	532,619	485,324
Total General Revenues	8,468,995	7,653,127	8,127,734	7,713,363	7,708,956	8,693,872	10,325,143	11,055,908	12,151,439	14,368,345
Net Transfers In (Out)	121,893	208,502	212,172	26,329	402,278	189,770	(19,272)	442,008	326,884	344,250
Total General Revenues and Net Transfers	8,590,888	7,861,629	8,339,906	7,739,692	8,111,234	8,883,642	10,305,871	11,497,916	12,478,323	14,712,595
Change in Net Position	\$ (190,191)	\$ 578,125	\$ 863,973	\$ (78,676)	\$ 241,828	\$ 2,889,839	\$ 69,495	\$ 1,793,429	\$ 2,405,057	\$ 3,860,649

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
General government	29.7%	29.4%	31.1%	30.1%	32.5%	28.9%	26.0%	24.3%	32.2%	35.3%
Public safety	42.8%	46.3%	45.6%	42.7%	40.3%	43.5%	42.6%	43.3%	42.3%	37.3%
Public works	10.0%	9.8%	9.2%	9.5%	9.5%	11.0%	11.5%	11.0%	10.2%	11.8%
Leisure services	16.3%	13.3%	12.7%	16.3%	16.2%	14.7%	17.8%	18.7%	13.5%	13.6%
Tourism development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%	0.0%	0.0%
Transportation	1.2%	1.3%	1.4%	1.4%	1.5%	1.8%	2.1%	0.1%	1.8%	2.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Charges for services:										
General government	25.1%	41.5%	30.5%	50.3%	45.5%	40.0%	33.9%	31.9%	43.8%	55.0%
Public safety	25.2%	0.0%	31.8%	24.7%	21.1%	14.1%	31.7%	29.5%	32.0%	6.9%
Leisure services	15.6%	16.0%	11.0%	15.3%	13.2%	11.0%	20.3%	16.5%	14.7%	22.4%
Operating grants and contributions	34.1%	42.5%	26.7%	9.7%	8.9%	9.6%	9.5%	7.9%	6.1%	5.7%
Capital grants and contributions	0.0%	0.0%	0.0%	0.0%	11.4%	25.3%	4.8%	14.3%	3.4%	10.0%
Total Program Revenues	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Taxes:										
Property taxes	74.7%	69.6%	69.1%	68.3%	68.2%	65.1%	63.2%	65.8%	67.2%	67.0%
Resort taxes	4.3%	5.1%	5.4%	4.5%	4.5%	7.8%	11.2%	11.1%	11.3%	14.3%
Franchise fees based on gross receipts	4.9%	5.4%	5.1%	5.2%	5.1%	5.1%	4.4%	3.8%	3.9%	3.4%
Utility taxes	0.8%	1.6%	5.8%	6.1%	6.5%	6.4%	5.5%	5.2%	5.2%	4.8%
Communications services tax	4.6%	4.5%	4.4%	4.2%	3.9%	3.2%	2.6%	2.1%	1.8%	1.6%
Unrestricted intergovernmental revenues	10.2%	11.8%	8.1%	8.3%	8.3%	7.8%	6.9%	6.5%	5.9%	5.1%
Unrestricted investment earnings (losses)	-0.4%	1.3%	0.5%	0.8%	0.4%	0.0%	0.3%	0.2%	0.3%	0.5%
Miscellaneous	0.9%	0.7%	1.6%	2.6%	3.1%	4.6%	5.9%	5.3%	4.4%	3.3%
Total General Revenues	99.9%	100.0%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

