



TOWN
OF
SURFSIDE, FLORIDA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2011



TOWN OF SURFSIDE, FLORIDA
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2011



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

TOWN OF SURFSIDE, FLORIDA

CONTENTS

Introductory Section

Letter of Transmittal	i-iii
Listing of Elected Officials and Administrative Personnel	iv
Organization Chart.....	v
Certificate of Achievement for Excellence in Financial Reporting.....	vi

Basic Financial Statements

Independent Auditors' Report.....	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	15
Statement of Activities.....	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Assets – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds.....	22-23
Statement of Fiduciary Net Assets – Pension Trust Fund	24
Statement of Changes in Fiduciary Net Assets – Pension Trust Fund	25
Notes to Basic Financial Statements.....	26-53

Required Supplementary Information (Other than Management's Discussion and Analysis)

Budgetary Comparison Schedule – General Fund.....	54
Note to Budgetary Comparison Schedule.....	55
Schedule of Funding Progress – Pension Trust Fund	56
Schedule of Employer Contributions – Pension Trust Fund	57
Schedule of Funding Progress – OPEB	58

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds.....	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Tourism Fund.....	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Transportation Surtax Fund	62

TOWN OF SURFSIDE, FLORIDA

CONTENTS

Combining and Individual Fund Statements and Schedules (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Police Forfeiture Fund	63
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Statistical Section (Unaudited)

Changes in Net Assets – Governmental Activities	64
Changes in Net Assets – Governmental Activities – Percentage of Total.....	65
Changes in Net Assets – Business-type Activities	66
Changes in Total Net Assets	67
Government-wide Net Assets by Category.....	68
Chart – Total Government-wide Net Assets.....	69
General Government Revenues by Source	70
Chart – Total General Governmental Revenues	71
Tax Revenues by Source – Governmental Funds	72
Chart – Tax Revenues by Source – Governmental Funds	73
General Governmental Expenditures by Function.....	74
General Governmental Current Expenditures by Function	75
Chart – Total General Governmental Current Expenditures	76
Summary of Changes in Fund Balances – Governmental Funds	77
Chart – Changes in Fund Balances - Governmental Funds	78
Fund Balances - Governmental Funds	79
Fund Balances - Governmental Funds	80
Taxable Assessed Value – Real and Personal Property	81
Chart – Total Assessed Value	82
Direct and Overlapping Property Tax Rates	83
Chart – Direct and Overlapping Property Tax Rates	84
Total Property Tax Levies and Collections	85
Principal Real Property Taxpayers	86
Principal Personal Property Taxpayers	87
Ratios of Total Debt Outstanding by Type	88
Pledged Revenue Coverage	89
Overlapping Governmental Activities Debt	90
Demographic and Economic Statistics	91
Principal Employers.....	92
Town Full-Time Funded Positions by Function/Program	93
Operating Statistics by Function/Program	94
Capital Asset Statistics by Function/Program.....	95

Compliance Section

Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	96-97
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.....	98-100

INTRODUCTORY SECTION



LETTER OF TRANSMITTAL



March 16, 2012

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, 2011. Florida Statutes require that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. In addition to meeting this legal requirement, the report continues to present the Town's strong support for 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 policy decisions and to assist in providing accountability and transparency 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, 2011. 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 (GAAP) 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 semi-tropical paradise of South Florida. The Town was incorporated in 1935, celebrated its 75th anniversary during fiscal year 2010, and is home to approximately 5,800 residents. The Town of Surfside includes a tranquil, attractive, residential neighborhood, multi-family residences, a traditional "home town" business district and tourist facilities that welcome visitors year round.

The Town is a Commission-Manager form of government. The Town is governed by a volunteer Mayor, Vice-Mayor and three 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 of various boards within the Town, and engages an independent auditor.

SERVICES PROVIDED

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

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is 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 and variable costs.

While the real estate sales have seen a slowdown, the Town of Surfside enjoys a favorable commercial development and economic environment. Local indicators point to continued stability and growth. Additionally, the Surfside real estate market has seen foreclosures rates less than the statewide average. However, we anticipate continued slight downward trends in taxable value growth until the commercial development are placed on the property tax rolls in fiscal year 2012-2013.

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. There is no industrial area in the Town. Thanks to the Town's tax rate, diversified commercial business base, a Town-sponsored shuttle system, and an active community of involved citizens who take a genuine interest in the social, business, cultural and governing aspects, the Town of Surfside continues to flourish.

