



TOWN OF SURFSIDE, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2010



TOWN OF SURFSIDE, FLORIDA

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2010



Prepared by
Finance Support Services Department
Martin D. Sherwood, CPA CGFO
Finance Support Services Director

TOWN OF SURFSIDE, FLORIDA

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INTRODUCTORY SECTION





TOWN OF SURFSIDE

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SURFSIDE, FLORIDA 33154
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April 4, 2011

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Surfside, Florida (the Town), for the fiscal year ended September 30, 2010. Florida Statutes requires that every general-purpose local government publish within twelve months of the close of each fiscal year a complete set of audited financial statements. In addition to meeting this legal requirement, the report continues to present the Town's strong tradition of full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the Town's Finance Support Services Department and the exhibits and statistical tables included herein.

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

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

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

Marcum LLP, independent auditors, has issued an unqualified opinion on the Town of Surfside's financial statements for the fiscal year ended September 30, 2010. 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 Standard Board (GASB). The Town's Management Discussion and Analysis document (the MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments the letter of transmittal and should be read in conjunction with it.

ACCOUNTING AND INTERNAL CONTROLS

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

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

PROFILE OF THE GOVERNMENT

The Town is a beautiful oceanfront community located in the tropical paradise of South Florida. The Town was incorporated in 1935 celebrating its 75th anniversary during FY 2010 and is home to approximately 5,800 residents. The Town of Surfside includes a tranquil, attractive, residential neighborhood, multi-family establishments, a traditional "home town" business district and tourist facilities that welcomes visitors year round.

The Town is a Commission-Manager form of government. The Town is governed by five part-time Town Commissioners, elected Townwide 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 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 a police, a parks and recreation programs, tourism, public works, building, and planning and zoning. The Town also provides water and sewer services to its citizens, municipal parking, sanitation services and a stormwater utility.

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. Despite the continued economic downturn Surfside has maintained its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs.

Our building permits have increased from \$6.6 million in 2009 to \$16.1 million in 2010. The Surfside real estate market has seen foreclosure rates less than the statewide average. However, we anticipate a continued slight downward trend in taxable value growth.

Surfside is a tourist destination point in southeast Florida. In fact, with over 37 acres of pristine beach frontage, Surfside has approximately 3-5 percent of all pristine beach frontage in Miami-Dade County. Thanks to the Town's tax rate, diversified commercial business base, a Town-sponsored shuttle system, community participation and quality of life, Surfside continues to grow.

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. During FY 2011, a newly developed long-range financial plan is presented to the Town Commission. This document forecasts the General Fund and several other fund operations for the next five years and will be used to guide the development of the annual operating budget.

The Town has also recognized the long-term financial cost implications of its pension benefits and for fiscal year 2010 continued to fund 100% of the actuarially determined employer contribution. Accordingly, the funded ratio is nearly 100%. The Town continues to monitor all of 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

In an effort to present the Town's financial information to all interested parties, the Town has prepared a CAFR. The Town has submitted this CAFR to the Government Finance Officers Association of the United States and Canada (GFOA) to determine its eligibility to be awarded a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award, presented to less than 4,000 of approximately 90,000 governmental units nationwide, recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

ACKNOWLEDGEMENTS

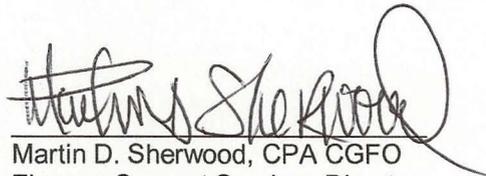
The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Support Services Department. The accounting staff consisting of Mayte Gamiotea, Controller and Marisol Rodriguez, Accounting Clerk is to be especially thanked for preparing this report. Thank you to our Department heads for understanding the importance of the financial status of this Town and as such, worked diligently to provide quality service within our financial means. 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.

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

Respectfully Submitted,



Roger M. Carlton
Town Manager



Martin D. Sherwood, CPA CGFO
Finance Support Services Director

TOWN OF SURFSIDE, FLORIDA

LISTING OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

FISCAL YEAR ENDED SEPTEMBER 30, 2010

TOWN COMMISSION

Daniel Dietch, Mayor

Joe Graubart, Vice Mayor

Michael Karukin, Commissioner

Edward Kopelman, Commissioner

Marta Olchyk, Commissioner

OFFICIALS

Roger M. Carlton, Town Manager (October 2010 to Current)

Gary L. Word, CM-ICMA, Town Manager (April 2008 to September 2010)

David Allen, Police Chief

Debra E. Eastman, MMC, Town Clerk

Lynn M. Dannheisser, Esq., Town Attorney

Tim Milian, Parks and Recreation Director

William H. Evans, Public Works Director (January 2011 to Current)

Duncan Tavares, Tourist Bureau Director

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

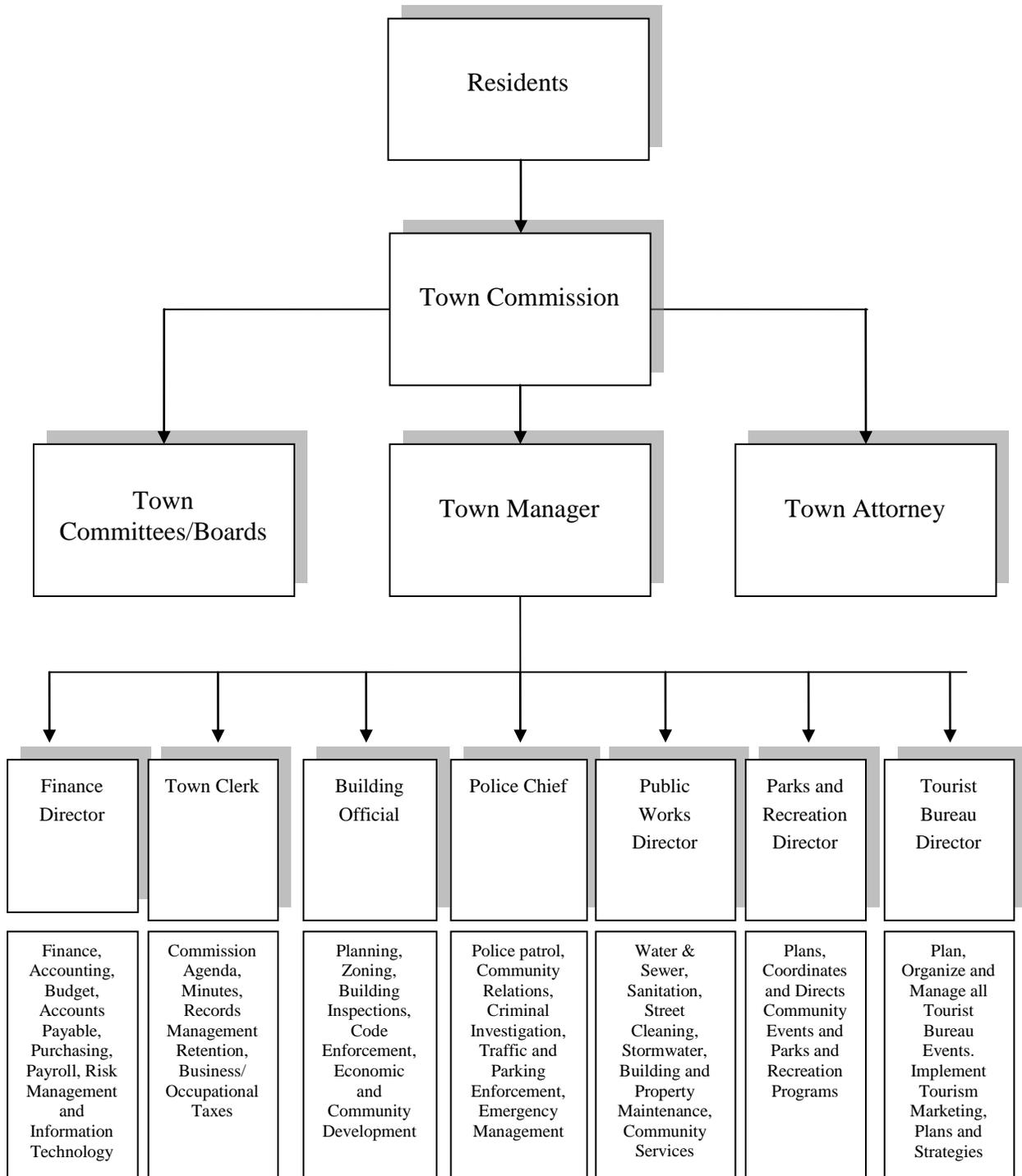
TOWN AUDITORS

Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

FISCAL YEAR ENDED SEPTEMBER 30, 2010



FINANCIAL SECTION



**INDEPENDENT AUDITOR'S
REPORT**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund) which represents approximately 88% and 72% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund), is based solely on the report of the other auditors.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 14 and pages 51 through 55 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Marcum LLP

Miami, FL
April 4, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the comprehensive annual financial report for the Town of Surfside (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2010. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2010 FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$24,706,676 (total net assets) as of September 30, 2010.
- Total net assets increased \$1,631,851 and are comprised of the following:
 - (1) Capital assets, net of related debt, of \$11,633,979 include property and equipment, net of accumulated depreciation, and reduced for \$100,000 of outstanding debt related to the purchase of land.
 - (2) Net assets of \$2,490,218 are restricted by constraints imposed from the Town in the amount of \$1,822,858 for capital project renewal and replacement and from outside the Town such as grantors, laws, or regulations in the amount of \$667,360.
 - (3) Unrestricted net assets consist of \$10,582,478 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 \$8,718,755 at September 30, 2010. This compares to the prior year total ending fund balance of \$8,560,997 showing an increase of \$157,758 during the current year. Unassigned fund balance is \$867,867 at September 30, 2010.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$867,867, or 11.6% of total General Fund expenditures. The unrestricted fund balance, which consists of the unassigned and assigned fund balance, for the General fund was \$3,163,038 or 42.2% of total General Fund expenditures.
- The economy has had significant impact on many of the Town's 2010 revenue streams.
- Overall, the Town continues to maintain a strong financial position.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the

overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Town's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net assets 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 15 and 16 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 17 - 18 of this report.

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

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

The basic proprietary fund financial statements are presented on pages 20 - 23 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 24 and 25 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 26 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary. A budgetary comparison schedule is included as "required supplementary information" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget. In addition, some required trend information for the Town's pension trust fund and other post employment benefits (OPEB) plan are presented in this section. Required supplementary information can be found on pages 51 - 55 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 56.

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FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

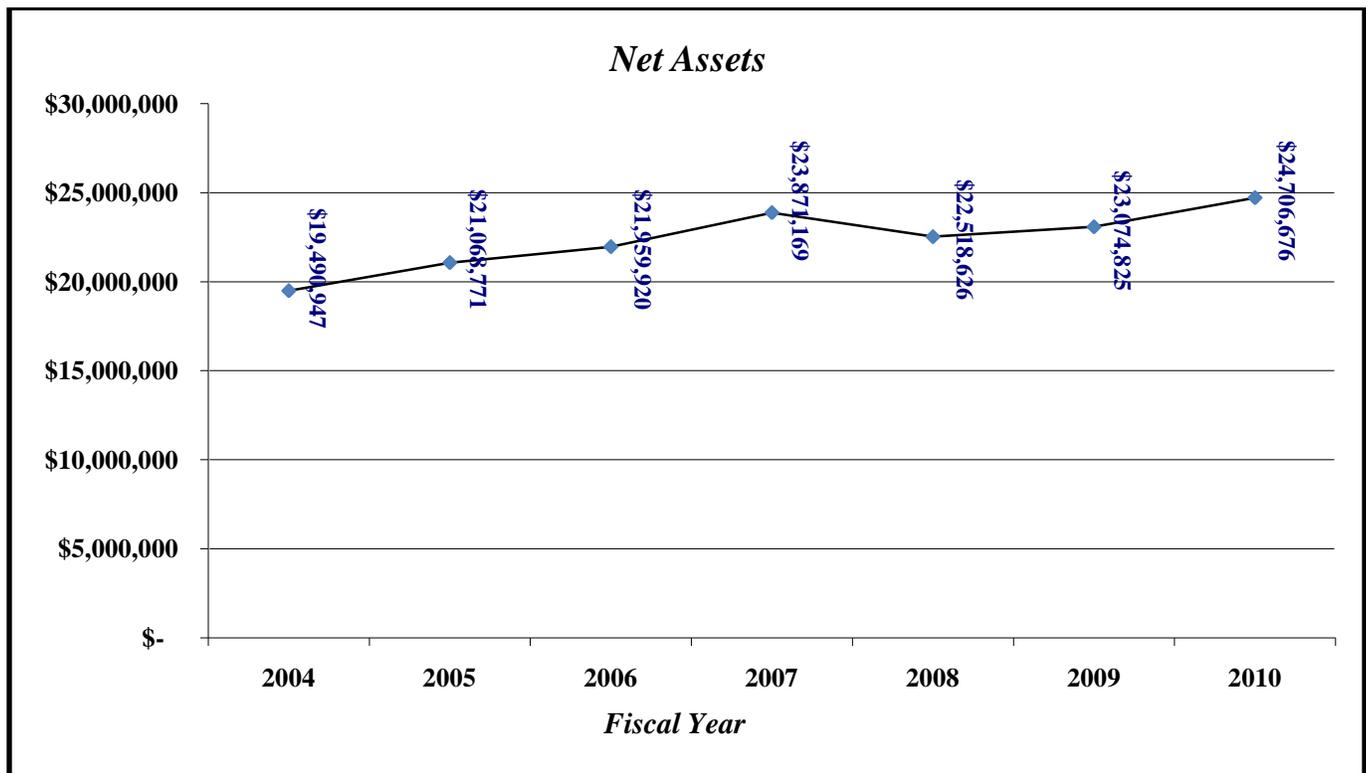
The Town's net assets at fiscal year-end are \$24,706,676. The following table provides a summary of the Town's net assets:

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current assets	\$ 9,932,611	\$ 9,527,341	\$ 4,701,524	\$ 4,629,911	\$ 14,634,135	\$ 14,157,252
Non-current assets						
Other	219,989	222,138	374,439	402,043	594,428	624,181
Capital assets	9,596,672	9,205,412	2,137,307	1,278,826	11,733,979	10,484,238
Total assets	19,749,272	18,954,891	7,213,270	6,310,780	26,962,542	25,265,671
Liabilities:						
Current liabilities	1,240,097	1,066,703	678,404	838,395	1,918,501	1,905,098
Long-term liabilities	263,814	220,952	73,551	64,796	337,365	285,748
Total liabilities	1,503,911	1,287,655	751,955	903,191	2,255,866	2,190,846
Net assets:						
Investment in capital assets, net of related debt	9,596,672	9,205,412	2,037,304	1,278,825	11,633,976	10,484,237
Restricted	667,360	724,122	1,822,858	1,358,811	2,490,218	2,082,933
Unrestricted	7,981,329	7,737,702	2,601,153	2,769,953	10,582,482	10,507,655
Total net assets	\$ 18,245,361	\$ 17,667,236	\$ 6,461,315	\$ 5,407,589	\$ 24,706,676	\$ 23,074,825

(This page continued on the subsequent page)

The following chart reports the Town's total net asset balances from fiscal year 2004 - 2010.



Note over the last six years, the total net assets have increased \$5,215,729 or 26.8%.

Current assets in both governmental activities and business-type activities increased in fiscal year September 30, 2010. Cash for governmental activities increased approximately \$1.2 million. For business-type activities, cash increased approximately \$488,000.

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 8.0 to 1 as compared to 8.9 to 1 at September 30, 2009. The current ratio for business-type activities is 6.9 to 1 as compared to 5.5 to 1 at September 30, 2009. Overall, the total current ratio at September 30, 2010 improved to 7.6 to 1 as compared to 7.4 to 1 at September 30, 2009.

The Town reported positive balances in net assets for both governmental and business-type activities. During 2010, net assets increased \$578,125 for governmental activities and increased \$1,053,726 for business-type activities. The Town's overall financial position improved during fiscal year 2010. The Town remains in a strong financial position, in spite of a depressed economy.

Note that approximately 48.6% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. Approximately, 30% of the business-type activities 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 43.5% of its total assets in capital assets, as presented in the government-wide statement of net assets.