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

Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Water and sewer	\$ 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	\$ 3,528,213
Municipal parking	174,680	222,108	368,497	622,208	888,502	898,121	954,129	1,095,550	1,056,670	1,027,029
Sanitation	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	1,575,168
Stormwater utility	128,910	114,086	122,207	130,323	144,999	349,434	471,517	492,599	499,783	519,513
Total Expenses	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	6,649,923
Program Revenues:										
Charges for services:										
Water and sewer	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	4,161,673
Municipal parking	394,975	404,293	679,970	893,026	1,056,467	1,028,740	1,047,506	1,086,763	1,131,024	1,181,423
Sanitation	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	1,821,515
Stormwater utility	243,775	247,002	501,655	502,972	499,705	497,300	493,107	507,827	531,309	629,811
Capital grants and contributions	-	-	567,710	276,844	1,086,000	-	-	-	-	-
Total Program Revenues	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	7,794,422
Net (Expense) Revenue	865,714	1,137,659	2,524,869	2,121,767	2,510,334	128,987	604,766	136,154	417,537	1,144,499
General Revenues:										
Investment earnings	2,569	15,622	15,130	14,790	(13,811)	139	1,406	220	440	786
Capital contributions	-	108,947	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	2,361	-	-	-	-
Net Transfers	(121,893)	(208,502)	(212,172)	(26,329)	(402,278)	(189,770)	19,272	(442,008)	(326,884)	(344,250)
Total General Revenues	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	20,678	(441,788)	(326,444)	(343,464)
Change in Net Position	\$ 746,390	\$ 1,053,726	\$ 2,327,827	\$ 2,110,228	\$ 2,094,245	\$ (58,283)	\$ 625,444	\$ (305,634)	\$ 91,093	\$ 801,035

Data Source:

Applicable years' comprehensive annual financial report.

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

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

	For the Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities	\$ 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	\$ 15,568,450
Business-type activities	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	6,649,923
Total Expenses	12,563,487	11,461,853	12,317,301	13,908,273	14,940,059	17,000,076	18,948,556	19,764,652	21,313,111	22,218,373
Program Revenues:										
Governmental activities	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	4,716,504
Business-type activities	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	7,794,422
Total Program Revenues	4,648,122	5,316,008	7,366,237	8,211,672	9,580,987	11,171,093	9,316,946	10,196,319	11,657,382	12,510,926
Net (Expense) Revenue	(7,915,365)	(6,145,845)	(4,951,064)	(5,696,601)	(5,359,072)	(5,828,983)	(9,631,610)	(9,568,333)	(9,655,729)	(9,707,447)
General Revenues and Transfers:										
Governmental activities	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	14,712,595
Business-type activities	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)	(187,270)	20,678	(441,788)	(326,444)	(343,464)
Total General Revenues	8,471,564	7,777,696	8,142,864	7,728,153	7,695,145	8,660,539	10,326,549	11,056,128	12,151,879	14,369,131
Change in Net Position	\$ 556,199	\$ 1,631,851	\$ 3,191,800	\$ 2,031,552	\$ 2,336,073	\$ 2,831,556	\$ 694,939	\$ 1,487,795	\$ 2,496,150	\$ 4,661,684

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 15,092,876
Restricted	724,122	667,360	542,516	416,070	364,115	736,441	893,489	859,426	1,023,176	776,233
Unrestricted	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	13,789,195
Subtotal Governmental Activities Net Position	17,667,236	18,245,361	19,109,334	19,030,658	19,272,486	22,162,325	21,694,368	23,487,797	25,892,854	29,658,304
Business-type Activities										
Net investment in capital assets	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	9,767,869
Restricted	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	2,112,459
Unrestricted	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	2,201,996
Subtotal Business-type Activities Net Position	5,407,589	6,461,315	8,789,142	10,899,370	12,993,615	12,935,332	13,503,867	13,198,233	13,289,326	14,082,324
Primary Government										
Net investment in capital assets	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	24,860,745
Restricted	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	2,888,692
Unrestricted	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	15,991,191
Total Primary Government Net Position	\$ 23,074,825	\$ 24,706,676	\$ 27,898,476	\$ 29,930,028	\$ 32,266,101	\$ 35,097,657	\$ 35,198,235	\$ 36,686,030	\$ 39,182,180	\$ 43,740,628