The Town Commission has adopted both long-term and short-term 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 was presented to the Town Commission. This document forecasts the General Fund and several other fund operations for the next five (5) years and is used to guide the development of the annual operating budget.

The Town has also recognized the long-term financial cost implications of its pension benefits and for fiscal year 2011 continued to fund 100% of the actuarially determined employer contribution. 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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2010. This was the first year since fiscal year 2006 that the City has submitted and received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current 2011 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

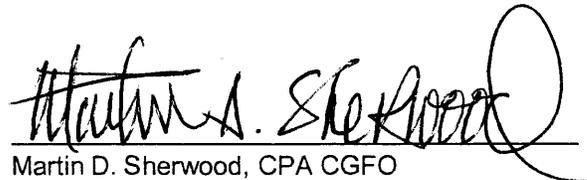
The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Support Services Department. The accounting staff consisting of Mayte Gamiotea, Controller and Marisol Rodriguez, Accounting Clerk is to be especially thanked for preparing this report.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

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

Respectfully Submitted,



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, 2011

TOWN COMMISSION

Daniel Dietch, Mayor

Joseph Graubart, Vice Mayor

Michael Karukin, Commissioner

Edward Kopelman, Commissioner

Marta Olchyk, Commissioner

OFFICIALS

Roger M. Carlton, Town Manager

David Allen, Police Chief

John DiCenso, Acting Town Clerk

Lynn M. Dannheisser, Esq., Town Attorney

Tim Milian, Parks and Recreation Director

William H. Evans, Public Works Director

Duncan Tavares, Tourism/Economic/Community Services Director

Paul Gioia, Building Official

Sarah Sinatra Gould, AICP, Planning/Zoning Manager

Yamileth Slate-McCloud, Human Resource Director

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

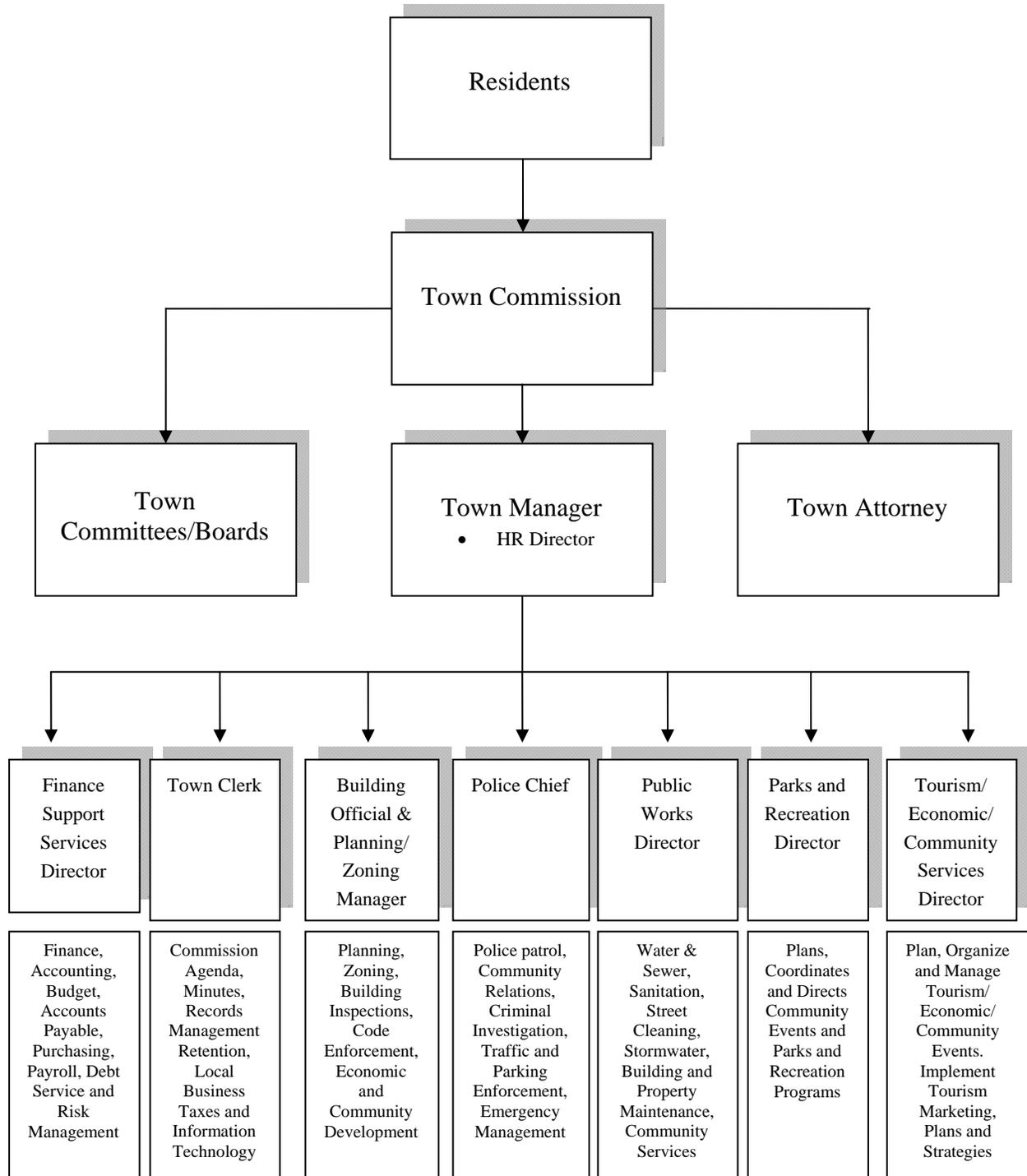
INDEPENDENT AUDITORS

Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

FISCAL YEAR ENDED SEPTEMBER 30, 2011



TOWN OF SURFSIDE, FLORIDA

CERTIFICATE OF ACHIEVEMENT

FISCAL YEAR ENDED SEPTEMBER 30, 2011

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

Presented to

**Town of Surfside
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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, 2011, 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 95% and 74% 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 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 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, 2011, 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 March 16, 2012, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information included in the introductory and statistical sections have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Marcum LLP