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

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program:						
Charges for services	\$ 519,313	\$ 521,445	\$ 4,414,060	\$ 3,857,360	\$ 4,933,373	\$ 4,378,805
Operating grants and contributions	773,508	269,317	-	-	773,508	269,317
General:						
Property taxes	5,323,728	6,325,721	-	-	5,323,728	6,325,721
Other taxes	878,582	1,235,906	-	-	878,582	1,235,906
Unrestricted intergovernment	905,255	862,137	-	-	905,255	862,137
Investment earnings (losses)	98,208	(36,049)	-	2,569	98,208	(33,480)
Miscellaneous	56,482	81,280	124,569	-	181,051	81,280
Total revenues	8,555,076	9,259,757	4,538,629	3,859,929	13,093,705	13,119,686
Program Expenses:						
General government	2,404,067	2,844,246	-	-	2,404,067	2,844,246
Public safety	3,786,485	4,094,093	-	-	3,786,485	4,094,093
Public works	803,147	961,381	-	-	803,147	961,381
Leisure services	1,086,071	1,558,000	-	-	1,086,071	1,558,000
Transportation	105,683	114,121	-	-	105,683	114,121
Water and sewer	-	-	1,990,702	1,669,477	1,990,702	1,669,477
Municipal parking	-	-	222,108	174,680	222,108	174,680
Sanitation	-	-	949,505	1,018,579	949,505	1,018,579
Stormwater utility	-	-	114,086	128,910	114,086	128,910
Total expenses	8,185,453	9,571,841	3,276,401	2,991,646	11,461,854	12,563,487
Changes in net assets before transfers	369,623	(312,084)	1,262,228	868,283	1,631,851	556,198
Transfers	208,502	121,893	(208,502)	(121,893)	-	-
Changes in net assets after transfers	578,125	(190,191)	1,053,726	746,390	1,631,851	556,199
Beginning net assets	17,667,236	17,857,427	5,407,589	4,661,199	23,074,825	22,518,626
Ending net assets	\$ 18,245,361	\$ 17,667,236	\$ 6,461,315	\$ 5,407,589	\$ 24,706,676	\$ 23,074,825

Governmental Activity Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 62.2% of the Town's total revenues as compared to 68.3% in fiscal year 2009. Other taxes, which includes resort, franchise, utility and communications taxes provided 10.3% of the Towns total revenues as compared to 13.3% in fiscal year 2009. Because of the Town's healthy financial position, we have been able to earn approximately \$98,208 in investment earnings to support governmental activities.

Note that program revenues covered 12.3% of governmental operating expenditures as compared to 8.3% in fiscal year 2009. This means that the government's taxpayers and the Town's other general revenues fund 87.7% of the governmental activities in fiscal year 2010 as compared to 91.7% in fiscal year 2009, primarily from property taxes, other taxes and unrestricted intergovernmental revenue due primarily to a decline in property values.

Governmental Activity Expenses

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

	Governmental Activities			
	<u>Total Cost of Services</u>	<u>Percentage of Total</u>	<u>Net Cost of Services</u>	<u>Percentage of Total</u>
General government	\$ 2,404,067	29.4%	\$ 2,029,511	29.4%
Public safety	3,786,485	46.3%	3,579,232	51.9%
Physical environment	803,147	9.8%	803,147	11.7%
Leisure services	1,086,071	13.3%	546,631	7.9%
Transportation	105,683	1.3%	(65,890)	-1.0%
Total	<u>\$ 8,185,453</u>	<u>100.0%</u>	<u>\$ 6,892,631</u>	<u>100.0%</u>

The public safety expenditures, both gross and net of program revenues total over 46% of total costs. As noted, total cost and net costs do not differ substantially by percentage for each service.

Business-Type Activities

The Town reports three major enterprise funds and one nonmajor (Stormwater) enterprise fund.

Overall Analysis of Major Funds – Total operating revenues increased \$563,473 or 17.2%. Operating expenses increased \$299,576 or 10.5%. In total, the operating income increased \$153,894. The total increase in net assets was \$1,053,726.

The operating income for each major enterprise fund was as follows for fiscal years 2010 and 2009:

	<u>2010 Amount</u>	<u>2009 Amount</u>
Water and sewer	\$ 527,516	\$297,438
Municipal parking	182,185	220,295
Sanitation	295,042	233,116

The following includes an analysis of the fiscal year 2010 financial activities for each fund.

Water and Sewer Fund - The total assets increased \$412,877. Total liabilities decreased \$171,357. Operating revenues increased \$551,303 or 28%. This increase relates to a major rate increase. Water rates were increased 41% and sewer rates increased 24.5%. In total, operating expenses increased \$321,225 or 19.2%, due primarily to wholesale water and sewer rate increases charged to the Town. Water system operating expenses increased \$145,869 or 24.7% due to a 37.77% increase in wholesale water rates. Sewer system operating expenses increased \$177,834 or 26.1% due to a sewer rate increase of almost 20%.

Net assets increased \$584,235 or 27.3%, resulting in ending net assets of \$2,727,609.

Municipal Parking Fund – The total assets increased \$263,257. Total liabilities increased \$102,279 due primarily to the outstanding note payable of \$100,000 for the land purchase. Operating revenues increased just \$9,318 or 2.4%. In total, operating expenses increased \$47,428 or 27.2%. The cost of personal services increased \$47,340 or 52.2% due to an allocation of 25% of both the assistant police chief and an operations assistant's salaries and benefits charged directly to this fund. As a result, operating income decreased \$38,110.

Net assets increased \$160,978 or 6.1%, resulting in ending net assets of \$2,794,992.

Sanitation Fund - The total assets decreased \$58,765. Total liabilities decreased \$250,242, primarily due to the payment of the interfund payable from the General Fund. Operating revenues were approximately the same as the fiscal year 2009 amount. In total, operating expenses decreased \$69,374 or 6.8%. Personal services costs went down \$65,272 due to modifications to staffing (including reductions) and changes in service levels, that were implemented in late fiscal year 2009.

Net assets increased \$191,477 from a net asset deficit of \$34,544 at September 30, 2009 to a positive \$156,933.

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 \$8,718,755 compared to \$8,560,994 at September 30, 2009.

The total governmental expenditures exceeded revenues by \$50,744. This difference is a result of the commencement of the Community Center construction project, with the Town incurring costs in fiscal year 2010 of over \$700,000, which was funded by a transfer from the General Fund (see below). Total revenues exceeded total current operating costs, which exclude capital outlay expenditures, by \$826,628.

The General Fund decreased its fund balance by approximately \$4.1 million in this year, primarily through a transfer of approximately \$5 million to the Capital Projects Fund to build a new Community Center, which includes swimming facilities. The project replaces a Community Center that was demolished in mid-2008.

Governmental funds report total fund balance of \$8,718,755. Of this year-end total, \$667,360 is legally restricted. \$4.2 million is committed to the Community Center project. \$2 million is assigned in the General Fund for emergencies and disasters since we are a coastal community subject to hurricane risk, as well as for working capital, and \$686,878 is assigned in the Capital Projects Fund for future capital projects. \$295,171 is considered non-spendable and \$867,867 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds show an increase of \$157,758 or 1.8% over the prior year.

Major Governmental Funds

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

General Fund - The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$4.1 million or approximately 56.6% as compared to a 5.9% increase in 2009 primarily due to a large transfer of approximately \$5 million for the Community Center project. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 38.3% of annual expenditures. This compares to 83.3% at September 30, 2009.

Property taxes decreased \$1,001,993 or 15.8%. This decrease relates to reduction in the taxable value of property, with no offsetting millage rate increase from the prior year. However, in total, all tax revenues were \$777,988, or 8.7% above those of 2009.

Total General Fund expenditures decreased \$1,121,767 or 13% below the fiscal year 2009 level. Total staffing for governmental activities was reduced by approximately 25 positions or just fewer than 25%. Because of the shrinking economy, the Town had to reduce personnel and some employees went from full-time to part-time status.

The most significant changes, by department, from fiscal year 2009 are described below:

General government costs were down \$216,393 or 9%. Public safety costs were down \$264,195 or 6.9%. Both of these decreases related to reduced staffing. Public works costs were \$159,884 or 18.7% below fiscal year 2009 level because of staffing reduction of two employees and a reduction in the costs of outside professional services.

Leisure services were \$473,714 or 32.6% below the 2009 level. Due to the sagging economy, we closed our library and reduced lifeguard coverage to only weekends and holidays.

Capital Projects Fund - This fund is financed primarily from transfers from the General Fund, as indicated above. At September 30, 2010, this fund reported approximately \$1.8 million in cash and an interfund receivable of \$3.2 million from the General Fund, which approximates the \$5 million transfer from the General Fund. Fund balance at year-end totaled approximately \$4.9 million.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's revenue budget was amended downward in this fiscal year, by \$31,452. The property tax budget was amended downward by \$46,964; however, actual revenues were \$97,314 over the amended budget. The amended budget reflects a more conservative budgeting approach and in Miami-Dade County, there were many tax assessment appeals, resulting in slower tax collections.

The licenses and permits budget was increased \$123,555 or 77.2%. This increase relates to fee increases and the Town hired an in-house building official who was assertive in imposing and collecting statutory fees. Ultimately, we recognized \$90,901 over the amended budget.

Overall, the Town recognized 105% of the amended revenue budget.

The General Fund's expenditure budget was increased \$72,271 or .9%.

Total general government function was under budget by \$119,842 or 5.2%. The public safety was under budget by \$256,029 or 6.6%. The legal department was under budget \$43,029 or 10%. Overall, the total General Fund budget was under spent due to tight Departmental Director expenditure controls and not immediately filling vacant positions.

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, 2010, was \$9,596,652 and \$2,137,304 respectively. The change in this net investment was an approximate 4.3% increase for governmental activities and a 67.1% increase for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Non-depreciable assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ 487,467	\$ -	\$ 1,948,696	\$ 1,461,229
Construction in progress	2,523,406	1,742,581	1,113,880	685,227	3,637,286	2,427,808
Total non-depreciable	<u>3,984,635</u>	<u>3,203,810</u>	<u>1,601,347</u>	<u>685,227</u>	<u>5,585,982</u>	<u>3,889,037</u>
Depreciable assets:						
Buildings	3,912,966	3,912,966	-	-	3,912,966	3,912,966
Machinery, equipment and furniture	3,097,454	3,119,126	591,378	584,498	3,688,832	3,703,624
Infrastructure	2,162,770	2,096,725	2,268,260	2,268,260	4,431,030	4,364,985
Total depreciable assets	<u>9,173,190</u>	<u>9,128,817</u>	<u>2,859,638</u>	<u>2,852,758</u>	<u>12,032,828</u>	<u>11,981,575</u>
Less accumulated depreciation	<u>3,561,153</u>	<u>3,127,215</u>	<u>2,323,678</u>	<u>2,259,159</u>	<u>5,884,831</u>	<u>5,386,374</u>
Book value - depreciable assets	<u>5,612,037</u>	<u>6,001,602</u>	<u>535,960</u>	<u>593,599</u>	<u>6,147,997</u>	<u>6,595,201</u>
Percentage depreciated	<u>39%</u>	<u>34%</u>	<u>81%</u>	<u>79%</u>	<u>49%</u>	<u>45%</u>
Total Assets	<u>\$ 9,596,672</u>	<u>\$ 9,205,412</u>	<u>\$ 2,137,307</u>	<u>\$ 1,278,826</u>	<u>\$ 11,733,979</u>	<u>\$ 10,484,238</u>

At September 30, 2010, the depreciable capital assets for governmental activities were 39% depreciated. This compares to the 34% at September 30, 2009. With the Town's business-type activities, 81% of the asset values were depreciated at September 30, 2010 compared to 79% at September 30, 2009. However, the Town has undertaken a \$16 million capital project, which will be funded by revenue bonds, for the following improvements:

- Water and Sewer maintenance and replacement
- Wastewater (sewer) rehabilitation
- Stormwater pollution control

In this fiscal year, the Town purchased land in the Municipal Parking Fund, which will be used for metered parking to benefit the downtown commercial district.

For governmental activities, the balance of construction-in-progress relates to the following projects:

- The above mentioned community center
- Crosswalk markers
- Seawall improvements

The construction in progress for business-type activities at September 30, 2010 includes:

- Water system maintenance and replacement
- Sewer system rehabilitation
- Replacement of individual parking meters to pay station meters

Debt

The Municipal Parking Fund reports a \$100,000 non-interest bearing note, which is the remaining amount of short-term debt on the purchase of land for this fund. This note is due in April 2011.

The only long-term debt that the Town reports is the compensated absences liability due to its employees.

The following table reports long-term debt balances at September 30, 2010 and 2009:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Compensated absences	\$ 321,311	\$ 283,314	\$ 71,995	\$ 66,426	\$ 393,306	\$ 349,740

See Note 8 for additional information about the Town's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE TOWN

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and occupational taxes) as well as intergovernmental revenues for their governmental activities. For business-type activities and certain governmental activities (building/construction services and recreational programs), the user pays a related fee or charge associated with the service.

The unemployment rate for Miami-Dade County/Fort Lauderdale is currently 12.1%, which is an increase from a rate of 10.9% a year ago. The Town's residents would expect to have a lower unemployment rate than is reported for the county. However, inflationary trends in the region compare favorably to national indices, which is a positive sign.

In the 2010 – 2011 adopted budget, we continue operating in a tight economic environment. There are some preliminary indications of a stabilization of the decline in housing values and related taxable values.

Some of the key elements affecting the fiscal year 2011 budget include:

- A decline in taxable values
- A continuing low interest yield environment
- Increasing crude oil prices which may assert some inflationary pressures
- Slow growth rates of building construction and rehabilitation
- Little new growth in the State of Florida shared revenues

All of these factors result in many budget challenges in fiscal year 2011 and beyond. The Town is addressing these issues through the development of a five (5) year financial plan which will provide guidance to evolving policies to increase non-advalorem revenues and reduce reliance on property taxes while shifting a portion of the burden of property taxes away from residents.

The millage rate for fiscal year 2011 was increased from 4.7732 to 5.6030, the latter being below the rollback rate. This increase was primarily levied to offset the loss in the assessed taxable values of property.

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 Support Services Director, Town of Surfside, 9293 Harding Avenue, Surfside, FL 33154.

BASIC FINANCIAL STATEMENTS

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,741,261	\$ 4,032,864	\$ 12,774,125
Investments	224,561	12,255	236,816
Receivables	671,618	654,997	1,326,615
Prepaid items	107,171	13,663	120,834
Asset held for resale	188,000	--	188,000
Restricted assets:			
Cash, and cash equivalents	--	362,184	362,184
Net pension asset	219,989	--	219,989
Capital assets not being depreciated	3,984,635	1,601,347	5,585,982
Capital assets being depreciated, net	<u>5,612,037</u>	<u>535,960</u>	<u>6,147,997</u>
Total Assets	<u>19,749,272</u>	<u>7,213,270</u>	<u>26,962,542</u>
Liabilities			
Accounts payable	513,081	129,793	642,874
Accrued liabilities	575,843	271,175	847,018
Unearned revenue	34,720	--	34,720
Customer deposits	90,212	170,040	260,252
Note payable	--	100,000	100,000
Noncurrent liabilities			
Due within one year	26,241	7,396	33,637
Due in more than one year			
Compensated absences	236,176	66,570	302,746
Net OPEB obligation	<u>27,638</u>	<u>6,981</u>	<u>34,619</u>
Total Liabilities	<u>1,503,911</u>	<u>751,955</u>	<u>2,255,866</u>
Net Assets			
Invested in capital assets, net of related debt	9,596,672	2,037,307	11,633,979
Restricted for			
Tourism	179,035	--	179,035
Transportation	416,500	--	416,500
Law enforcement	71,825	--	71,825
Renewal and replacement	--	1,822,858	1,822,858
Unrestricted	<u>7,981,329</u>	<u>2,601,150</u>	<u>10,582,479</u>
Total Net Assets	<u>\$ 18,245,361</u>	<u>\$ 6,461,315</u>	<u>\$ 24,706,676</u>

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

TOWN OF SURFSIDE, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 2,404,067	\$ 374,556	\$ --	\$ --	\$ (2,029,511)	\$ --	\$ (2,029,511)
Public safety	3,786,485	--	207,253	--	(3,579,232)	--	(3,579,232)
Public works	803,147	--	--	--	(803,147)	--	(803,147)
Leisure services	1,086,071	144,757	3,810	--	(937,504)	--	(937,504)
Transportation	105,682	--	276,302	--	170,620	--	170,620
Total Governmental Activities	8,185,452	519,313	487,365	--	(7,178,775)	--	(7,178,775)
Business-type Activities							
Water and sewer	1,990,702	2,518,218	--	108,947	--	636,463	636,463
Municipal parking	222,108	404,293	--	--	--	182,185	182,185
Sanitation	949,505	1,244,547	--	--	--	295,042	295,042
Stormwater utility	114,086	247,002	--	--	--	132,916	132,916
Total Business-type Activities	3,276,401	4,414,060	--	108,947	--	1,246,606	1,246,606
Total	\$ 11,461,853	\$ 4,933,373	\$ 487,365	\$ 108,947	(7,178,775)	1,246,606	(5,932,169)
General Revenues							
Taxes							
Property taxes					5,323,728	--	5,323,728
Resort taxes					390,873	--	390,873
Franchise fees based on gross receipts					414,835	--	414,835
Utility taxes					463,747	--	463,747
Communications services tax					343,440	--	343,440
Unrestricted intergovernmental revenues					457,085	--	457,085
Unrestricted investment earnings					98,208	15,622	113,830
Miscellaneous revenues					56,482	--	56,482
Transfers					208,502	(208,502)	--
Total general revenues					7,756,900	(192,880)	7,564,020
Change in Net Assets					578,125	1,053,726	1,631,851
Net Assets - Beginning					17,667,236	5,407,589	23,074,825
Net Assets - Ending					\$ 18,245,361	\$ 6,461,315	\$ 24,706,676