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,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue Source	For the Fiscal Year Ended September 30,									
Taxes	\$ 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	\$ 14,145,956
Intergovernmental	1,131,454	745,540	967,988	830,878	844,891	1,126,412	942,305	947,680	947,223	960,581
Licenses and permits	198,504	374,556	459,549	1,274,946	1,395,993	2,205,974	715,657	939,870	1,826,399	2,282,321
Charges for services	123,327	144,757	166,183	207,563	224,177	254,554	287,864	293,325	288,745	311,850
Fines and forfeitures	199,614	190,243	570,227	678,567	711,444	856,269	989,320	1,210,689	1,608,560	358,506
Developer fees		-	-	-	350,000	1,395,000	76,980	554,446	170,000	471,250
Investment earnings	(36,049)	103,576	39,545	58,819	30,399	-	28,783	26,988	38,709	69,061
Miscellaneous	96,289	59,781	138,283	211,636	244,234	399,359	615,872	571,559	532,619	485,324
Total Revenues	\$ 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	\$ 19,084,849
% change from prior year	-4.1%	-7.8%	12.6%	6.3%	5.2%	31.8%	-6.9%	12.8%	13.8%	
Percentage of Total										
Taxes	81.5%	81.1%	75.7%	68.2%	64.7%	56.1%	72.4%	69.5%	68.1%	74.1%
Intergovernmental	12.2%	8.7%	10.0%	8.1%	7.8%	7.9%	7.1%	6.3%	5.6%	5.0%
Licenses and permits	2.1%	4.4%	4.8%	12.4%	13.0%	15.5%	5.4%	6.3%	10.8%	12.0%
Charges for services	1.3%	1.7%	1.7%	2.0%	2.1%	1.8%	2.2%	2.0%	1.7%	1.6%
Fines and forfeitures	2.3%	2.2%	5.9%	6.6%	6.6%	6.0%	7.5%	8.1%	9.5%	1.9%
Developer fees	0.0%	0.0%	0.0%	0.0%	3.2%	9.8%	0.6%	3.7%	1.0%	2.5%
Investment earnings	-0.4%	1.2%	0.4%	0.6%	0.3%	0.0%	0.2%	0.2%	0.2%	0.4%
Miscellaneous	1.0%	0.7%	1.4%	2.1%	2.3%	2.9%	4.7%	3.9%	3.1%	2.5%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:
Applicable years' comprehensive annual financial report.

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

For The Fiscal Year Ended September 30,	Property	Resort	Utility	Franchise	Communications Service	Total
Amounts						
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
2018	9,626,611	3,112,218	683,659	490,095	233,373	14,145,956
% Change in Dollars Over 10 Years	52.2%	748.3%	923.1%	17.6%	-39.5%	87.1%
Percentage of Total						
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%	4.7%	100.0%
2013	75.3%	7.5%	7.2%	5.7%	4.3%	100.0%
2014	71.0%	12.9%	6.9%	5.6%	3.5%	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%
2018	68.1%	22.0%	4.8%	3.5%	1.6%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

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

For the Fiscal Year Ended September 30,										
Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current:										
General government	\$ 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	\$ 5,199,112
Public safety	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	5,330,264
Public works	855,526	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789	1,100,787	1,407,757
Leisure services	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	2,034,275
Transportation	99,476	91,037	106,292	117,044	123,254	142,272	174,620	310,767	183,890	248,321
Total Current	9,038,524	7,728,448	8,211,414	9,428,240	10,526,321	10,687,100	12,323,308	12,599,883	13,859,005	14,219,729
<i>% Change From Prior Year</i>	-5.9%	-14.5%	6.2%	14.8%	11.6%	1.5%	15.3%	2.2%	10.0%	2.6%
Capital Outlay										
	611,486	877,372	5,157,666	650,979	591,077	1,619,235	1,806,345	262,468	800,581	425,644
<i>% Change From Prior Year</i>	-67.9%	43.5%	487.9%	-87.4%	-9.2%	173.9%	11.6%	-85.5%	205.0%	-46.8%
Debt Service										
Principal	-	-	-	72,944	123,380	138,236	169,279	100,013	54,638	43,677
Interest	-	-	-	4,754	6,045	5,787	5,475	3,213	1,869	583
Total Debt Service	-	-	-	77,698	129,425	144,023	174,754	103,226	56,507	44,260
<i>% Change From Prior Year</i>	0.0%	0.0%	0.0%	100.0%	66.6%	11.3%	21.3%	-40.9%	-45.3%	-21.7%
Total Expenditures	\$ 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	\$ 14,689,633
<i>% Change From Prior Year</i>	-16.2%	-10.8%	55.3%	-24.0%	10.7%	10.7%	14.9%	-9.4%	13.5%	-0.2%
Debt Service as a % of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	1.2%	1.2%	1.5%	0.8%	0.4%	0.3%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current:										
General government	\$ 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	\$ 5,199,112
Public safety	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	5,330,264
Physical environment	855,526	695,642	720,888	873,549	925,189	1,000,599	1,190,022	1,113,789	1,100,787	1,407,757
Leisure services	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	2,034,275
Transportation	99,476	91,037	106,292	117,044	123,254	142,272	174,620	310,767	183,890	248,321
Total Current	\$ 9,038,524	\$ 7,728,448	\$ 8,211,414	\$ 9,428,240	\$10,526,321	\$ 10,687,100	\$ 12,323,308	\$ 12,599,883	\$ 13,859,005	\$ 14,219,729
Percentage of Total										
Current:										
General government	29.9%	30.0%	28.1%	30.9%	32.2%	28.7%	26.3%	25.1%	33.2%	36.6%
Public safety	43.5%	47.2%	48.2%	42.3%	42.8%	45.3%	44.0%	44.1%	43.5%	37.5%
Physical environment	9.5%	9.0%	8.8%	9.3%	8.8%	9.4%	9.7%	8.8%	7.9%	9.9%
Leisure services	16.1%	12.6%	13.7%	16.2%	15.0%	15.2%	18.6%	19.5%	14.0%	14.3%
Transportation	1.1%	1.0%	1.3%	1.2%	1.3%	1.3%	1.4%	2.5%	1.3%	1.7%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Revenues	\$ 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	\$ 19,084,849
Total Expenditures	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	14,689,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	(375,244)	(50,744)	(3,732,342)	90,239	(467,736)	1,756,750	(1,076,643)	1,958,964	2,265,430	4,395,216
Other Financing Sources (Uses)										
Inception of capital leases	-	-	-	500,074	-	82,559	127,784	-	-	-
Transfers in	232,878	5,239,461	356,532	394,565	411,560	654,770	1,034,191	661,092	1,488,099	1,698,317
Transfers out	(110,985)	(5,030,959)	(144,360)	(368,236)	(9,282)	(465,000)	(1,053,463)	(219,084)	(1,161,215)	(1,354,067)
Total Other Financing Sources (Uses)	121,893	208,502	212,172	526,403	402,278	272,329	108,512	442,008	326,884	344,250
Net Change in Fund Balances	\$ (253,351)	\$ 157,758	\$ (3,520,170)	\$ 616,642	\$ (65,458)	\$ 2,029,079	\$ (968,131)	\$ 2,400,972	\$ 2,592,314	\$ 4,739,466