Miami, FL
March 16, 2012

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, 2011. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2011 FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$27,898,476 (total net assets) as of September 30, 2011.
- Total net assets increased \$3,191,800 and are comprised of the following:
 - (1) Capital assets, net of related debt, of \$17,469,907 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the capital assets.
 - (2) Net assets of \$1,714,230 are restricted by constraints imposed from the Town in the amount of \$1,171,714 for capital project renewal and replacement and from outside the Town such as grantors, laws, or regulations in the amount of \$542,516.
 - (3) Unrestricted net assets consist of \$8,714,339 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 \$5,198,585 at September 30, 2011. This compares to the prior year total ending fund balance of \$8,718,755 showing a decrease of \$3,520,170 during the current year. This reduction was predominately due to cash flowing of the new community center construction costs. Unassigned fund balance is \$1,958,783 at September 30, 2011.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,958,783, or 24.3% of total General Fund expenditures. The unrestricted fund balance, which consists of the unassigned, assigned and non-spendable fund balance, for the General fund was \$4,256,315 or 52.9% of total General Fund expenditures.
- The Town's management presented a five-year financial forecast to the Town Commission. This forecast will provide the financial infrastructure for future financial decisions.
- 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 (net assets increase) or deteriorating (net assets decrease). 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 operational 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 information. A budgetary comparison schedule is included as "required supplementary information" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget. In addition, some required trend information for the Town's pension trust fund and other post employment benefits (OPEB) plan are presented in this section. Required supplementary information can be found on pages 54 - 58 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 59.