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

TOWN OF SURFSIDE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2010

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,140,632	\$ 1,981,519	\$ 619,110	\$ 8,741,261
Investments	164,784	51,844	7,933	224,561
Receivables	621,924	--	49,694	671,618
Prepaid items	107,171	--	--	107,171
Due from other funds	--	3,247,866	--	3,247,866
Asset held for resale	188,000	--	--	188,000
Total Assets	<u>\$ 7,222,511</u>	<u>\$ 5,281,229</u>	<u>\$ 676,737</u>	<u>\$ 13,180,477</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 157,443	\$ 346,261	\$ 9,377	\$ 513,081
Accrued liabilities	529,236	--	--	529,236
Due to other funds	3,247,866	--	--	3,247,866
Other liabilities	--	46,611	--	46,611
Unearned revenue	34,720	--	--	34,720
Customer deposits	90,212	--	--	90,212
Total Liabilities	<u>4,059,477</u>	<u>392,872</u>	<u>9,377</u>	<u>4,461,726</u>
Fund Balances				
Restricted for:				
Tourism	--	--	179,035	179,035
Transportation Surtax	--	--	416,500	416,500
Police Forfeiture	--	--	71,825	71,825
Committed to:				
Capital projects fund	--	4,201,479	--	4,201,479
Assigned to:				
General fund	2,000,000	--	--	2,000,000
Capital projects fund	--	686,878	--	686,878
Non-spendable:				
General fund	295,171	--	--	295,171
Unassigned:				
General fund	867,867	--	--	867,867
Total Fund Balances	<u>3,163,038</u>	<u>4,888,357</u>	<u>667,360</u>	<u>8,718,755</u>
Total Liabilities and Fund Balances	<u>\$ 7,222,515</u>	<u>\$ 5,281,229</u>	<u>\$ 676,737</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,596,672
A negative (NPO) net pension obligation is not considered to represent a financial asset and therefore is not reported in the governmental funds.	219,989
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(262,417)
Net OPEB obligation	(27,638)

Net Assets of Governmental Activities **\$ 18,245,361**

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

TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 5,323,728	\$ --	\$ --	\$ 5,323,728
Resort taxes	249,327	--	141,546	390,873
Utility taxes	463,747	--	--	463,747
Communications services tax	343,440	--	--	343,440
Franchise fees	414,835	--	--	414,835
Licenses and permits	374,556	--	--	374,556
Intergovernmental	575,297	--	170,243	745,540
Charges for services	144,757	--	--	144,757
Fines and forfeitures	150,342	--	39,901	190,243
Investment earnings	75,542	22,666	5,368	103,576
Miscellaneous	56,482	--	3,299	59,781
Total Revenues	<u>8,172,053</u>	<u>22,666</u>	<u>360,357</u>	<u>8,555,076</u>
Expenditures				
Current:				
General government	2,199,236	--	116,318	2,315,554
Public safety	3,591,263	--	57,503	3,648,766
Public works	695,642	--	--	695,642
Leisure services	977,449	--	--	977,449
Transportation	--	--	91,037	91,037
Capital outlay	30,503	700,608	146,261	877,372
Total Expenditures	<u>7,494,093</u>	<u>700,608</u>	<u>411,119</u>	<u>8,605,820</u>
Excess (Deficiency) of Revenues over Expenditures	<u>677,960</u>	<u>(677,942)</u>	<u>(50,762)</u>	<u>(50,744)</u>
Other Financing Sources (Uses)				
Transfers in	214,502	5,024,959	--	5,239,461
Transfers out	(5,024,959)	--	(6,000)	(5,030,959)
Total Other Financing Sources (Uses)	<u>(4,810,457)</u>	<u>5,024,959</u>	<u>(6,000)</u>	<u>208,502</u>
Net Change in Fund Balances	(4,132,497)	4,347,017	(56,762)	157,758
Fund Balances - Beginning	<u>7,295,535</u>	<u>541,340</u>	<u>724,122</u>	<u>8,560,997</u>
Fund Balances - Ending	<u>\$ 3,163,038</u>	<u>\$ 4,888,357</u>	<u>\$ 667,360</u>	<u>\$ 8,718,755</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**

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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

Net change in fund balances - total governmental funds (Page 18) \$ 157,758

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

The details of the difference are as follows:

Cost of assets	\$ 877,372	
Depreciation	<u>(485,659)</u>	
Net adjustment		391,713
Loss on disposal of capital assets		(453)

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		58,894
Net OPEB obligation		(27,638)

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

Change in net assets of governmental activities (Page 16)		<u>(2,149)</u>
	\$	<u>578,125</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,768,491	\$ 2,052,249	\$ 64,028	\$ 148,096	\$ 4,032,864
Accounts receivables, net	523,659	1,925	74,723	54,690	654,997
Prepaid items	5,252	611	7,800	--	13,663
Total Current Assets	<u>2,297,402</u>	<u>2,054,785</u>	<u>146,551</u>	<u>202,786</u>	<u>4,701,524</u>
Noncurrent Assets					
Investments	12,255	--	--	--	12,255
Restricted cash and cash equivalents	362,184	--	--	--	362,184
Capital Assets					
Construction in progress	459,255	273,347	--	381,278	1,113,880
Land	--	487,467	--	--	487,467
Infrastructure	1,273,253	729,279	--	265,728	2,268,260
Equipment	152,217	95,649	343,512	--	591,378
	1,884,725	1,585,742	343,512	647,006	4,460,985
Less: accumulated depreciation	(1,266,036)	(733,784)	(264,069)	(59,789)	(2,323,678)
Total Capital Assets, Net	<u>618,689</u>	<u>851,958</u>	<u>79,443</u>	<u>587,217</u>	<u>2,137,307</u>
Total Noncurrent Assets	<u>993,128</u>	<u>851,958</u>	<u>79,443</u>	<u>587,217</u>	<u>2,511,746</u>
Total Assets	<u>3,290,530</u>	<u>2,906,743</u>	<u>225,994</u>	<u>790,003</u>	<u>7,213,270</u>
Liabilities					
Current Liabilities					
Accounts payable	105,706	5,426	15,298	3,363	129,793
Accrued liabilities	254,633	3,629	11,055	1,858	271,175
Note payable	--	100,000	--	--	100,000
Compensated absences	3,007	193	3,945	251	7,396
Payable from restricted assets					
Customer deposits	170,040	--	--	--	170,040
Total Current Liabilities	<u>533,386</u>	<u>109,248</u>	<u>30,298</u>	<u>5,472</u>	<u>678,404</u>
Noncurrent Liabilities					
Net OPEB obligation	2,470	766	3,256	489	6,981
Compensated absences	27,065	1,737	35,507	2,261	66,570
Total Noncurrent Liabilities	<u>29,535</u>	<u>2,503</u>	<u>38,763</u>	<u>2,750</u>	<u>73,551</u>
Total Liabilities	<u>562,921</u>	<u>111,751</u>	<u>69,061</u>	<u>8,222</u>	<u>751,955</u>
Net Assets					
Invested in capital assets, net of related debt	618,689	751,958	74,723	587,217	2,032,587
Restricted for renewal and replacement	1,668,920	--	--	153,938	1,822,858
Unrestricted	440,000	2,043,034	82,210	40,626	2,605,870
Total Net Assets	<u>\$ 2,727,609</u>	<u>\$ 2,794,992</u>	<u>\$ 156,933</u>	<u>\$ 781,781</u>	<u>\$ 6,461,315</u>

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

TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	
Operating Revenues					
Charges for services:					
Water sales	\$ 1,213,719	\$ --	\$ --	\$ --	\$ 1,213,719
Sewer charges	1,301,973	--	--	--	1,301,973
Parking fees	--	404,293	--	--	404,293
Garbage charges	--	--	1,088,065	--	1,088,065
Recycling fees	--	--	116,801	--	116,801
Drainage fees	--	--	--	247,002	247,002
Miscellaneous	2,526	--	39,681	--	42,207
Total Operating Revenues	<u>2,518,218</u>	<u>404,293</u>	<u>1,244,547</u>	<u>247,002</u>	<u>4,414,060</u>
Operating Expenses					
Personal services	287,673	137,970	438,470	68,592	932,705
Administrative	55,407	67,989	125,092	32,208	280,696
Water system	736,755	--	--	--	736,755
Sewer system	890,225	--	--	--	890,225
Solid waste system	--	--	371,501	--	371,501
Depreciation	20,642	16,149	14,442	13,286	64,519
Total Operating Expenses	<u>1,990,702</u>	<u>222,108</u>	<u>949,505</u>	<u>114,086</u>	<u>3,276,401</u>
Operating Income	<u>527,516</u>	<u>182,185</u>	<u>295,042</u>	<u>132,916</u>	<u>1,137,659</u>
Nonoperating Revenues					
Interest earnings	11,224	3,752	295	351	15,622
Income before Contributions and Transfers	538,740	185,937	295,337	133,267	1,153,281
Capital contributions	108,947	--	--	--	108,947
Transfers out	(63,452)	(24,959)	(103,860)	(16,231)	(208,502)
Total Contributions and Transfers	<u>45,495</u>	<u>(24,959)</u>	<u>(103,860)</u>	<u>(16,231)</u>	<u>(99,555)</u>
Change in Net Assets	584,235	160,978	191,477	117,036	1,053,726
Net Assets (Deficit) - Beginning	<u>2,143,374</u>	<u>2,634,014</u>	<u>(34,544)</u>	<u>664,745</u>	<u>5,407,589</u>
Net Assets - Ending	<u>\$ 2,727,609</u>	<u>\$ 2,794,992</u>	<u>\$ 156,933</u>	<u>\$ 781,781</u>	<u>\$ 6,461,315</u>

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

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,811,865	\$ 404,293	\$ 1,344,574	\$ 287,991	\$ 4,848,723
Payments to suppliers	(1,854,141)	(66,045)	(536,369)	(74,471)	(2,531,026)
Payments to employees	(277,063)	(135,565)	(431,411)	(67,446)	(911,485)
Net Cash Provided by Operating Activities	<u>680,661</u>	<u>202,683</u>	<u>376,794</u>	<u>146,074</u>	<u>1,406,212</u>
Cash Flows from Noncapital Financing Activities					
Due to other funds	--	209,201	(209,201)	--	-
Transfers out	(63,452)	(24,959)	(103,860)	(16,231)	(208,502)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(63,452)</u>	<u>184,242</u>	<u>(313,061)</u>	<u>(16,231)</u>	<u>(208,502)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(159,462)	(760,817)	--	(2,719)	(922,998)
Capital contributions	108,947	--	--	--	108,947
Acquisition of note payable	--	100,000	--	--	100,000
Net Cash Used by Capital and Related Financing Activities	<u>(50,515)</u>	<u>(660,817)</u>	<u>--</u>	<u>(2,719)</u>	<u>(714,051)</u>
Cash Flows from Investing Activities					
Interest earnings	11,224	3,752	295	351	15,622
Sale of investments	49	--	--	--	49
Net Cash Provided (Used) by Investing Activities	<u>11,273</u>	<u>3,752</u>	<u>295</u>	<u>351</u>	<u>15,671</u>
Net Increase (Decrease) in Cash and Cash Equivalents	577,967	(270,140)	64,028	127,475	499,330
Cash and Cash Equivalents - Beginning	<u>1,552,708</u>	<u>2,322,389</u>	<u>--</u>	<u>20,621</u>	<u>3,895,718</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,130,675</u>	<u>\$ 2,052,249</u>	<u>\$ 64,028</u>	<u>\$ 148,096</u>	<u>\$ 4,395,048</u>
Cash and Cash Equivalents per Statement of Net Assets					
Unrestricted	\$ 1,768,491	\$ 2,052,249	\$ 64,028	\$ 148,096	\$ 4,032,864
Restricted	362,184	--	--	--	362,184
	<u>\$ 2,130,675</u>	<u>\$ 2,052,249</u>	<u>\$ 64,028</u>	<u>\$ 148,096</u>	<u>\$ 4,395,048</u>
Non Cash Investing Activities					
Unrealized gains on investments	<u>\$ 5,077</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,077</u>

(Continued)

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

TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Stormwater Utility	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 527,516	\$ 182,185	\$ 295,042	\$ 132,916	\$ 1,137,659
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	20,642	16,149	14,442	13,286	64,519
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	306,089	1,925	108,214	40,989	457,217
Prepaid items	(2,228)	145	138	--	(1,945)
Increase (decrease) in:					
Accounts payable	(215,921)	(126)	(39,914)	(42,263)	(298,224)
Accrued liabilities	8,730	1,488	1,859	191	12,268
Compensated absences	(590)	151	1,944	466	1,971
Net OPEB obligation	2,470	766	3,256	489	6,981
Unearned revenue	(12,442)	--	(8,187)	--	(20,629)
Customer deposits	46,395	--	--	--	46,395
Total adjustments	<u>153,145</u>	<u>20,498</u>	<u>81,752</u>	<u>13,158</u>	<u>268,553</u>
Net Cash Provided by Operating Activities	<u>\$ 680,661</u>	<u>\$ 202,683</u>	<u>\$ 376,794</u>	<u>\$ 146,074</u>	<u>\$ 1,406,212</u>

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

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND**

SEPTEMBER 30, 2010

Assets

Cash and Cash Equivalents \$ 379,388

Receivables

Plan members' contributions 21,810
Interest 40,298

Total Receivables 62,108

Prepaid insurance 9,080

Investments, at Fair Value

U.S. Government securities 777,919
U.S. Government agency bonds 255,139
Mortgage backed securities 669,605
Corporate bonds 1,669,268
Municipal obligations 133,573
Common stocks 5,343,232
Mutual funds - I shares 1,430,682

Total Investments 10,279,418

Total Assets 10,729,994

Liabilities and Net Assets

Liabilities 25,662

Accounts payable 60,731
Refunds payable 86,393

Total Liabilities

Net Assets Held in Trust for Pension Benefits \$ 10,643,601

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

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2010

Additions

Contributions

Employer's contributions	\$ 553,919
Plan members' contributions	<u>281,069</u>

Total Contributions 834,988

Investment Earnings

Interest	152,822
Dividends	141,131
Net appreciation in fair value of investments	<u>533,529</u>

	827,482
Less: investment expenses	<u>74,136</u>

Net Investment Earnings 753,346

Total Additions 1,588,334

Deductions

Benefits paid	574,121
Refunds of contributions	49,843
Administrative expenses	<u>69,101</u>

Total Deductions 693,065

Net Increase 895,269

Net Assets in Trust for Pension Benefits

Net assets - beginning	<u>9,748,332</u>
Net assets - ending	<u>\$ 10,643,601</u>

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

**NOTES TO BASIC
FINANCIAL STATEMENTS**

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Board of Commissioners and operates under a commissioner-manager form of government. The Town provides services to its approximately 5,800 residents in many areas including general government, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water and sewer utilities, and general administrative services.

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

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

A. FINANCIAL REPORTING ENTITY

In accordance with accounting principles generally accepted in the United States of America, these financial statements present the Town and its organizations for which the Town is considered financially accountable. Financial accountability includes 1) the appointment of a voting majority of the organization's governing body, 2) the ability of the primary government to impose its will on the organization, or 3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based on the application of these criteria, there were no organizations that met the criteria described above.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required by accrual accounting, except for debt service expenditures and expenditures related to compensated absences, which are recorded when payment is due.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The Town reports the following major proprietary funds:

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

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

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The nonmajor proprietary fund of the Town is as follows:

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

Additionally, the government reports the following fund type:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than *program revenues*. The general revenues include all taxes.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, *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 retirement plan are governed by the Plan's investment policy. All investments of the Town, except Florida PRIME and Fund B, are reported at fair value using quoted market prices. The Florida PRIME is recorded at its value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on a fair value factor. Income or loss is recorded in the respective funds as it is earned.

2. Receivables and Payables

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (continued)

current portion of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

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

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

During the year ended September 30, 2010, the Town implemented GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets". The Town was not required to and did not retroactively report their intangible assets. There was no impact on the Town's financial statements.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (continued)

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. 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.

7. Long-Term Obligations

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

8. Fund Equity/Net Assets

During the year ended September 30, 2010, the Town early implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*", which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Town Commission through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Equity/Net Assets (continued)

Assignments are made by Town management based on Commission direction. Non spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted. Restricted net assets is that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

9. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN

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

Florida PRIME and Fund B are both governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B does not meet the requirements of an SEC 2a-7 like fund and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2010, the fair value factor for Fund B was \$.70706 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

As of September 30, 2010, the Town had the following investments:

	Fair Value	Weighted Average Maturity
Investments		
Florida PRIME	\$ 3,091,957	52 days
Fund B	<u>236,816</u>	7.49 years
Total Investments - Town	<u>\$ 3,328,773</u>	

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2010, the Town's portfolio did not have any investments subject to a concentration of credit risk.