Data Source:

Applicable years' comprehensive annual financial report.

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

	September 30,
	2009
General Fund	
Reserved	\$ 117,013
Unreserved	7,178,522
	7,295,535
Total General Fund	7,295,535
 <i>General Fund % Change</i>	
<i>From Prior Year</i>	5.9%
 All Other Governmental Funds	
Reserved ¹	-
Unreserved	
Special Revenue Funds	724,122
Capital Projects Funds	541,340
	1,265,462
Total All Other Governmental Funds	1,265,462
 <i>All Other Governmental Funds</i>	
<i>% Change From Prior Year</i>	-34.3%
 Total Governmental Funds	
Reserved	117,013
Unreserved	8,443,984
	8,560,997
Total Governmental Funds	\$ 8,560,997
 <i>All Governmental Funds</i>	
<i>% Change From Prior Year</i>	-2.9%

Notes:

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2010 (see Exhibit XII). The Town did

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Fund Balances - Governmental Funds
Fiscal Years 2010 - 2018
(modified accrual basis of accounting)

	September 30,								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:									
Assigned to:									
Emergencies and cash flows	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 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	116,363
Asset held for resale	188,000	-	-	-	-	-	-	-	-
Unassigned	867,867	2,051,608	3,121,636	3,151,275	4,204,273	3,722,284	5,170,003	6,460,802	8,902,050
Total General Fund	3,163,038	4,256,315	5,266,374	5,304,042	6,366,391	5,905,726	7,368,408	8,635,263	11,018,413
General Fund % Change From Prior Year	-56.5%	34.6%	23.7%	0.7%	20.0%	-7.2%	24.8%	17.2%	27.6%
All Other Governmental Funds:									
Nonspendable:									
Prepaid items	-	-	-	-	222	2,250	6,154	-	5,798
Restricted for:									
Tourism	179,035	184,867	171,496	94,497	180,075	339,396	363,407	469,880	353,414
Transportation surtax	416,500	239,760	122,302	131,475	396,740	440,662	354,264	388,363	263,292
Police forfeiture	71,825	117,889	122,272	138,143	159,626	113,431	141,755	164,933	159,527
Committed to:									
Capital projects	4,201,479	-	-	-	-	-	-	-	-
Assigned to:									
Capital projects	686,878	399,754	132,783	255,263	849,445	182,903	1,151,352	2,319,032	4,916,676
Total All Other Governmental Funds:	5,555,717	942,270	548,853	619,378	1,586,108	1,078,642	2,016,932	3342208	5,698,707
All Other Governmental Funds % Change From Prior Year	339.0%	-100.0%	-41.8%	12.8%	156.1%	-32.0%	87.0%	65.7%	70.5%
Total Governmental Funds	\$ 8,718,755	\$ 5,198,585	\$ 5,815,227	\$ 5,923,420	\$ 7,952,499	\$ 6,984,368	\$ 9,385,340	\$11,977,471	\$ 16,717,120
All Governmental Funds % Change From Prior Year	1.8%	-100.0%	11.9%	1.9%	34.3%	-12.2%	34.4%	27.6%	39.6%