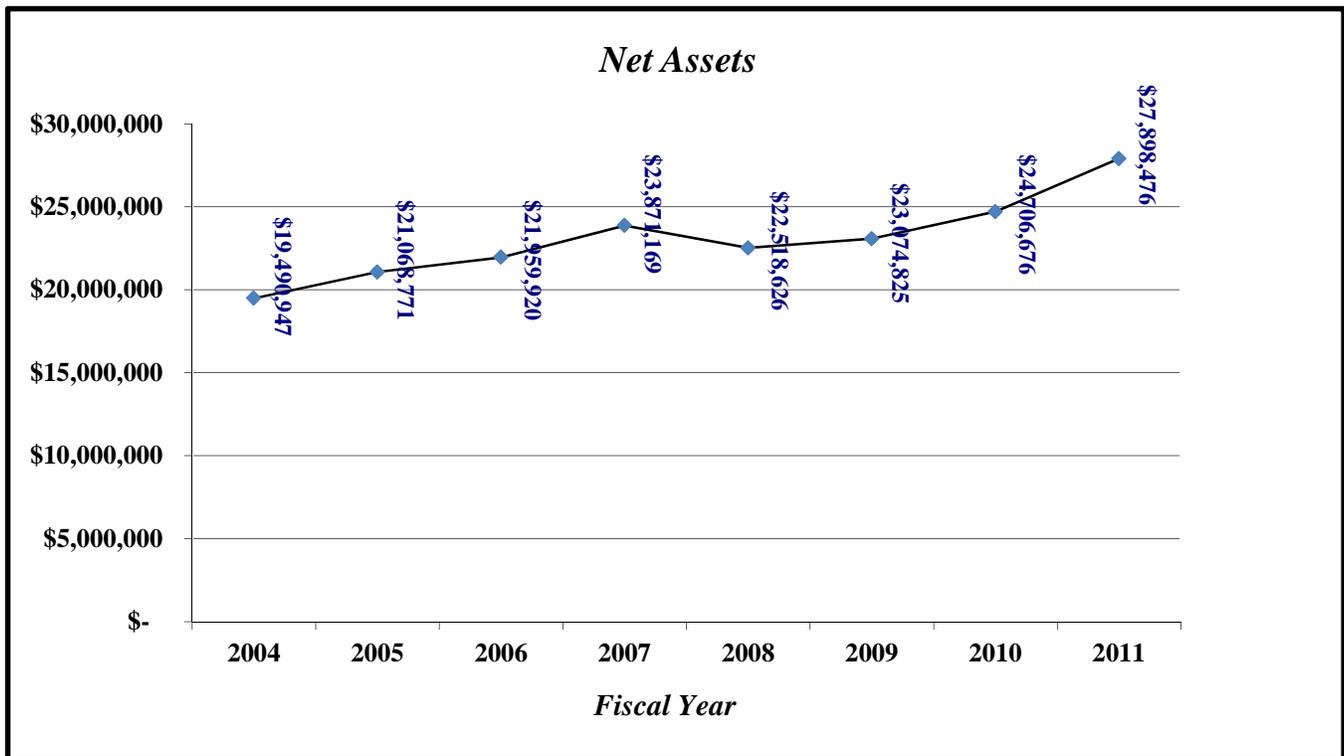
FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net assets at fiscal year-end are \$27,898,476. The following table provides a summary of the Town's net assets:

Capital Assets

	Governmental Activities		Business Activities		Total	
	(Excluding Internal Service Funds)					
	2004	2003	2004	2003	2004	2003
Non-depreciable assets:						
Land	\$ 22,790,997	\$ 21,453,964	\$ 2,861,165	\$ 2,861,165	25,652,162	\$ 24,315,129
Golf course	-	\$ -	4,224,818	\$ 4,224,818	4,224,818	4,224,818
Water rights	3,752,873	\$ 3,752,873	-	\$ -	3,752,873	3,752,873
Construction in progress	12,530,521	\$ -	-	\$ -	12,530,521	-
Total non-depreciable	\$ 39,074,391	\$ 25,206,837	\$ 7,085,983	\$ 7,085,983	\$ 46,160,374	\$ 32,292,820
Depreciable assets:						
Buildings	21,628,343	\$ 20,919,030	1,952,249	\$ 1,763,296	23,580,592	22,682,326
Machinery, equipment & furniture	506,948	\$ 486,696	742,272	\$ 692,169	1,249,220	1,178,865
Infrastructure	171,015,964	\$ 159,599,570	-	\$ -	171,015,964	159,599,570
Total depreciable assets	193,151,255	181,005,296	2,694,521	2,455,465	195,845,776	183,460,761
Less accumulated depreciation	68,649,921	\$ 59,012,315	934,383	\$ 745,922	69,584,304	59,758,237
Book value - depreciable assets	124,501,334	121,992,981	1,760,138	1,709,543	126,261,472	123,702,524
Percentage depreciated	36%	33%	35%	30%	36%	33%

The following chart reports the Town's total net asset balances from fiscal year 2004 - 2011.



Note over the last seven years, the total net assets have increased \$8,407,529 or 43.1%.

Current assets in governmental activities decreased because the new Community Center was completed and business-type activities increased because water, sewer and stormwater construction added assets in fiscal year September 30, 2011. Unrestricted cash for governmental activities decreased approximately \$3.4 million. For business-type activities, cash increased approximately \$589,000.

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 4.1 to 1 as compared to 8.0 to 1 at September 30, 2010. The reduction in the ratio relates primarily to the use of cash for the construction of the new Community Center. The current ratio for business-type activities is 1.6 to 1 as compared to 6.9 to 1 at September 30, 2010. This reduction relates to the use of cash for the water, sewer and wastewater projects. Overall, the total current ratio at September 30, 2011 was 2.3 to 1 as compared to 7.6 to 1 at September 30, 2010.