INVESTMENTS – PENSION TRUST FUND

The investment activity of the Plan is directed by an investment advisory firm. The Investment Manager is empowered to invest in cash equivalents, to which quality and minimum risk guidelines apply. The Investment Manager may also invest in U.S. Government obligations; certificates of deposit with major money center banks; commercial paper rated A-1 or P-1 by Standard and Poor's or Moody's respectively; U.S. Government and Government agency securities; and bonds or other evidence of indebtedness issued by a corporation listed on one or more of the recognized national stock exchanges or National Market System of the NASDAQ with an investment quality rating within the top three rating classifications by either Standard and Poor's or Moody's; and equity securities listed on one of the Nation's major stock exchanges with an investment quality ranking within the top three quality classifications by a major rating service. The aggregate investment in any issuing company shall not exceed five percent of the outstanding capital stock, nor shall it exceed ten percent of the fund equity assets. According to the Investment Policy the allowable investment in equities is sixty-five percent (65%) of total assets at market value.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

As of September 30, 2010, the Plan has the following investments types.

	Fair Value	Weighted Average Maturity
Investments		
U.S. treasuries	\$ 777,919	8.4 years
Government agency bonds	255,139	9.7 years
Mortgage backed securities	669,605	4.7 years
Corporate bonds	1,669,268	5.21 years
Build America bonds (municipal obligations)	133,573	23.12 years
Common stock	5,343,232	NA
Mutual funds	<u>1,430,682</u>	NA
Total Investments - Pension Trust Fund	<u>\$ 10,279,418</u>	
Portfolio weighted average maturity		4.58 years

Interest Rate Risk

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

Credit Risk

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

As of September 30, 2010, the Plan's investments in the U.S. Treasury Portfolio was rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the three top rating classifications by at least two major rating services (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were rated AAA and Aaa by Standard & Poor's, and Moody's, respectively.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Concentration of Credit Risk

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

Custodial Credit Risk

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

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2010 for the Town's major and non major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility (Nonmajor)	Total
Receivables							
Property taxes	\$ 318,726	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 318,726
Intergovernmental	86,648	49,694	--	--	--	--	136,342
Other	216,550	--	--	1,925	--	--	218,475
Accounts - billed	--	--	88,842	--	87,908	13,380	190,130
Accounts - unbilled	--	--	440,826	--	--	41,310	482,136
Gross receivables	621,924	49,694	529,668	1,925	87,908	54,690	1,345,809
Less: allowance for uncollectibles	--	--	(6,009)	--	(13,185)	--	(19,194)
Total Receivables, Net	<u>\$ 621,924</u>	<u>\$ 49,694</u>	<u>\$ 523,659</u>	<u>\$ 1,925</u>	<u>\$ 74,723</u>	<u>\$ 54,690</u>	<u>\$ 1,326,615</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments, also, are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills. The millage rate assessed by the Town for the fiscal year ended September 30, 2010, was 4.7332. The tax levy of the Town is established by the Town Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of taxes due and Miami-Dade County collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of the State of Florida. As of September 30, 2010, there were no material delinquent taxes.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

INTERFUND TRANSFERS

The composition of the interfund transfers as of September 30, 2010 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 214,502	\$ 5,024,959
Capital Projects Fund	5,024,959	--
Transportation Surtax Fund	--	6,000
Water and Sewer Fund (Enterprise Fund)	--	63,452
Municipal Parking Fund (Enterprise Fund)	--	24,959
Solid Waste Fund (Enterprise Fund)	--	16,231
Sanitation Fund (Enterprise Fund)	--	103,860
Total Interfund Transfers	<u>\$ 5,239,461</u>	<u>\$ 5,239,461</u>

General Fund Transfers In consisted entirely of \$214,502 from the Town's other funds providing cost reimbursement to recover general fund management, human resource utilization, payroll/accounts payable functions, pension/benefits management, billing, collection as well as legal recovery services.

General Fund Transfers Out consisted of \$5,024,959 to provide the capital projects fund with funding required for the construction of the new community center.

Capital Projects Fund Transfers In includes the \$5,024,959 previously mentioned in the General Fund Transfers Out.

Transportation Surtax Fund Transfers Out of \$6,000 were transferred to cost reimburse the General Fund as previously mentioned.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	1,742,581	805,580	24,755	2,523,406
Total Capital Assets Not Being Depreciated	<u>3,203,810</u>	<u>805,580</u>	<u>24,755</u>	<u>3,984,635</u>
Capital Assets Being Depreciated				
Buildings	3,912,966	--	--	3,912,966
Machinery, furniture and equipment	3,119,126	30,502	52,174	3,097,454
Infrastructure	2,096,725	66,045	--	2,162,770
Total Capital Assets Being Depreciated	<u>9,128,817</u>	<u>96,547</u>	<u>52,174</u>	<u>9,173,190</u>
Less: Accumulated Depreciation for				
Buildings	1,085,528	72,495	--	1,158,023
Machinery, furniture and equipment	1,716,092	310,564	51,721	1,974,935
Infrastructure	325,595	102,600	--	428,195
Total Accumulated Depreciation	<u>3,127,215</u>	<u>485,659</u>	<u>51,721</u>	<u>3,561,153</u>
Total Capital Assets Being Depreciated, Net	<u>6,001,602</u>	<u>(389,112)</u>	<u>453</u>	<u>5,612,037</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,205,412</u>	<u>\$ 416,468</u>	<u>\$ 25,208</u>	<u>\$ 9,596,672</u>
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ --	\$ 487,467	\$ --	\$ 487,467
Construction in progress	685,227	428,653	--	1,113,880
Total Capital Assets Not Being Depreciated	<u>685,227</u>	<u>916,120</u>	<u>--</u>	<u>1,601,347</u>
Capital Assets Being Depreciated				
Equipment	584,498	6,880	--	591,378
Infrastructure	2,268,260	--	--	2,268,260
Total Capital Assets Being Depreciated	<u>2,852,758</u>	<u>6,880</u>	<u>--</u>	<u>2,859,638</u>
Less: Accumulated Depreciation for				
Equipment	457,789	24,548	--	482,337
Infrastructure	1,801,370	39,971	--	1,841,341
Total Accumulated Depreciation	<u>2,259,159</u>	<u>64,519</u>	<u>--</u>	<u>2,323,678</u>
Total Capital Assets Being Depreciated, Net	<u>593,599</u>	<u>(57,639)</u>	<u>--</u>	<u>535,960</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,278,826</u>	<u>\$ 858,481</u>	<u>\$ --</u>	<u>\$ 2,137,307</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 117,167
Public safety	137,719
Public works	107,505
Leisure services	108,622
Transportation	<u>14,645</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 485,659</u>
Business-type Activities	
Water and sewer	\$ 20,642
Municipal parking	16,149
Sanitation	14,442
Stormwater utility	<u>13,286</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 64,519</u>

NOTE 7 – NOTE PAYABLE

On April 12, 2010, the Town signed a non interest bearing promissory note for \$100,000 which is due in one installment dated April 11, 2010. The proceeds of the note were used to acquire a property to be used for municipal parking.

NOTE 8 – LONG-TERM LIABILITIES

COMPENSATED ABSENCES

Changes in long-term liabilities for the fiscal year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	<u>\$ 321,311</u>	<u>\$ 35,241</u>	<u>\$ 94,135</u>	<u>\$ 262,417</u>	<u>\$ 26,241</u>
 Business-type Activities					
Compensated absences	<u>\$ 71,995</u>	<u>\$ 4,185</u>	<u>\$ 2,214</u>	<u>\$ 73,966</u>	<u>\$ 7,396</u>

NOTE 9 – ENCUMBRANCES

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. At September 30, 2010, an amount of approximately \$139,000 was encumbered for capital projects.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

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

PLAN DESCRIPTION

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

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

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

CONTRIBUTIONS AND FUNDING POLICY

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contributions to the Plan totaled \$553,919 for the year ended September 30, 2010.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS AND FUNDING POLICY (CONTINUED)

Police Officers

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method Used to Value Investments

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

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

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

Method Used to Value Investments (continued)

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

ANNUAL PENSION COST AND NET PENSION ASSET

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

Annual Required Contribution	\$ 553,919
Interest on Net Pension Asset	(16,660)
Adjustment to ARC	<u>18,809</u>
Annual Pension Cost	556,068
Town Contributions	<u>(553,919)</u>
Decrease in NPA	2,149
Net Pension Asset:	
Beginning of year	<u>(222,138)</u>
End of year	<u>\$ (219,989)</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

ANNUAL PENSION COST AND NET PENSION ASSET (CONTINUED)

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

Fiscal Year End	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
September 30, 2008	\$ 387,824	99%	\$ (224,308)
September 30, 2009	425,917	99%	(222,138)
September 30, 2010	556,068	100%	(219,989)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2010, the most recent actuarial valuation date, is as follows:

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
October 1, 2010	\$ 12,304,770	\$ 12,414,859	\$ 110,089	99.1%	\$ 4,016,852	2.7%

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

Additional information as of the October 1, 2008, Actuarial Valuation Report, which was used to compute the annual required contribution for the year ended September 30, 2010, as well as information as of the latest Actuarial Valuation Report dated October 1, 2010 is as follows:

Actuarial valuation date	October 1, 2008	October 1, 2010
Contribution rates:		
Employer	9.3%	15.6%
Plan members	6.9%	7.0%
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization	30 years	29 years
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	6.0% - 15.0%	1.5% - 13.5%
Cost of living adjustments	1.5%	1.5%
*Includes inflation at	4.0%	4.0%

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

GASB Statement No. 45 “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*” (“OPEB”), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (“ARC”) and the amount funded during the year is required to be recorded in the employer's Statement of Net Assets as an increase (or decrease) in the OPEB obligation. Recognition of the liability accumulated for prior years will be phased in over 30 years, commencing with the 2010 liability. The effective date to implement GASB 45 for the Town is the current year and accordingly, the Town obtained an actuarial valuation in accordance with the standards of the Statement.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

PLAN DESCRIPTION

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

FUNDING POLICY AND ANNUAL OPEB COST

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

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Annual required contribution	\$ 42,919
Interest on normal cost	--
Adjustment to the annual required contribution	--
Annual OPEB cost	42,919
Estimated employer contribution	(8,300)
Increase in net OPEB obligation	34,619
Net OPEB obligation - beginning of year	--
Net OPEB Obligation - End of Year	\$ 34,619

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST (CONTINUED)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 was:

Fiscal year ended	9/30/2010
Annual OPEB cost	\$ 34,619
Percentage of OPEB cost contributed	0.00%
Net OPEB obligation	\$ 34,619

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of October 1, 2009, the latest actuarial valuation, was as follows:

Actuarial Value of Assets (a)	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
\$ --	\$ 315,926	\$ 315,926	0.0%	\$ 4,364,293	7.2%

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Contribution rate	1.0%
Actuarial valuation date	10/1/2009
Annual OPEB cost	\$42,919
Contributions made	0
Actuarial cost method	Entry Age
Amortization method	Level percent, open
Remaining amortization	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	4.0%
Projected salary increases*	6.0% - 15.0%
Payroll growth assumptions	3.0%
Initial trend rate	9.0%
	4.5%
* Includes inflation at	4.0%

NOTE 12 – 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 provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for workers' compensation and liability insurance for claims in excess of \$1,000,000. All policies are issued by FMIT and FMSIF on a non-assessable basis.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

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

LITIGATION

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

COMMITMENTS

The Town entered into agreements for approximately \$5,000,000 for the construction of the new community center. As of September 30, 2010 \$4,201,479 was remaining in this obligation.

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 5,273,378	\$ 5,226,414	\$ 5,323,728	\$ 97,314
Resort taxes	235,000	221,500	249,327	27,827
Utility taxes	426,457	416,681	463,747	47,066
Communications services tax	338,499	344,600	343,440	(1,160)
Franchise taxes	448,771	443,921	414,835	(29,086)
Licenses and permits	160,100	283,655	374,556	90,901
Intergovernmental	549,865	566,628	575,297	8,669
Charges for services	171,315	131,216	144,757	13,541
Fines and forfeitures	166,000	144,089	150,342	6,253
Interest earnings	31,000	3,600	75,542	71,942
Miscellaneous	40,621	27,250	56,482	29,232
Total Revenues	7,841,006	7,809,554	8,172,053	362,499
Expenditures				
Current:				
General government:				
Legislative	61,800	66,800	60,111	6,689
Legal services	425,262	430,177	387,148	43,029
Executive, finance and administration	1,715,876	1,822,101	1,751,977	70,124
Total general government	2,202,938	2,319,078	2,199,236	119,842
Public safety	3,845,291	3,860,763	3,604,734	256,029
Public works	795,144	734,254	695,642	38,612
Leisure services	1,187,176	1,188,725	994,481	194,244
Total Expenditures	8,030,549	8,102,820	7,494,093	608,727
Excess (Deficiency) of Revenues over Expenditures	(189,543)	(293,266)	677,960	971,226
Other Financing Uses				
Transfers in	214,502	214,502	214,502	--
Transfers out	(5,024,959)	(5,024,959)	(5,024,959)	--
Total Other Financing Uses	(4,810,457)	(4,810,457)	(4,810,457)	--
Net Change in Fund Balances	\$ (5,000,000)	\$ (5,103,723)	\$ (4,132,497)	
Appropriated Beginning Fund Balance	\$ --	\$ 5,103,723		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

If during the course of the fiscal year, it becomes evident that a particular fund is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption. All necessary supplemental appropriations are adopted by the Town Commission as part of the budget review process and are included in the "Final Budget" columns on the schedule of revenues, expenditures and changes in fund balance – budget and actual.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/05	\$ 9,924,144	\$ 8,992,940	\$ (931,204)	110.4%	\$ 3,170,278	(29.4)%
10/1/06	10,500,533	9,980,193	(520,340)	105.2%	3,653,148	(14.2)%
10/1/07	11,201,453	10,225,271	(976,182)	109.5%	3,978,291	(24.5)%
10/1/08	11,701,487	10,971,286	(730,201)	106.7%	4,568,544	(16.0)%
10/1/09	11,697,998	11,662,297	(35,701)	100.3%	4,059,522	(0.9)%
10/1/10	12,304,770	12,414,859	110,089	99.1%	4,016,852	2.7%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended September 30,	Annual Required Contribution (ARC)	Percentage Contributed
2005	\$ --	N/A
2006	203,274	114%
2007	264,370	100%
2008	384,905	100%
2009	423,747	100%
2010	553,919	100%

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

SEPTEMBER 30, 2010

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

TOWN OF SURFSIDE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Assets				
Cash and cash equivalents	\$ 172,531	\$ 382,553	\$ 64,026	\$ 619,110
Investments	--	--	7,933	7,933
Receivables	8,208	41,486	--	49,694
Total Assets	<u>\$ 180,739</u>	<u>\$ 424,039</u>	<u>\$ 71,959</u>	<u>\$ 676,737</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,704	\$ 7,539	\$ 134	\$ 9,377
Total Liabilities	<u>1,704</u>	<u>7,539</u>	<u>134</u>	<u>9,377</u>
Fund Balances				
Restricted for:				
Tourism	179,035	--	--	179,035
Transportation surtax	--	416,500	--	416,500
Police forfeiture	--	--	71,825	71,825
Total Fund Balances	<u>179,035</u>	<u>416,500</u>	<u>71,825</u>	<u>667,360</u>
Total Liabilities and Fund Balances	<u>\$ 180,739</u>	<u>\$ 424,039</u>	<u>\$ 71,959</u>	<u>\$ 676,737</u>

TOWN OF SURFSIDE, FLORIDA

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

NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Revenues				
Resort taxes	\$ 141,546	\$ --	\$ --	\$ 141,546
Forfeitures	--	--	39,901	39,901
Intergovernmental	--	170,243	--	170,243
Interest	511	1,329	3,528	5,368
Miscellaneous	3,299	--	--	3,299
Total Revenues	<u>145,356</u>	<u>171,572</u>	<u>43,429</u>	<u>360,357</u>
Expenditures				
General government	116,318	--	--	116,318
Public safety	--	--	57,503	57,503
Transportation	--	91,037	--	91,037
Capital outlay	--	146,261	--	146,261
Total Expenditures	<u>116,318</u>	<u>237,298</u>	<u>57,503</u>	<u>411,119</u>
Excess (Deficiency) of Revenues Over Expenditures	29,038	(65,726)	(14,074)	(50,762)
Other Financing Sources				
Transfers out	--	(6,000)	--	(6,000)
Net Change in Fund Balances	29,038	(71,726)	(14,074)	(56,762)
Fund Balances - Beginning	<u>149,997</u>	<u>488,226</u>	<u>85,899</u>	<u>724,122</u>
Fund Balances - Ending	<u>\$ 179,035</u>	<u>\$ 416,500</u>	<u>\$ 71,825</u>	<u>\$ 667,360</u>

TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Resort taxes	\$ 122,500	\$ 122,500	\$ 141,546	\$ 19,046
Interest	500	500	511	11
Miscellaneous	11,000	11,000	3,299	(7,701)
Total Revenues	<u>134,000</u>	<u>134,000</u>	<u>145,356</u>	<u>11,356</u>
Expenditures				
Current:				
General government	134,000	134,000	116,318	17,682
Total Expenditures	<u>134,000</u>	<u>134,000</u>	<u>116,318</u>	<u>17,682</u>
Excess of Revenues over Expenditures	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 29,038</u>	<u>\$ 29,038</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ --</u>		

TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 175,000	\$ 175,000	\$ 170,243	\$ (4,757)
Interest	100	100	1,329	1,229
Total Revenues	<u>175,100</u>	<u>175,100</u>	<u>171,572</u>	<u>(3,528)</u>
Expenditures				
Current:				
General government	75,000	75,000	91,037	(16,037)
Capital Outlay	142,261	142,261	146,261	(4,000)
Total Expenditures	<u>217,261</u>	<u>217,261</u>	<u>237,298</u>	<u>(20,037)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(42,161)</u>	<u>(42,161)</u>	<u>(65,726)</u>	<u>23,565</u>
Other Financing Uses				
Transfers out	(6,000)	(6,000)	(6,000)	--
Net Changes in Fund Balances	<u>\$ (48,161)</u>	<u>\$ (48,161)</u>	<u>\$ (71,726)</u>	<u>\$ 23,565</u>
Appropriated Beginning Fund Balance	<u>\$ 48,161</u>	<u>\$ 48,161</u>		

TOWN OF SURFSIDE, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Forfeitures	\$ 25,000	\$ 25,000	\$ 39,901	\$ 14,901
Interest earnings	<u>2,400</u>	<u>2,400</u>	<u>3,528</u>	<u>1,128</u>
Total Revenues	<u>27,400</u>	<u>27,400</u>	<u>43,429</u>	<u>16,029</u>
Expenditures				
Current:				
Public safety	<u>73,250</u>	<u>73,250</u>	<u>57,503</u>	<u>15,747</u>
Total Expenditures	<u>73,250</u>	<u>73,250</u>	<u>57,503</u>	<u>15,747</u>
Deficiency of Revenues over Expenditures	<u>\$ (45,850)</u>	<u>\$ (45,850)</u>	<u>\$ (14,074)</u>	<u>\$ 31,776</u>
Appropriated Beginning Fund Balance	<u>\$ 45,850</u>	<u>\$ 45,850</u>		

STATISTICAL SECTION



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

This part of Surfside'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	<u>Page No.</u>
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.	61-77
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.	78-84
Debt Capacity The Town has not issued any long-term debt within the last ten years. Therefore, the debt exhibits, with the exception of overlapping debt, are not applicable.	85
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.	86-88
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.	89-90

Data Source:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report or financial statements for the applicable year. The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only seven years of government-wide financial data is presented.

Town of Surfside, Florida
Changes in Net Assets - Governmental Activities (Unaudited)
Last Seven Fiscal Years ¹
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
General government	\$ 2,423,644	\$ 2,464,164	\$ 4,016,141	\$ 3,586,294	\$ 3,933,155	\$ 2,844,246	\$ 2,404,067
Public safety	2,388,141	2,664,931	3,029,368	3,599,072	3,703,961	4,094,093	3,786,485
Physical environment	736,607	909,393	1,161,599	959,705	848,334	961,381	803,147
Leisure services	992,699	1,247,493	1,460,284	1,238,174	1,748,556	1,558,000	1,086,071
Tourism development	147,451	131,335	146,885	89,635	2	2	2
Transportation	28,845	37,034	53,941	-	173,759	114,121	105,682
Total Expenses	6,717,387	7,454,350	9,868,218	9,472,880	10,407,767	9,571,843	8,185,454
Program Revenues:							
Charges for services:							
General government	869,361	370,259	257,767	340,597	169,749	198,504	374,556
Public safety	130,614	180,367	150,781	205,692	287,324	199,614	-
Leisure services	308,970	359,731	391,914	162,549	125,120	123,327	144,757
Operating grants and contributions	10,625	-	350,165	316,547	325,309	269,317	382,635
Total Program Revenues	1,319,570	910,357	1,150,627	1,025,385	907,502	790,762	901,948
Net (Expense) Revenue	(5,397,817)	(6,543,993)	(8,717,591)	(8,447,495)	(9,500,265)	(8,781,081)	(7,283,506)
General Revenues:							
Taxes:							
Property taxes	3,952,662	4,735,259	5,846,079	7,377,056	6,292,755	6,325,721	5,323,728
Resort taxes	534,731	505,346	546,264	477,563	424,279	366,867	390,873
Franchise fees based on gross receipts	401,532	385,984	470,541	453,901	463,823	416,728	414,835
Utility taxes	698,599	717,418	446,933	457,905	438,335	66,825	120,307
Communications services tax	-	-	281,143	272,870	337,348	385,486	343,440
Unrestricted intergovernmental revenues	685,798	590,402	662,034	584,219	519,837	862,137	905,255
Unrestricted investment earnings (losses)	127,922	263,603	563,494	639,616	194,695	(36,049)	98,208
Miscellaneous	227,295	58,743	544,216	57,941	49,503	81,280	56,481
Total General Revenues	6,628,539	7,256,755	9,360,704	10,321,071	8,720,575	8,468,995	7,653,127
Net Transfers In (Out)	(55,000)	(258,833)	(284,134)	-	(110,940)	121,893	208,502
Total General Revenues Net Transfers	6,573,539	6,997,922	9,076,570	10,321,071	8,609,635	8,590,888	7,861,629
Change in Net Assets	\$ 1,175,722	\$ 453,929	\$ 358,979	\$ 1,873,576	\$ (890,630)	\$ (190,193)	\$ 578,123

Notes:

¹ The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only seven years of government-wide financial data is presented.

² Now included in leisure services.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

Town of Surfside, Florida
Changes in Net Assets - Governmental Activities - Percentage of Total (Unaudited)
Last Seven Fiscal Years ¹
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
General government	36.1%	33.1%	40.7%	37.9%	37.8%	29.7%	29.4%
Public safety	35.6%	35.8%	30.7%	38.0%	35.6%	42.8%	46.3%
Physical environment	11.0%	12.2%	11.8%	10.1%	8.2%	10.0%	9.8%
Culture and recreation	14.8%	16.7%	14.8%	13.1%	16.8%	16.3%	13.3%
Tourism development	2.2%	1.8%	1.5%	0.9%	0.0%	0.0%	0.0%
Transportation	0.3%	0.5%	0.5%	0.0%	1.7%	1.2%	1.3%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:							
Charges for services:							
General government	65.9%	40.7%	22.4%	33.2%	18.7%	25.1%	41.5%
Public safety	9.9%	19.8%	13.1%	20.1%	31.7%	25.2%	0.0%
Leisure services	23.4%	39.5%	34.1%	15.9%	13.8%	15.6%	16.0%
Tourism development	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating grants and contributions	0.8%	0.0%	30.4%	30.9%	35.8%	34.1%	42.5%
Total Program Revenues	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:							
Taxes:							
Property taxes	59.6%	65.3%	62.5%	71.5%	72.2%	74.7%	69.6%
Resort taxes	8.1%	7.0%	5.8%	4.6%	4.9%	4.3%	5.1%
Franchise fees based on gross receipts	6.1%	5.3%	5.0%	4.4%	5.3%	4.9%	5.4%
Utility taxes	10.5%	9.9%	4.8%	4.4%	5.0%	0.8%	1.6%
Communications services tax	0.0%	0.0%	3.0%	2.6%	3.9%	4.6%	4.5%
Unrestricted intergovernmental revenues	10.3%	8.1%	7.1%	5.7%	6.0%	10.2%	11.8%
Unrestricted investment earnings (losses)	1.9%	3.6%	6.0%	6.2%	2.2%	-0.4%	1.3%
Miscellaneous	3.5%	0.8%	5.8%	0.6%	0.5%	0.9%	0.7%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

¹ The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only seven years of government-wide financial data is presented.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

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

	For the Fiscal Year Ended September 30,						
Source	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Water and sewer	\$ 1,379,880	\$ 1,178,986	\$ 1,360,734	\$ 1,428,258	\$ 1,788,324	\$ 1,669,477	\$ 1,990,702
Municipal parking	134,292	143,472	107,555	176,715	188,086	174,680	222,108
Sanitation	875,509	920,923	1,412,283	1,172,075	1,139,619	1,018,579	949,505
Stormwater utility	57,044	62,268	82,940	100,970	115,723	128,910	114,086
Total Expenses	2,446,725	2,305,649	2,963,512	2,878,018	3,231,752	2,991,646	3,276,401
Program Revenues:							
Charges for services:							
Water and sewer	1,569,718	1,555,453	1,521,173	1,512,757	1,352,247	1,966,915	2,518,218
Municipal parking	336,475	335,327	282,430	288,959	296,600	394,975	404,293
Sanitation	785,509	750,510	806,053	798,028	782,024	1,251,695	1,244,547
Stormwater utility	115,504	115,407	115,324	114,134	114,219	243,775	247,002
Operating grants and contributions	-	12,952	333,674	-	-	-	-
Capital grants and contributions	-	-	-	761	12,500	-	-
Total Program Revenues	2,807,206	2,769,649	3,058,654	2,714,639	2,557,590	3,857,360	4,414,060
Net (Expense) Revenue	360,481	464,000	95,142	(163,379)	(674,162)	865,714	1,137,659
General Revenues:							
Investment earnings	30,820	82,036	151,372	201,052	101,307	2,569	15,622
Capital contributions	-	-	-	-	-	-	108,947
Net Transfers	55,000	258,833	285,656	-	110,940	(121,893)	(208,502)
Total General Revenues	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)
Change in Net Assets	\$ 446,301	\$ 804,869	\$ 532,170	\$ 37,673	\$ (461,915)	\$ 746,390	\$ 1,053,726

Notes:

¹ The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only seven years of government-wide financial data is presented.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

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

For the Fiscal Year Ended September 30,

	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Governmental activities ¹	\$ 6,717,387	\$ 7,454,350	\$ 9,868,218	\$ 9,472,880	\$ 10,407,767	\$ 9,571,843	\$ 8,185,454
Business-type activities ²	2,446,725	2,305,649	2,963,512	2,878,018	3,231,752	2,991,646	3,276,401
Total Expenses	<u>9,164,112</u>	<u>9,759,999</u>	<u>12,831,730</u>	<u>12,350,898</u>	<u>13,639,519</u>	<u>12,563,489</u>	<u>11,461,855</u>
Program Revenues:							
Governmental activities ¹	1,319,570	910,357	1,150,627	1,025,385	907,502	790,762	901,948
Business-type activities ²	2,807,206	2,769,649	3,058,654	2,714,639	2,557,590	3,857,360	4,414,060
Total Program Revenues	<u>4,126,776</u>	<u>3,680,006</u>	<u>4,209,281</u>	<u>3,740,024</u>	<u>3,465,092</u>	<u>4,648,122</u>	<u>5,316,008</u>
Net (Expense) Revenue	<u>(5,037,336)</u>	<u>(6,079,993)</u>	<u>(8,622,449)</u>	<u>(8,610,874)</u>	<u>(10,174,427)</u>	<u>(7,915,367)</u>	<u>(6,145,847)</u>
General Revenues and Transfers:							
Governmental activities ¹	6,573,539	6,997,922	9,076,570	10,321,071	8,609,635	8,590,888	7,861,629
Business-type activities ²	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)
Total General Revenues	<u>6,659,359</u>	<u>7,338,791</u>	<u>9,513,598</u>	<u>10,522,123</u>	<u>8,821,882</u>	<u>8,471,564</u>	<u>7,777,696</u>
Change in Net Assets	<u>\$ 1,622,023</u>	<u>\$ 1,258,798</u>	<u>\$ 891,149</u>	<u>\$ 1,911,249</u>	<u>\$ (1,352,545)</u>	<u>\$ 556,197</u>	<u>\$ 1,631,849</u>

Notes:

¹ See Exhibit I

² See Exhibit III

Town of Surfside, Florida
Government-wide Net Assets by Category²
Last Seven Fiscal Years¹
(accrual basis of accounting)

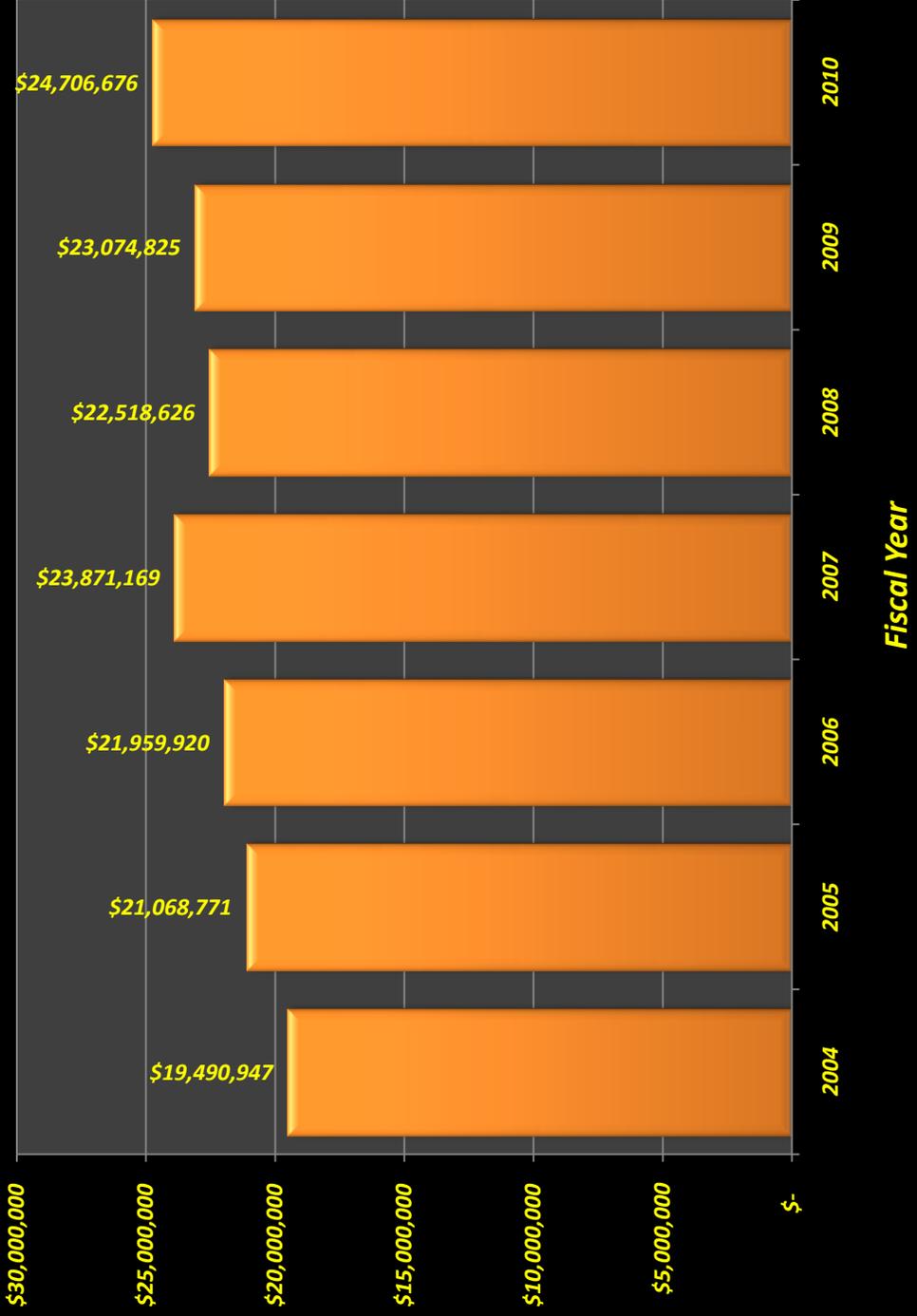
	September 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental Activities							
Invested in capital assets, net of related debt	\$ 6,469,295	\$ 6,583,160	\$ 8,204,180	\$ 8,014,197	\$ 9,102,085	\$ 9,205,412	\$ 9,596,672
Restricted	3,327,718	3,538,145	822,422	788,412	819,427	724,122	667,360
Unrestricted	5,945,532	6,394,195	7,847,877	9,945,446	7,935,915	7,737,702	7,981,329
Subtotal Governmental Activities Net Assets	15,742,545	16,515,500	16,874,479	18,748,055	17,857,427	17,667,236	18,245,361
Business-type Activities							
Invested in capital assets, net of related debt	771,812	778,258	921,947	740,133	963,195	1,278,825	2,037,308
Restricted	340,824	342,346	343,868	343,868	1,689,815	1,358,811	1,822,858
Unrestricted	2,635,766	3,432,667	3,819,626	4,039,113	2,008,189	2,769,953	2,601,149
Subtotal Business-type Activities Net Assets	3,748,402	4,553,271	5,085,441	5,123,114	4,661,199	5,407,589	6,461,315
Primary Government							
Invested in capital assets, net of related debt	7,241,107	7,361,418	9,126,127	8,754,330	10,065,280	10,484,237	11,633,980
Restricted	3,668,542	3,880,491	1,166,290	1,132,280	2,509,242	2,082,933	2,490,218
Unrestricted	8,581,298	9,826,862	11,667,503	13,984,559	9,944,104	10,507,655	10,582,478
Total Primary Government Net Assets	\$ 19,490,947	\$ 21,068,771	\$ 21,959,920	\$ 23,871,169	\$ 22,518,626	\$ 23,074,825	\$ 24,706,676

Notes:

¹ The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only seven years of government-wide financial data is presented.