Notes:

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

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Taxable Assessed Value - Real and Personal Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Taxable Assessed Value ¹	Total Direct Tax Rate ²	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
2009	\$ 1,513,235,324	14.7%	\$ 18,434,095	-0.1%	\$ 1,531,669,419	4.7332	14.5%
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%
2018	2,124,593,954	28.0%	25,864,538	-10.7%	2,150,458,491	4.8000	27.3%
*	\$ 1,359,661,312		\$ 18,488,996		\$ 1,378,150,308		
**	40.4%		40.3%		40.4%		

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

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

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

Data Source:

Miami-Dade County Property Appraiser

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

Fiscal Year	Overlapping Rates ¹													Total Direct and Overlapping Millage
	Direct	Miami-Dade County			Miami-Dade County School Board			Water Management	Environmental	Special District ²	Children's Trust	Fire and Rescue	Fire Debt	
	Town Operating Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	District	Project	District	Trust	Rescue	Debt	
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
2018	4.5000	4.6669	0.4644	5.1313	6.5040	0.2290	6.7330	0.1209	0.0417	0.1630	0.4415	2.4207	0.0000	19.5521

Notes:

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

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

Data Source:

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

Town of Surfside, Florida
Total Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Total Taxes Collected		Total Uncollected Taxes	
		Amount	Percentage of Levy	Amount	Percentage of Levy
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%
2018	9,976,601	9,493,840	95.16%	482,761	4.84%

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, 2018 and 2010

2018				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SC Residences Condominium LLC	\$ 452,009,577	1	15.00%	The Surf Club	\$ 40,373,960	1	3.18%
Fort Capital Management LLC TRS	95,089,249	2	3.16%	9379 Realty Group	13,970,000	2	1.10%
Beach House Hotel LLC	60,700,000	3	2.01%	Beach House Property, LLC	9,000,000	3	0.71%
Chateau Ocean LLC	39,705,944	4	1.32%	Publix Super Markets, Inc.	8,380,000	4	0.66%
HPD TLD Partners LLC	27,707,402	5	0.92%	Ohio Savings Bank	5,736,360	5	0.45%
The Surf Club Apartments Inc.	26,158,089	6	0.87%	Transactaa Lanai Development LTD	5,695,000	6	0.45%
Surfside House Ocean Views LLC	23,559,038	7	0.78%	Collins Avenue Investment Group	3,800,000	7	0.30%
9564 Harding Investment LLC	19,600,000	8	0.65%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
Alan H. Potamkin	17,000,000	9	0.56%	Robert and Rita Swerdlow	2,993,148	9	0.24%
Mark F. Raymond TRS	17,000,000	10	0.56%	Yoram and Yleana Izhak	2,614,259	10	0.21%
Total Principal Taxpayers	778,529,299		25.84%	Total Principal Taxpayers	95,851,727		7.54%
All Other Taxpayers	2,234,034,413		74.16%	All Other Taxpayers	1,174,828,574		92.46%
Total	\$ 3,012,563,712		100.00%	Total	\$ 1,270,680,301		100.00%