The Town reported positive balances in net assets for both governmental and business-type activities. During 2011, net assets increased \$863,973 for governmental activities and increased \$2,327,827 for business-type activities. The Town's overall financial position improved during fiscal year 2011. The Town remains in a strong financial position, in spite of a continued depressed economy.

Note that 66.5% 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, 21.6% of the business-type activities total assets are included in capital assets. These capital assets provide utility and parking services to the Town's citizens. By combining governmental activities with business-type activities, the Town has invested approximately 40.8% 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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	\$ 1,105,914	\$ 519,313	\$ 5,289,522	\$ 4,414,060	\$ 6,395,436	\$ 4,933,373
Operating grants and contributions	272,696	773,508	--	--	272,696	773,508
Capital grants	131,054	--	567,710	108,947	698,764	108,947
General:						
Property taxes	5,619,494	5,323,728	--	--	5,619,494	5,323,728
Other taxes	1,675,469	878,582	--	--	1,675,469	878,582
Unrestricted intergovernmental	656,461	905,255	--	--	656,461	905,255
Unrestricted investment earnings	37,368	98,208	15,130	15,622	52,498	113,830
Miscellaneous	138,283	56,482	--	--	138,283	56,482
Total revenues	9,636,739	8,555,076	5,872,362	4,538,629	15,509,101	13,093,705
Program Expenses:						
General government	2,791,917	2,404,067	--	--	2,791,917	2,404,067
Public safety	4,099,678	3,786,485	--	--	4,099,678	3,786,485
Public works	829,383	803,147	--	--	829,383	803,147
Leisure services	1,139,460	1,086,071	--	--	1,139,460	1,086,071
Transportation	124,500	105,683	--	--	124,500	105,683
Water and sewer	--	--	1,818,762	1,990,702	1,818,762	1,990,702
Municipal parking	--	--	368,497	222,108	368,497	222,108
Sanitation	--	--	1,022,897	949,505	1,022,897	949,505
Stormwater utility	--	--	122,207	114,086	122,207	114,086
Total expenses	8,984,938	8,185,453	3,332,363	3,276,401	12,317,301	11,461,854
Changes in net assets before transfers	651,801	369,623	2,539,999	1,262,228	3,191,800	1,631,850
Transfers	212,172	208,502	(212,172)	(208,502)	--	--
Changes in net assets after transfers	863,973	578,125	2,327,827	1,053,726	3,191,800	1,631,851
Beginning net assets	18,245,361	17,667,236	6,461,315	5,407,589	24,706,676	23,074,825
Ending net assets	\$ 19,109,334	\$ 18,245,361	\$ 8,789,142	\$ 6,461,315	\$ 27,898,476	\$ 24,706,676

Governmental Activity Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 58.3% of the Town's total revenues as compared to 62.2% in fiscal year 2010. Other taxes, which includes resort, franchise, utility and communications taxes provided 17.4% of the Towns total revenues as compared to 13.3% in fiscal year 2010. The charges for services increased \$586,601, due primarily to the newly imposed "red light"

violations. Because of the Town's healthy financial position, we have been able to earn \$37,368 in investment earnings to support governmental activities.

Note that program revenues covered 16.8% of governmental operating expenditures as compared to 12.3% in fiscal year 2010. This means that the government's taxpayers and the Town's other general revenues normally fund 83.2% of the governmental activities, primarily from property taxes, other taxes and unrestricted intergovernmental revenue. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams.

Governmental 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	\$ 2,791,917	31.1%	\$ 2,332,368	31.2%
Public safety	4,099,678	45.6%	3,528,176	47.2%
Physical environment	829,383	9.2%	698,329	9.3%
Leisure services	1,139,460	12.7%	972,890	13.0%
Transportation	124,500	1.4%	(56,489)	-0.8%
Total	<u>\$ 8,984,938</u>	<u>100.0%</u>	<u>\$ 7,475,274</u>	<u>100.0%</u>

The public safety expenditures, both gross and net of program revenues total over 45.6% 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 four major enterprise funds.

Overall Analysis of Major Funds – Total operating revenues increased \$875,462 or 19.8%. Operating expenses increased \$55,962 or just 1.7%. In total, the operating income increased \$819,500. The total increase in net assets was \$2,327,827.