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

Town of Surfside, Florida
Chart-Total Government-wide Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)



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

For the Fiscal Year Ended September 30,

Revenue Source	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Amounts									
Taxes	\$ 4,148,313	\$ 4,327,838	\$ 5,087,080	\$ 5,587,524	\$ 6,344,007	\$ 7,590,960	\$ 9,039,295	\$ 7,956,540	\$ 7,561,627	\$ 6,936,623
Intergovernmental	477,578	511,096	572,133	685,798	788,467	1,008,198	858,405	887,507	1,131,454	745,540
Licenses and permits	232,338	682,959	427,226	365,350	259,024	256,007	340,597	169,749	198,504	374,556
Charges for services	301,439	305,238	292,820	301,923	356,725	391,537	162,549	125,120	123,327	144,757
Fines and forfeitures	248,657	249,712	153,748	636,673	311,961	156,755	205,692	287,324	199,614	190,243
Investment earnings	339,352	113,472	128,198	127,922	263,603	563,494	639,616	194,695	(36,049)	103,576
Miscellaneous	96,102	61,930	58,935	242,917	59,941	544,379	57,941	49,503	96,289	59,781
Total Revenues	\$ 5,843,779	\$ 6,252,245	\$ 6,720,140	\$ 7,948,107	\$ 8,383,728	\$ 10,511,330	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076
% change from prior year	-2.8%	7.0%	7.5%	18.3%	5.5%	25.4%	7.5%	-14.5%	-4.1%	-7.8%
	Percentage of Total									
Taxes	71.0%	69.2%	75.7%	70.3%	75.7%	72.2%	80.0%	82.3%	81.5%	81.1%
Intergovernmental	8.2%	8.2%	8.5%	8.6%	9.4%	9.6%	7.6%	9.2%	12.2%	8.7%
Licenses and permits	4.0%	10.9%	6.4%	4.6%	3.1%	2.4%	3.0%	1.8%	2.1%	4.4%
Charges for services	5.2%	4.9%	4.4%	3.8%	4.3%	3.7%	1.4%	1.3%	1.3%	1.7%
Fines and forfeitures	4.3%	4.0%	2.3%	8.0%	3.7%	1.5%	1.8%	3.0%	2.3%	2.2%
Investment earnings	5.8%	1.8%	1.9%	1.6%	3.1%	5.4%	5.7%	2.0%	-0.4%	1.2%
Miscellaneous	1.5%	1.0%	0.8%	3.1%	0.7%	5.2%	0.5%	0.4%	1.0%	0.7%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

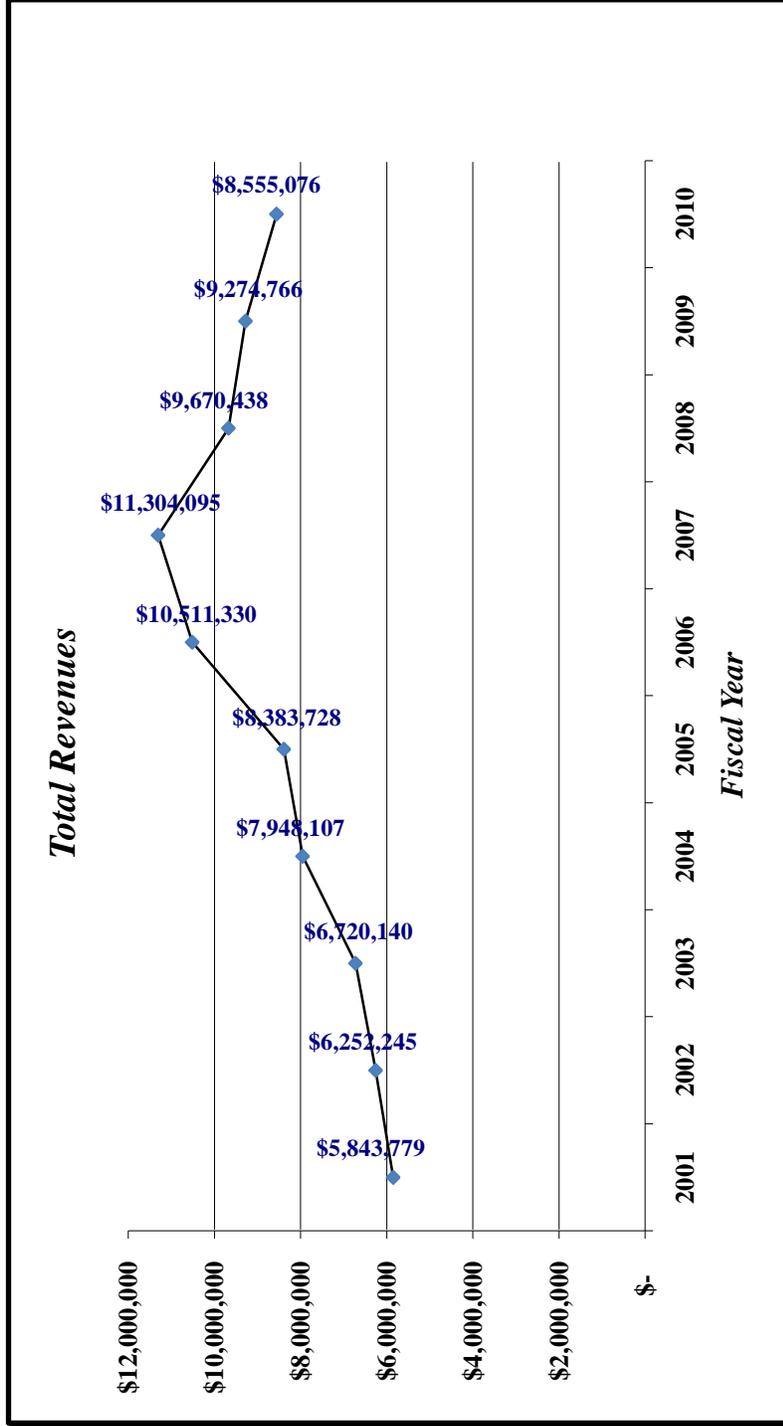
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

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

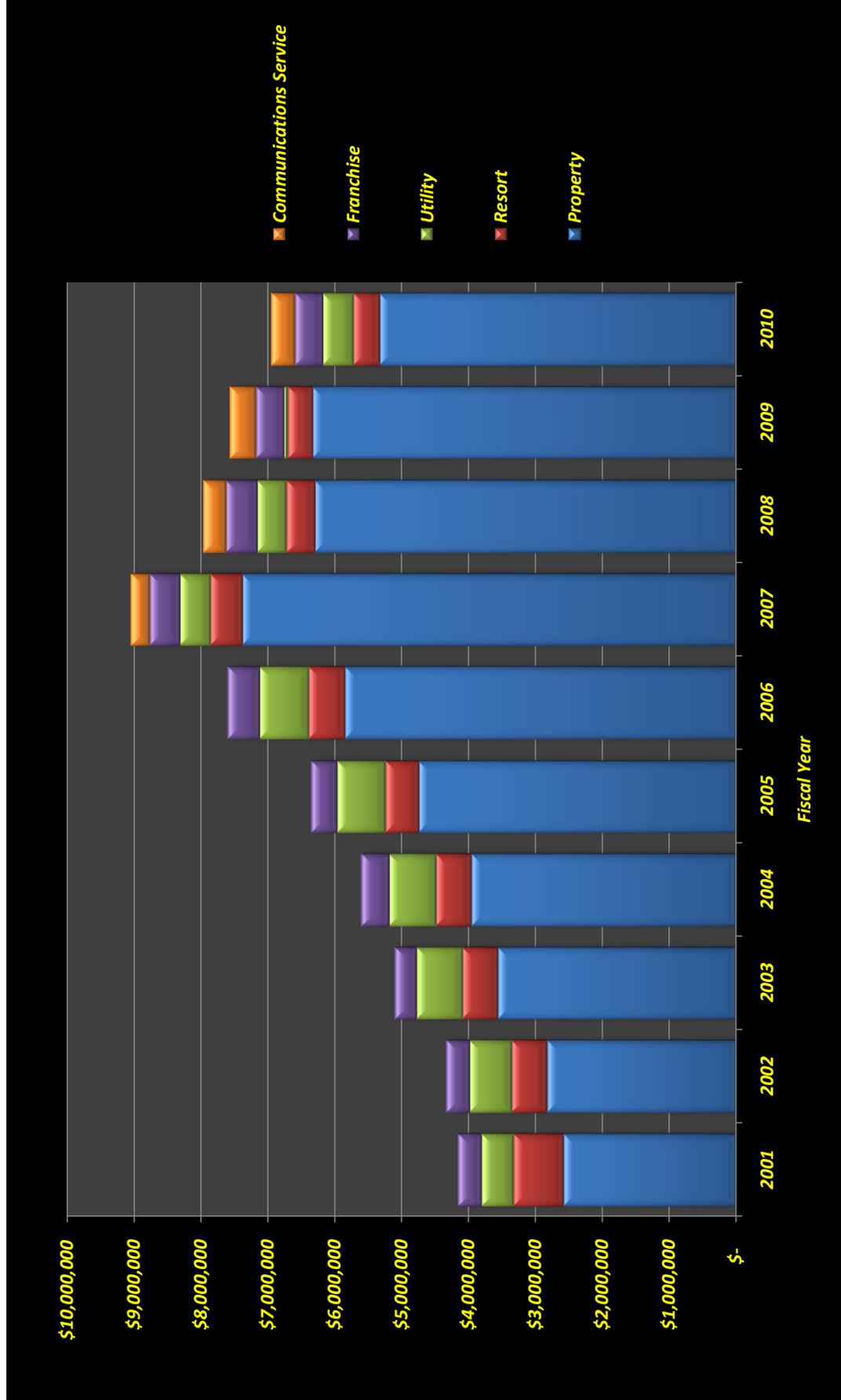


Town of Surfside, Florida
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended September 30,	Amounts					Total
	Property	Resort	Utility	Franchise	Communications Service	
2001	\$ 2,571,169	\$ 751,205	\$ 478,676	\$ 347,263	\$ -	\$ 4,148,313
2002	2,823,068	526,374	629,413	348,983	-	4,327,838
2003	3,555,405	531,691	687,660	312,324	-	5,087,080
2004	3,952,662	534,731	698,599	401,532	-	5,587,524
2005	4,735,259	505,346	717,418	385,984	-	6,344,007
2006	5,846,079	546,264	728,076	470,541	-	7,590,960
2007	7,377,056	477,563	457,905	453,901	272,870	9,039,295
2008	6,292,755	424,279	438,335	463,823	337,348	7,956,540
2009	6,325,721	366,867	66,825	416,728	385,486	7,561,627
2010	5,323,728	390,873	463,747	414,835	343,440	6,936,623
% Change in Dollars Over 10 Years	107.1%	-48.0%	-3.1%	19.5%	100.0%	67.2%
	Percentage of Total					
2001	62.0%	18.1%	11.5%	8.4%	0.0%	100.0%
2002	65.2%	12.2%	14.5%	8.1%	0.0%	100.0%
2003	69.9%	10.5%	13.5%	6.1%	0.0%	100.0%
2004	70.7%	9.6%	12.5%	7.2%	0.0%	100.0%
2005	74.6%	8.0%	11.3%	6.1%	0.0%	100.0%
2006	77.0%	7.2%	9.6%	6.2%	0.0%	100.0%
2007	81.6%	5.3%	5.1%	5.0%	3.0%	100.0%
2008	79.1%	5.3%	5.5%	5.8%	4.2%	100.0%
2009	83.7%	4.9%	0.9%	5.5%	5.1%	100.0%
2010	76.7%	5.6%	6.7%	6.0%	5.0%	100.0%

Data Source:
Applicable years' comprehensive annual financial report or financial statement.

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



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

	For the Year Ended September 30,									
Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Current:										
General government	\$ 1,947,110	\$ 1,157,085	\$ 1,742,336	\$ 2,604,325	\$ 2,763,146	\$ 4,556,094	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554
Public safety	1,694,729	1,828,766	1,970,007	2,292,629	2,537,447	2,870,994	3,501,367	3,584,295	3,928,491	3,648,766
Physical environment	599,326	616,647	791,082	716,840	882,428	869,936	833,631	749,358	855,526	695,642
Culture and recreation	558,020	549,742	623,214	778,698	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449
Transportation	-	-	-	-	-	-	76,722	159,979	99,476	91,037
Total Current	4,799,185	4,152,240	5,126,639	6,392,492	7,165,395	9,424,974	9,105,711	9,610,094	9,038,524	7,728,448
% Change From Prior Year	3.2%	-13.5%	23.5%	24.7%	12.1%	31.5%	-3.4%	5.5%	-5.9%	-14.5%
Capital Outlay	955,745	595,164	314,464	712,975	474,141	1,979,702	321,287	1,903,727	611,486	877,372
% Change From Prior Year	-51.7%	-37.7%	-47.2%	126.7%	-33.5%	317.5%	-83.8%	492.5%	-67.9%	43.5%
Total Expenditures	\$ 5,754,930	\$ 4,747,404	\$ 5,441,103	\$ 7,105,467	\$ 7,639,536	\$ 11,404,676	\$ 9,426,998	\$ 11,513,821	\$ 9,650,010	\$ 8,605,820
% Change From Prior Year	-13.2%	-17.5%	14.6%	30.6%	7.5%	49.3%	-17.3%	22.1%	-16.2%	-10.8%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

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

For the Calendar Year Ended September 30,

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Current:										
General government	\$ 1,947,110	\$ 1,157,085	\$ 1,742,336	\$ 2,604,325	\$ 2,763,146	\$ 4,556,094	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554
Public safety	1,694,729	1,828,766	1,970,007	2,292,629	2,537,447	2,870,994	3,501,367	3,584,295	3,928,491	3,648,766
Physical environment	599,326	616,647	791,082	716,840	882,428	869,936	833,631	749,358	855,526	695,642
Culture and recreation	558,020	549,742	623,214	778,698	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449
Transportation	-	-	-	-	-	-	76,722	159,979	99,476	91,037
Total Current	\$ 4,799,185	\$ 4,152,240	\$ 5,126,639	\$ 6,392,492	\$ 7,165,395	\$ 9,424,974	\$ 9,105,711	\$ 9,610,094	\$ 9,038,524	\$ 7,728,448

Percentage of Total

Current:										
General government	40.6%	27.9%	34.0%	40.7%	38.6%	48.3%	39.0%	39.8%	29.9%	30.0%
Public safety	35.3%	44.0%	38.4%	35.9%	35.4%	30.5%	38.5%	37.3%	43.5%	47.2%
Physical environment	12.5%	14.9%	15.4%	11.2%	12.3%	9.2%	9.2%	7.8%	9.5%	9.0%
Culture and recreation	11.6%	13.2%	12.2%	12.2%	13.7%	12.0%	12.6%	13.4%	16.1%	12.6%
Transportation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	1.7%	1.0%	1.2%
Total Current	100.0%									