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, 2018 and 2010

2018				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
Four Season Hotel @ The Surf Club	\$ 9,307,821	1	26.33%	Florida Power and Light Company	\$ 5,242,893	1	41.21%
Grand Beach Hotel Surfside	4,677,222	2	13.23%	Atlantic Broadband	1,209,127	2	9.51%
Residence Inn Surfside	4,621,110	3	13.07%	Bell South Telecommunications, Inc.	857,154	3	6.74%
Atlantic Broadband	2,961,046	4	8.38%	Publix Super Markets, Inc.	814,421	4	6.40%
People's Gas System	1,157,588	5	3.27%	People's Gas System	652,838	5	5.13%
Publix Super Markets, Inc.	989,170	6	2.80%	The Surf Club	332,063	6	2.61%
Bellsouth Telecommunications LLC	404,523	7	1.14%	Café Ragazzi	258,972	7	2.04%
Champlain Towers North	364,331	8	1.03%	CVS	196,807	8	1.55%
Araxi Burger	204,525	9	0.58%	Modular Space Corporation	148,275	9	1.17%
Flanigan's Seafood Bar & Grill	144,411	10	0.41%	Food Gang Restaurant	147,000	10	1.16%
Total Principal Taxpayers	24,831,747		70.25%	Total Principal Taxpayers	9,859,550		77.51%
All Other Taxpayers	10,516,249		29.75%	All Other Taxpayers	2,861,380		22.49%
Total	<u>\$ 35,347,996</u>		<u>100.00%</u>	Total	<u>\$ 12,720,930</u>		<u>100.00%</u>

Data Source:

Town records.

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

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

Fiscal Year	Governmental Activities	Business-type Activities					Grand Total	Population	Total Debt Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Loans Payable	Capital Leases	Total	Total		
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
2018	2,911	7,981,115	-	7,309,555	-	15,290,670	15,293,581	5,934	2,577

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 Six Fiscal Years

Fiscal Year ¹	Revenues ²	Transfer from (to) Rate Stabilization Fund	Less Operating Expenses ³	Net Available Revenues	Principal	Interest	Total	Coverage Ratio	Coverage Required	Excess Coverage
2013	\$ 3,134,620	\$ 81,719	\$ 1,902,646	\$ 1,313,693	\$ 522,097	\$ 620,245	\$ 1,142,342	1.15	1.15	(0.00)
2014	3,414,657	27,418	1,843,026	1,599,049	735,936	654,541	1,390,477	1.15	1.15	0.00
2015	3,923,726	(109,137)	1,603,367	2,211,222	803,017	657,311	1,460,328	1.51	1.15	0.36
2016	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	3,756,040	-	2,460,424	1,295,616	657,508	407,743	1,065,251	1.22	1.15	0.07

2018^{4,5}

Primary Debt Service Coverage

Net Operating Revenues	\$ 2,212,458
Investment Earnings	786
Net transfer from (to) Rate Stabilization Fund	-
Net revenues available for debt service	\$ 2,213,244
Debt service requirements	\$ 1,065,251
Actual coverage	2.08
Required coverage	1.10

State Revolving Fund Loan Debt Service Coverage

Pledged revenues available for debt service	\$ 2,212,458
Less revenue required for primary debt service	(1,065,248)
Adjusted net revenues	\$ 1,147,210
Debt service requirements	\$ 506,498
Actual coverage	2.26
Required coverage	1.15

Notes:

¹ Bonds first issued in fiscal year 2011.

² Includes, water, sewer and stormwater revenues.

³ Excludes depreciation expense.

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

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

Town of Surfside, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Underlying Debt</u>
Direct Debt			
Capital leases	\$ 2,911	100%	<u>\$ 2,911</u>
Overlapping Debt			
Miami-Dade County ²	\$ 4,698,760,000	0.40%	\$ 18,795,040
Miami-Dade County School Board ³	3,620,088,000	0.40%	<u>14,480,352</u>
Total Overlapping Debt			<u><u>\$ 33,275,392</u></u>
Total Direct and Overlapping Debt			<u><u>\$ 33,278,303</u></u>

Notes:

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

² As of September 30, 2018

³ As of June 30, 2018

Data Source:

Each specific government

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

Calendar Year	Population ¹	Per Capita Personal Income ²	Unemployment Rate		
			County ³	State of Florida ⁴	United States ⁵
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	43,584	5.0%	4.8%	4.2%
2018	5,934	52,929	3.6%	3.6%	3.6%

Notes:

Information not presented, not readily available

There are no public schools located within the Town.