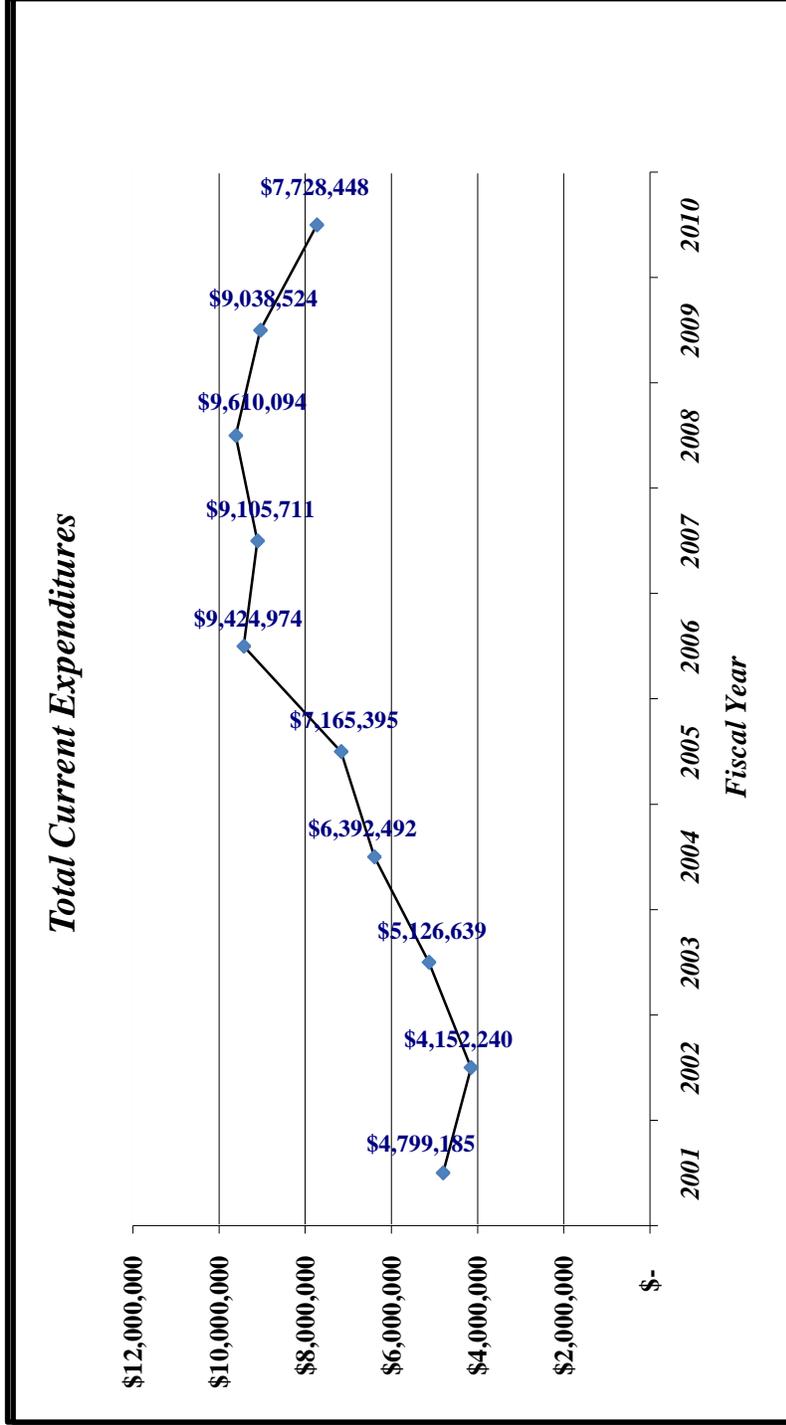
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

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

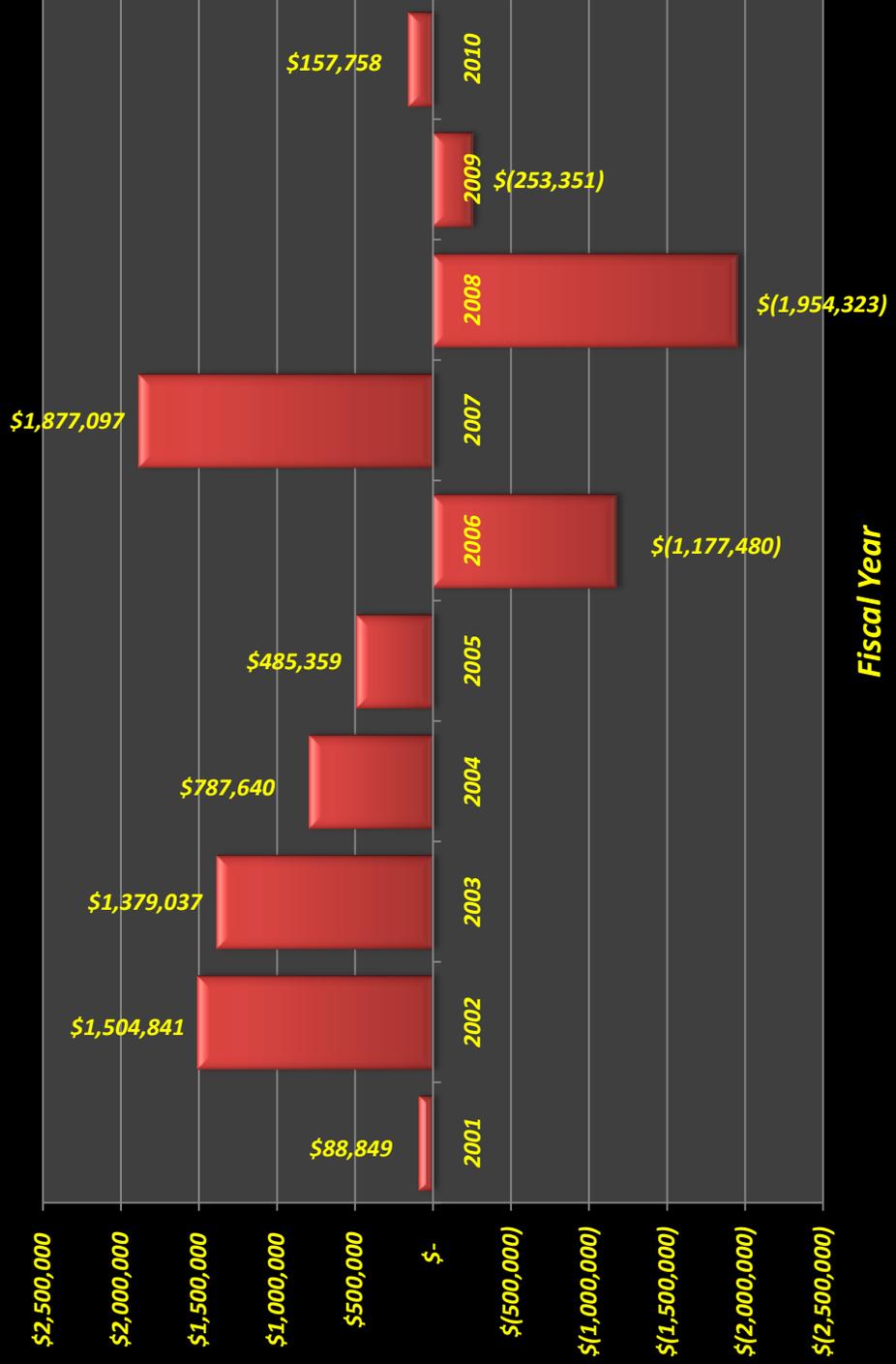


Town of Surfside, Florida
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Revenues	\$ 5,843,779	\$ 6,252,245	\$ 6,720,140	\$ 7,948,107	\$ 8,383,728	\$ 10,511,330	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076
Total Expenditures	5,754,930	4,747,404	5,441,103	7,105,467	7,639,536	11,404,676	9,426,998	11,513,821	9,650,010	8,605,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,849	1,504,841	1,279,037	842,640	744,192	(893,346)	1,877,097	(1,843,383)	(375,244)	(50,744)
Other Financing Sources (Uses)										
Transfers in	900,000	427,349	400,000	575,483	56,926	-	161,738	2,665,101	232,878	5,239,461
Transfers out	(900,000)	(427,349)	(300,000)	(630,483)	(315,759)	(284,134)	(161,738)	(2,776,041)	(110,985)	(5,030,959)
Total Other Financing Sources (Uses)	-	-	100,000	(55,000)	(258,833)	(284,134)	-	(110,940)	121,893	208,502
Net Change in Fund Balances	\$ 88,849	\$ 1,504,841	\$ 1,379,037	\$ 787,640	\$ 485,359	\$ (1,177,480)	\$ 1,877,097	\$ (1,954,323)	\$ (253,351)	\$ 157,758

Data Source:
Applicable years' comprehensive annual financial report.

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



Town of Surfside, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2001 - 2009
(modified accrual basis of accounting)

	At September 30,								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,240	\$ 101,996	\$ 117,013
Unreserved	2,556,973	4,330,773	5,553,798	6,234,808	6,508,243	5,336,016	7,223,228	6,786,540	7,178,522
Total General Fund	2,556,973	4,330,773	5,553,798	6,234,808	6,508,243	5,336,016	7,327,468	6,888,536	7,295,535
General Fund % Change From Prior Year	38.0%	69.4%	28.2%	12.3%	4.4%	-18.0%	37.3%	-6.0%	5.9%
All Other Governmental Funds									
Reserved ¹	-	-	-	-	-	-	3,919	8,590	-
Unreserved	3,357,390	3,088,682	3,223,367	538,085	549,326	2,276,754	1,023,426	783,701	724,122
Special Revenue Funds	(1,886)	(2,437)	18,890	2,281,356	2,320,130	520,194	2,413,858	1,133,521	541,340
Total All Other Governmental Funds	3,355,504	3,086,245	3,242,257	2,819,441	2,869,456	2,796,948	3,441,203	1,925,812	1,265,462
All Other Governmental Funds % Change From Prior Year	8.8%	-8.0%	5.1%	-13.0%	1.8%	-2.5%	23.0%	-44.0%	-34.3%
Total Governmental Funds	5,912,477	7,417,018	8,796,055	9,054,249	9,377,699	8,132,964	10,660,512	8,703,762	8,443,984
Total Governmental Funds % Change From Prior Year	1.5%	25.4%	18.6%	2.9%	3.6%	-13.3%	32.4%	-18.1%	-2.9%

Notes:

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

Data Source:

Applicable years' comprehensive annual financial report or financial statement .

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

	September 30,
	2010
General Fund:	
Assigned to:	
Emergencies and cash flows	\$ 2,000,000
Nonspendable:	
Prepaid items	107,171
Asset held for resale	188,000
Unassigned	867,867
Total General Fund	3,163,038
All Other Governmental Funds:	
Restricted for:	
Tourism	179,035
Transportation surtax	416,500
Police forfeiture	71,825
Committed to:	
Capital projects	4,201,479
Assigned to:	
Capital projects	686,878
Total All Other Governmental Funds:	5,555,717
Total Governmental Funds	\$ 8,718,755

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 nine years.

Data Source:

Applicable years' comprehensive annual financial report or financial statement.

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

Fiscal Year	Real Property		Personal Property		Total Assessed Value ¹	Total Direct Tax Rate ²	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
2001	\$ 504,164,394	3.2%	\$ 11,484,515	3.1%	\$ 515,648,909	5.6030	4.1%
2002	551,054,725	9.3%	13,140,027	14.4%	564,194,752	5.6030	9.4%
2003	710,829,366	29.0%	14,414,834	9.7%	725,244,200	5.6030	28.5%
2004	789,958,828	11.1%	13,889,674	-3.6%	803,848,502	5.6030	10.8%
2005	922,780,341	16.8%	13,798,601	-0.7%	936,578,942	5.6030	16.5%
2006	1,130,237,073	22.5%	16,959,267	22.9%	1,147,196,340	5.6030	22.5%
2007	1,434,501,842	26.9%	15,720,579	-7.3%	1,450,222,421	5.6000	26.4%
2008	1,644,730,371	14.7%	15,702,111	-0.1%	1,660,432,482	4.2500	14.5%
2009	1,513,235,324	-8.0%	18,434,095	17.4%	1,531,669,419	4.7332	-7.8%
2010	1,270,680,301	-16.0%	12,720,930	-31.0%	1,283,401,231	4.7332	-16.2%
*	\$ 1,047,217,257		\$ 14,388,701		\$ 975,420,819		
**	152.0%		10.8%		148.9%		

* Dollar average for ten years.

** Percentage change in dollars over ten years.

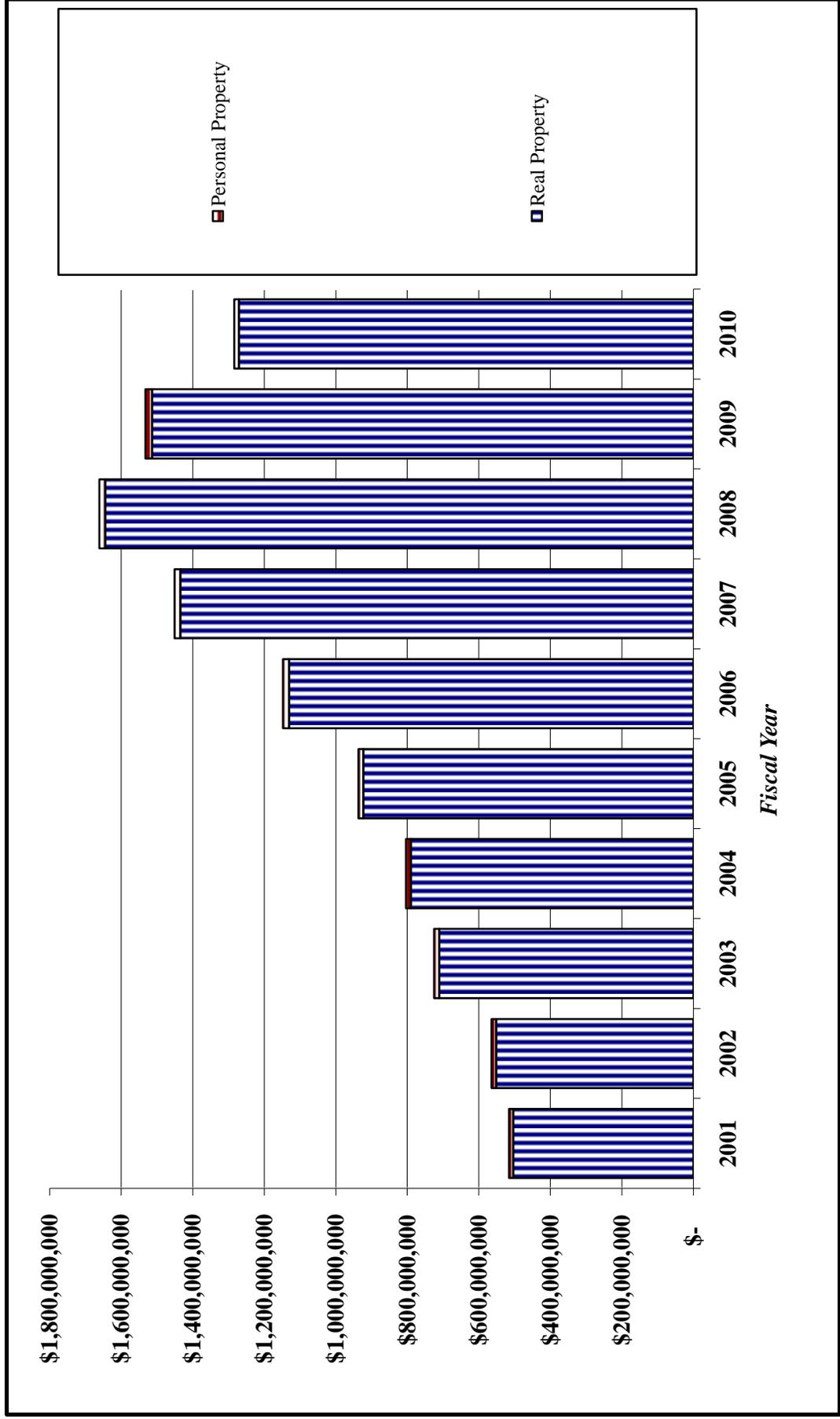
Notes:

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



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

Fiscal Year	Overlapping Rates ¹														Total Direct and Overlapping Millage
	Direct Town		Miami-Dade County				Miami-Dade County School Board				Miami-Dade County				
	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Water Management District	Environmental Project	Special District	Children's Trust	Fire and Rescue	Fire Debt	
2001	5.6030	5.7510	0.6520	6.4030	8.7020	0.9150	9.6170	0.5970	0.1000	0.0410	-	2.6830	0.0690	25.1130	
2002	5.6030	5.7130	0.5520	6.2650	8.5280	0.8480	9.3760	0.5970	0.1000	0.0385	-	2.6830	0.0690	24.7315	
2003	5.6030	5.8890	0.3900	6.2790	8.4820	0.7700	9.2520	0.5970	0.1000	0.0385	-	2.5820	0.0790	24.5305	
2004	5.6030	5.9690	0.2850	6.2540	8.4180	0.6820	9.1000	0.5970	0.1000	0.0385	0.5000	2.5820	0.0790	24.8535	
2005	5.6030	5.9350	0.2850	6.2200	8.0900	0.5970	8.6870	0.5970	0.1000	0.0385	0.4442	2.5920	0.0690	24.3507	
2006	5.6030	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	0.5970	0.1000	0.0385	0.4288	2.6090	0.0520	23.9863	
2007	5.6000	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	0.5970	0.1000	0.0385	0.4223	2.6090	0.0420	23.4138	
2008	4.2500	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0894	0.0345	0.4223	2.2067	0.0420	20.3921	
2009	4.7332	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0894	0.0345	0.4212	2.1851	0.0420	20.9599	
2010	4.7332	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0894	0.0345	0.5000	2.1851	0.0420	21.2367	