Data Sources:

¹ Bureau of Economic and Business Research, University of Florida, April 1 of each year

² Miami-Dade County comprehensive annual financial report

³ Miami-Dade County comprehensive annual financial report

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

⁵ U.S. Department of Labor, Bureau of Labor Statistics,

Town of Surfside, Florida
Principal Employers
For the Fiscal Years Ended September 30, 2018 and 2009

		2018	
Employer	Type of Business	Number of Employees	Rank
SC Hotel Property LLC (Four Seasons)	Hotel	331	1
Beach House Hotel D/B/A Grand Beach	Hotel	277	2
Publix Super Market, Inc.	Supermarket	108	3
Town of Surfside	Government	107	4
Flanigan's Seafood Bar & Grill	Restaurant	52	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
Total Principal Employers		1,044	
		2009	
Employer	Type of Business	Number of Employees	Rank
Public Supermarkets	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	118	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Apartment Rentals	28	6
Flanigan's	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		576	

Data Source:

Town records.

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

Function/program	For the Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Town Attorney	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	1.00
Executive	5.00	4.00	2.00	4.00	5.00	5.00	5.00	5.00	6.00	6.75
Financial Support Services	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Town Clerk	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Building Services	3.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	6.00
Total General Government	19.00	18.00	17.00	19.00	22.00	22.00	22.00	23.00	25.00	25.75
Public Safety										
Public Safety	44.00	34.50	33.00	31.75	32.25	33.25	34.25	34.25	36.25	37.25
Municipal Parking	2.00	2.50	3.00	5.00	6.75	6.75	6.75	6.75	6.75	6.75
Total Public Safety	46.00	37.00	36.00	36.00	39.00	40.00	40.00	41.00	43.00	44.00
Public Works										
Public Works	7.25	5.25	6.25	5.25	6.25	6.65	6.65	6.65	6.65	6.65
Water/Sewer	5.25	5.25	5.25	5.75	5.25	4.55	4.55	4.55	4.55	4.55
Solid Waste	12.25	10.25	10.25	10.25	10.25	11.25	10.25	10.25	10.25	10.25
Stormwater	1.25	1.25	1.25	1.25	1.25	1.55	1.55	1.55	1.55	1.55
Total Public Works	26.00	26.00	23.00	23.00	23.00	24.00	24.00	23.00	23.00	23.00
Leisure Services										
Leisure Services	17.00	7.00	10.00	10.75	11.32	11.32	11.32	11.32	11.32	11.32
Tourism	2.00	1.00	1.00	1.00	0.68	0.68	0.68	0.68	0.68	0.68
Library Services	3.00	-	-	-	-	-	-	-	-	-
Total Leisure Services	22.00	8.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00
Total	113.00	89.00	87.00	89.00	89.00	96.00	98.00	99.00	103.00	104.75
Percentage Change From Prior Year	-5.1%	-21.2%	-2.2%	2.3%	0.0%	7.9%	2.1%	1.0%	4.0%	1.7%

Data Source:
Town Records

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police										
Uniformed employees	28	27	27	27	27	29	39	39	29	31
Non-uniformed employees	11	7	9	9	12	6	1	2	7	11
Dispatched responses	19,751	16,545	19,800	23,097	31,337	20,310	22,978	20,798	18,965	21,933
Traffic citations issued	6,782	5,752	5,289	4,814	5,475	4,637	4,659	5,059	3,413	4,688
Traffic warnings issued	-	4,333	4,067	5,139	3,867	3,808	3,839	3,620	3,205	3,250
Parking violations issued	7,407	6,060	9,833	11,884	19,607	13,963	14,204	13,861	10,658	8,858
Building permits:										
Permits issued	700	923	1,073	931	1,072	1,037	1,618	1,595	1,448	1,428
Estimated values (in millions)	\$6,559	\$16,147	\$84,806	\$ 36,392	\$71,790	\$69,500	\$259,152	\$ 588,437	\$752,956	\$627,557
Utility:										
Municipal water system										
Active water accounts	1549	1551	1,551	1,647	1,680	1,687	1,687	1,648	1,658	1,690
New active accounts	-	-	-	-	-	-	-	-	-	-
Meter sales (in million gallons)	314,304	307,723	328,519	276,650	263,127	290,321	315,644	331,969	398,015	401,957
Municipal sewer system										
Active accounts/units	4,059	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	1,690
Solid waste services										
Active accounts	1,348	1,349	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,321
General government:										
Tax rates										
Utility services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Franchises:										
Electric	6%	5.90%	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%
Surfside Bus Service										
Total number of passengers	16,173	18,813	21,543	12,947	21,514	24,083	28,868	33,029	28,918	29,705
Average number of passengers per month	1,348	1,568	1,795	1,079	1,792	2,006	2,406	2,752	2,410	2,475
Total number of miles driven	23,648	29,260	32,401	30,775	34,805	34,906	24,742	19,465	28,427	24,789
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	2,066
Culture and recreation:										
Participation:										
Youth programs	551	658	960	1,005	1,043	2,825	5,280	1,427	1,325	1,600
Adult programs	234	463	555	781	1,232	1,349	1,521	1,526	1,481	1,361
Special events	3,300	3,340	4,280	4,630	5,727	7,734	7,840	4,570	5,319	5,421
Community Center	-	-	17,517	29,028	24,830	22,826	24,705	22,365	21,229	20,065

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Area:										
Land excluding airport (sq. miles)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Infrastructure:										
Paved streets	10	10	10	10	25	25	25	25	25	25
Sidewalks	1 mile	1 mile	1 mile	1 mile	6 mile	6 mile	6 mile	6 mile	6 mile	6 mile
Canals & waterways	-	-	-	-	-	-	-	-	0	0
Storm Drainage (catch basins)	388	388	388	388	388	388	388	388	388	388
Town owned street lights	37	37	37	37	37	37	37	37	37	37
FP&L owned street lights	293	293	293	293	293	293	293	293	293	293
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Recreation										
Public Beach (miles)	1	1	1	1	1	1	1	1	1	1
Municipal Parks	3	3	3	3	3	3	3	3	3	3
Municipal Swimming Pool	-	-	-	-	2	1	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	1
Tennis Courts	-	-	-	-	-	-	1	1	1	1
Municipal Water/Sewer System:										
Water mains (miles)	15.7	15.7	15.7	15.7	25	25	25	25	25	25
Reuse water mains (miles)	-	-	-	-	-	-	-	-	0	0
Fire hydrants	84	84	84	84	84	84	84	84	84	84
Fire hydrants (reuse water)	-	-	-	-	-	-	-	-	0	0
Gravity Sewer (miles)	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Wastewater force main (miles)	0.3	0.3	0.3	0.3	1	1	1	1	1	1
Wastewater lift stations	2	2	2	2	2	2	2	2	2	2
Municipal Parking:										
Parking lots	6	6	6	6	7	7	8	8	8	8
Pay Station Parking Spaces	572	572	572	572	572	572	629	629	640	640
Metered Pay Stations	0	0	0	0	0	0	29	29	37	37
Single Space Meters	0	0	0	0	0	0	50	50	50	50

Data Source

Various Town Departments

REPORTING SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 31, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a material weakness.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2018-001.

Town's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we expressed no opinion on it.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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
July 31, 2019

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

2018-001- NON-COMPLIANCE WITH 218.39, FLORIDA STATUTES

Criteria

Florida Statue 2018.39 requires local government entities to have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year (by June 30) by an independent certified public accountant. Upon completion of the audit, the Town is required to file the issued Comprehensive Annual Financial Report to the Florida Auditor General. Each year, the Florida Auditor General provides the Legislative Auditing Committee (the Committee) with a list of all entities that have failed to comply with these financial reporting requirements. The Committee may choose to take action pursuant to s. 11.40(2), F.S., against noncompliant entities.

Condition, Cause, and Effect

The Town, due to inadequate internal controls over the financial close process, did not close their books and records in a timely manner in order to meet the filing deadline established by the State of Florida, as noted above. As a result, for counties and municipalities, the Committee may direct the Department of Financial Services and the Department of Revenue to withhold any funds due to the entity that are not pledged for bond debt service satisfaction until they have complied with the law.

Recommendation

Marcum recommends the Town ensure that they have adequate internal controls over the financial close process in place to adhere to 218.39 Florida Statutes.

Views of Responsible Officials and Planned Corrective Actions

The Town was engaged in a conversion of its accounting system that lasted into the second quarter of fiscal year 2019, delaying audit work. Further, we failed to timely provide the Town's actuary necessary information that resulted in a delay in the delivery of their valuation, which, in turn, delayed the final audit presentation. We do not expect this to repeat for fiscal year 2019.

**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, 2018, and have issued our report thereon dated July 31, 2019.

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*; a schedule of findings and responses; 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 and schedule, which are dated July 31, 2019, 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. 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.

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
July 31, 2019

**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, Local Government Investment Policies, for the fiscal year ended September 30, 2018. 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, 2018.

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
July 31, 2019