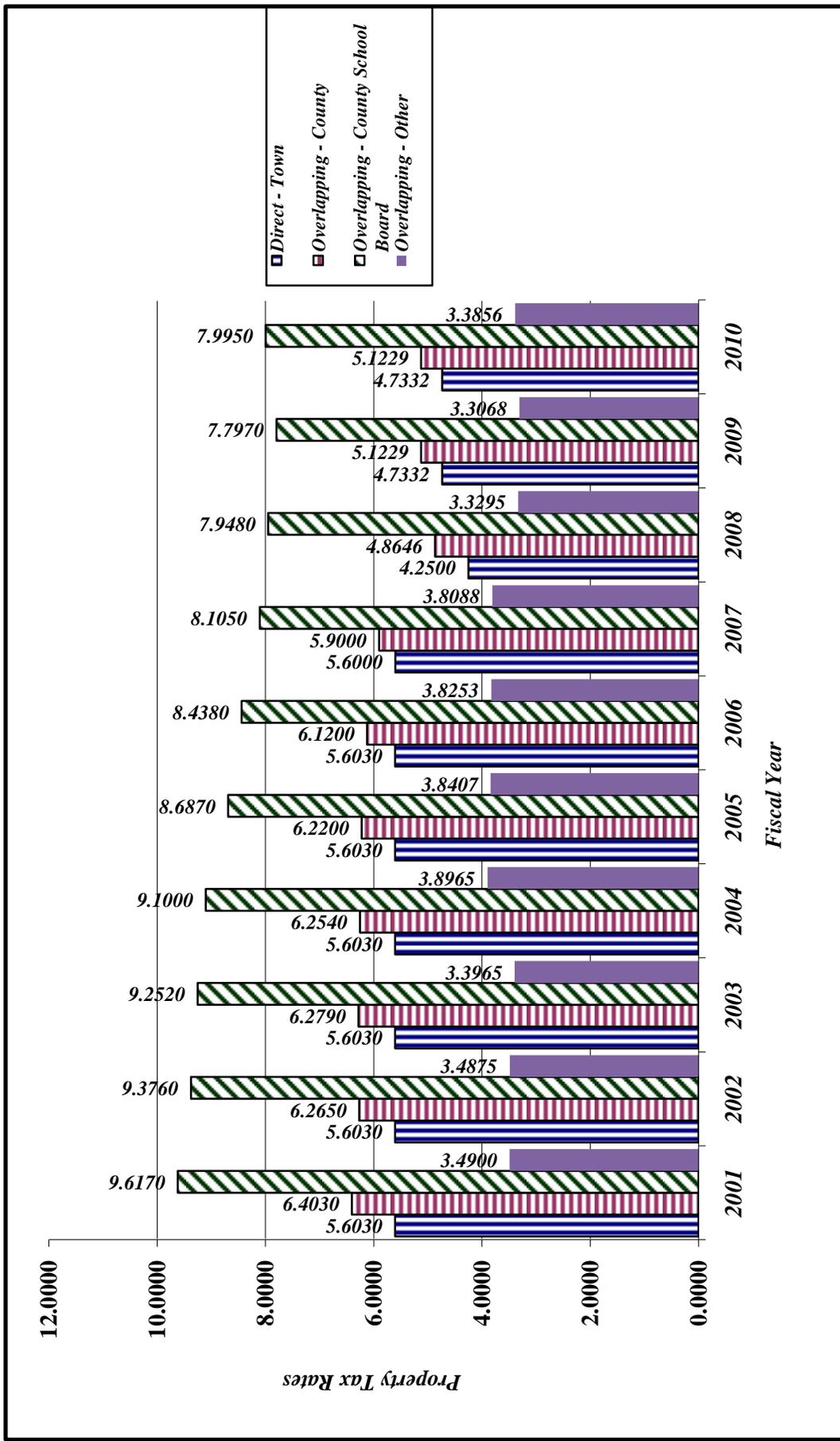
Notes:

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

Data Source:

Miami-Dade County Property Appraiser Office, http://www.miamidade.gov/pa/millage_tables.asp

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



Town of Surfside, Florida
Total Property Tax Levies and Collections (Unaudited) ¹
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
2001	\$ 2,626,635	\$ 2,571,169	97.89%	\$ 55,466	2.11%
2002	2,873,635	2,819,354	98.11%	54,281	1.89%
2003	3,604,928	3,555,405	98.63%	49,523	1.37%
2004	4,113,152	3,952,662	96.10%	160,490	3.90%
2005	4,878,373	4,735,259	97.07%	143,114	2.93%
2006	6,013,274	5,846,079	97.22%	167,195	2.78%
2007	7,675,734	7,377,056	96.11%	298,678	3.89%
2008	6,702,904	6,292,755	93.88%	410,149	6.12%
2009	6,628,539	6,325,721	95.43%	302,818	4.57%
2010	5,550,925	5,323,728	95.91%	227,197	4.09%

Notes:

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

Data Source:

Town Finance Support Services Department

Town of Surfside, Florida
Principal Real Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2010 and 2001

		2010			2001		
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
The Surf Club	\$ 40,373,960	1	3.18%	The Surf Club	\$ 12,204,544	1	2.68%
9379 Realty Group	13,970,000	2	1.10%	Beach House	9,396,329	2	2.06%
Beach House	9,000,000	3	0.71%	ACP Heritage II, LLC	6,803,452	3	1.49%
Publix Super Markets, Inc.	8,380,000	4	0.66%	Nichols Apartments of Surfside	6,466,475	4	1.42%
Ohio Savings Bank	5,739,360	5	0.45%	Beekman Towers, Inc.	4,802,400	5	1.05%
Transactaa Lanai Development, LTD	5,695,000	6	0.45%	Bethal Beach Club Partners, Inc.	4,709,560	6	1.03%
Collins Avenue Investment Group	3,800,000	7	0.30%	Azure Beach Development, LTD	3,519,535	7	0.77%
9501 Collins Avenue, LLC	3,289,000	8	0.26%	9560 Collins Avenue, #101	2,667,728	8	0.59%
Robert and Rita Swedroe	2,993,148	9	0.24%	Publix Super Markets, Inc.	2,601,088	9	0.57%
Yoram and Yleana Izhak	2,614,259	10	0.21%	9201 Partners Limited	2,377,401	10	0.52%
Total Principal Taxpayers	95,854,727		7.54%	Total Principal Taxpayers	55,548,512		12.19%
All Other Taxpayers	1,174,825,574		92.46%	All Other Taxpayers	400,102,333		87.81%
Total	\$1,270,680,301		100.00%	Total	\$ 455,650,845		100.00%

Data Source:
Miami-Dade County Property Appraiser

Town of Surfside, Florida
Principal Personal Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2010 and 2001

2010		2001		Percentage of Total Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Principal Taxpayer	Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Rank	Rank
Florida Power and Light Company	\$ 5,242,893	Florida Power and Light Company	\$ 2,897,048	1	1	1
Atlantic Broadband	1,209,127	Beach House	2,678,596	2	2	2
Bell South Telecommunications, Inc.	857,154	Bell South Telecommunications, Inc.	1,936,243	3	3	3
Publix Super Markets, Inc.	814,421	The Surf Club	687,969	4	4	4
People's Gas System	652,838	Gold Coast Cablevision	685,064	5	5	5
The Surf Club	332,063	People's Gas System	536,623	6	6	6
Café Ragazzi	258,972	Beckman Towers, Inc.	402,769	7	7	7
CVS	196,807	Florida Cellular Services, Inc.	274,958	8	8	8
Modular Space Corporation	148,275	Baymar Ocean Resort	180,114	9	9	9
Food Gang Restaurant	147,000	Citibank, FSB	177,998	10	10	10
Total Principal Taxpayers	9,859,550	Total Principal Taxpayers	10,457,382			91.06%
All Other Taxpayers	2,861,380	All Other Taxpayers	1,027,133			8.94%
Total	\$ 12,720,930	Total	\$ 11,484,515			100.00%

Data Source:
Miami-Dade County Property Appraiser

Town of Surfside, Florida
Overlapping Governmental Activities Debt (Unaudited)
September 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Underlying Debt</u>
Overlapping Debt^{1, 2}			
Miami-Dade County	\$ 881,276,000	0.32%	\$ 2,820,083
Miami-Dade County School Board	348,100,000	0.32%	<u>1,113,920</u>
Total Overlapping Debt			<u>\$ 3,934,003</u>

Notes:

¹ Applicable percentage was estimated by determining the portion of the Town's assessed value that is within the County's geographic boundaries.

Data Source:

² Each specific government

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

Calendar Year	Population ¹	Per Capita Personal Income ²	Unemployment Rate		
			County ³	State of Florida ³	United States ⁴
2001	-	\$ 27,041	6.1%	4.7%	5.0%
2002	-	27,769	6.5%	5.7%	5.7%
2003	-	28,480	5.9%	5.3%	6.1%
2004	-	30,201	5.5%	4.7%	5.4%
2005	-	32,058	4.6%	3.8%	5.0%
2006	-	34,934	4.4%	3.3%	4.5%
2007	5,775	35,368	4.5%	4.0%	4.7%
2008	5,789	35,887	6.4%	6.2%	6.2%
2009	5,838	36,415	10.6%	10.2%	9.8%
2010	5,744	36,950	12.7%	11.8%	9.6%

Notes:

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

Data Sources:

¹ 2007 and 2008, Bureau of Economic and Business Research, University of Florida, April 1 of each year 2009 and 2010 estimated by management.

² Information only available for Miami-Dade County, 2000 - 2008 Bureau of Economic Analysis - <http://www.bea.gov/regional/reis/drill.cfm>, 2009 estimated by

³ Real Estate Center, <http://recenter.tamu.edu/data/empc/LAUCN132850.htm>

⁴ U.S. Department of Labor, Bureau of Labor Statistics, http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000

Town of Surfside, Florida
Principal Employers (Unaudited) ¹
For the Fiscal Years Ended September 30, 2010 and 2007 ²

		2010	
Employer	Type of Business	Number of Employees	Rank
Public Supermarkets	Retail	150	1
Surf Club	Country Club and Resort	107	2
Town of Surfside	Government	107	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	32	5
Solara	Resort	26	6
Flanigans	Restaurant	66	7
Wachovia	Bank	11	8
Rolling Pin Bakery	Retail	6	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		528	

		2007	
Employer	Type of Business	Number of Employees	Rank
Public Supermarkets	Retail	159	1
Surf Club	Country Club and Resort	132	2
Town of Surfside	Government	117	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Resort	28	6
Flanigans	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		576	

Notes:

¹ The total number of employees in the Town is not available

² Information only available back to 2007

Data Source:

³ Town records.

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

<u>Function/program</u>	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Legislative	5	5	5	5	5	5	5	5	5	5
Town Attorney	1	1	1	1	1	1	1	1	2	2
Executive	8	8	8	9	9	10	10	6	5	4
Financial Support Services	-	-	-	-	-	-	-	3	3	3
Town Clerk	1	1	1	1	1	1	1	1	1	2
Building Services	2	2	2	2	2	2	3	3	3	2
Total General Government	17	17	17	18	18	19	20	19	19	18
Public Safety										
Public Safety	27	29	35	39	35	41	42	44	44	35
Municipal Parking	1	1	1	1	1	1	2	2	2	2
Total Public Safety	28	30	36	40	36	42	44	46	46	37
Public Works										
Public Works	10	11	9	9	10	9	9	8	7	5
Water/Sewer	3	3	4	5	5	5	5	5	5	5
Solid Waste	11	10	11	10	11	12	12	12	12	10
Stormwater	1	1	1	1	1	1	1	1	1	1
Total Public Works	25	25	25	25	27	27	27	26	26	22
Leisure Services										
Leisure Services	14	14	15	16	18	23	23	17	17	7
Tourism	2	2	2	2	2	2	1	1	2	1
Library Services	4	4	4	4	4	4	3	3	3	-
Total Leisure Services	20	20	21	22	24	29	27	21	22	8
Total	90	92	99	105	105	117	118	112	113	85

Percentage Change From Prior Year
Data Source: Finance Support Services Department

2.2% 7.6% 6.1% 0.0% 11.4% 0.9% 0.9% -5.1% 0.9% -25.2%

Surfside, Florida
Operating Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years ¹

Function/program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety:										
Police										
Sworn employees	20	20	21	24	28	32	32	32	28	27
Civilian employees	6	7	11	11	10	12	14	15	11	7
Dispatched responses	6,627	6,416	6,882	10,716	25,144	29,039	18,109	23,640	19,751	16,545
Traffic citations issued	-	-	-	-	-	-	-	7,968	6,782	5,752
Traffic warnings issued	-	-	-	-	-	-	-	-	-	4,333
Parking violations issued	6,342	4,757	4,614	4,974	5,111	3,422	4,304	6,863	7,407	6,060
Building permits:										
Permits issued	1,324	1,377	1,320	1,120	1,098	1,261	1,177	779	700	923
Estimated values (in millions)	\$59,901	\$82,174	\$81,105	\$45,654	\$36,930	\$33,416	\$40,045	\$5,797	\$6,559	\$16,147
Utility:										
Municipal water system										
Active water accounts	-	1517	1509	1535	1539	1542	1544	1547	1549	1551
Meter sales (in million gallons)	328,519	319,318	326,404	343,061	351,766	374,956	335,789	298,102	314,304	307,723
Municipal sewer system										
Active accounts/units	-	-	-	-	-	4055	4058	4059	4059	4061
Solid waste services										
Active accounts	-	-	-	-	-	1342	1345	1346	1348	1349
General government:										
Tax rates										
Utility services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	7%	5.32%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	6%	5.90%
Communication service	1%	1%	**	**	**	**	**	**	**	**
Gas	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cable television	3%	3%	3%	3%	3%	5%	5%	5%	5%	5%
Surfside Shuttle Service										
Total number of passengers	-	-	-	-	-	-	-	-	16,173	18,813
Average number of passengers per month	-	-	-	-	-	-	-	-	1,348	1,568
Total number of miles driven	-	-	-	-	-	-	-	-	23,648	29,260
Average number of miles driven per month	-	-	-	-	-	-	-	-	1,971	2,438
Culture and recreation:										
Participation:										
Youth programs	-	-	-	-	-	388	819	555	710	800
Adult programs	-	-	-	-	-	339	455	228	234	463
Special events	-	-	-	-	-	2,500	2,990	3,390	3,300	3,340

Notes:
Data not available for items not presented.

Data Source
Various Town Departments

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Area:										
Land excluding airport (sq. miles)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Infrastructure:										
Paved streets	10	10	10	10	10	10	10	10	10	10
Sidewalks	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile	1 mile
Canals & waterways	0	0	0	0	0	0	0	0	0	0
Storm Drainage (catch basins)	388	388	388	388	388	388	388	388	388	388
Town owned street lights	37	37	37	37	37	37	37	37	37	37
FP&L owned street lights	293	293	293	293	293	293	293	293	293	293
Public Safety:										
Fire Stations	0	0	0	0	0	0	0	0	0	0
Police Stations	1	1	1	1	1	1	1	1	1	1
Recreation:										
Public Beach (miles)	1	1	1	1	1	1	1	1	1	1
Municipal Parks	3	3	3	3	3	3	3	3	3	3
Municipal Swimming Pool	1	1	1	1	1	1	1	0	0	0
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	0	0	0
Municipal Water/Sewer System:										
Water mains (miles)	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7
Reuse water mains (miles)	0	0	0	0	0	0	0	0	0	0
Fire hydrants	84	84	84	84	84	84	84	84	84	84
Fire hydrants (reuse water)	0	0	0	0	0	0	0	0	0	0
Gravity Sewer (miles)	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Wastewater force main (miles)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Wastewater lift stations	2	2	2	2	2	2	2	2	2	2
Municipal Parking:										
Parking lots	-	-	-	-	-	6	6	6	6	6
Metered/Pay Station Parking Spaces	-	-	-	-	-	572	572	572	572	572

Notes:
Data not available for items not presented.

Data Source
Various Town Departments

COMPLIANCE SECTION

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

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the year ended September 30, 2010 which collectively comprise of the Town's basic financial statements, and have issued our report thereon dated April 4, 2011. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund) which represents approximately 88% and 72% respectively, of the assets and revenues of the aggregate remaining fund information. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, Town Commission, management, and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
April 4, 2011

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

**Management Letter in Accordance with the Rules of the
Auditor General of the State of Florida**

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside for the year ended September 30, 2010, and have issued our report thereon dated April 4, 2011. We did not audit the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund) which represents approximately 88% and 72% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund), is based solely on the report of the other auditors.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated April 4, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- 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 significant findings and recommendations made in the preceding annual financial audit report. There were no findings reported in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of contracts or grant agreements, or abuses that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., 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 of Surfside was incorporated on May 19, 1935. The Town's Charter was adopted under the provisions of Chapter 27914, Laws of the State of Florida in 1951. There are no component units related to the Town.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Town Commission, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, Florida
April 4, 2011



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