The operating income for each major enterprise fund was as follows for fiscal years 2011 and 2010:

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Water and sewer	\$ 1,057,248	\$ 527,516	\$ 529,732
Municipal parking	311,473	182,185	129,288
Sanitation	208,990	295,042	(86,052)
Stormwater	379,448	132,916	246,532
Total	<u>\$ 1,957,159</u>	<u>\$ 1,137,659</u>	<u>\$ 819,500</u>

The following includes an analysis of the fiscal year 2011 financial activities for each fund.

Water and Sewer Fund - The total assets increased \$15,940,961, due primarily to the increase in restricted cash relating to the issuance of \$16 million in utility revenue bonds. Total liabilities increased \$14,365,444 for the same reason. Operating revenues increased \$357,792 or 14.2%. For fiscal year 2011, our water/sewer rate study recommended a rate increase, which the Town implemented. The rate increase was for both water and sewer. Additionally, for water, a three-tiered rate structure (normal, discretionary and excessive) was imposed. As a result, operating revenues increased 14.2%.

In total, operating expenses decreased \$171,940 or 8.6%. Water purchases (i.e., our wholesale costs) declined due to less consumption presumed due to a combination of the higher/tiered rate structure in effect and successful efforts by residents/customers to self-impose conservation efforts. The cost of professional consultants was reduced by approximately \$37,000.

Net assets increased \$1,575,517 or 57.8% in fiscal year 2011, resulting in ending net assets of \$4,303,126.

Municipal Parking Fund – The total assets increased \$432,962. Cash decreased, but capital assets increased due to the purchase of two parcels of land, one on Collins Avenue (\$546,822) and one on Harding Avenue (\$323,722). Total liabilities increased \$152,887 due primarily to the outstanding note payable of \$240,000 for the Harding Avenue land purchase.

Operating revenues increased \$275,677 or 68.2%. This increase relates to the successful implementation of new parking pay station meters versus previously using individual parking meters. Customers have the flexibility to use credit cards for payments and there is an increase in fees for business permit parking.

In total, operating expenses increased \$146,389 or 65.9%. The cost of personal services increased \$63,533 or 46% due to the employment of a new enforcement officer and a new maintenance staff member.

In total, operating income increased \$129,288 in fiscal year 2011 over fiscal year 2010.

Net assets increased \$280,075 or 11.2% in fiscal year 2011, resulting in ending net assets of \$3,075,067.

Sanitation Fund - The total assets increased \$131,449. Total liabilities increased \$25,920. Operating revenues were approximately the same as the fiscal year 2010 amount. In total, operating expenses increased \$73,392 primarily because of increased personnel and fuel costs. Operating income decreased \$86,052 or 29.2% primarily because of the aforementioned increased operating expenses.

Net assets increased \$105,529 or 67.2% in fiscal year 2011, resulting in ending net assets of \$262,462.

Stormwater Fund - The total assets increased \$4,523,394, due primarily to the increase in restricted cash relating to the issuance of utility revenue bonds previously mentioned. Total liabilities also increased \$4,156,688 for the same reason. Operating revenues increased \$254,653 due to an imposition of a rate increase. Operating expenses were \$114,086, or an \$8,121 increase. As a result, operating income was \$379,448, up \$246,532 from fiscal year 2010.

Net assets increased \$366,706 or 46.9% in fiscal year 2011, resulting in ending net assets of \$1,148,487.

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 \$5,198,585 compared to \$8,718,755 at September 30, 2010.

The total governmental expenditures exceeded revenues by \$3,732,342. This difference results primarily from the activity of our two major funds. The first are costs related to the Community Center construction project, with the Town incurring capital costs in fiscal year 2011 of over \$4.7 million, which was funded by the fiscal year 2010 transfer from the General Fund to the capital projects fund. The general fund's revenues exceeded its expenditures by \$1,016,065. Total revenues exceeded total current operating costs, which exclude capital outlay expenditures, by approximately \$900,000.

Governmental funds report total fund balance of \$5,198,585. Of this year-end total, \$542,516 is legally restricted. \$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 \$399,754 is assigned in the Capital Projects Fund for future capital projects and \$188,000 (Maranon sale) is assigned for subsequent years' expenditures. \$109,532 is considered nonspendable and \$1,958,783 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds show a decrease of \$3,520,170 or 40.4% over the prior year.

Major Governmental Funds

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

General Fund - The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$1,093,277 or 34.6% as compared to a 56.6% decrease in 2010. The ending assigned and unassigned fund balance is considered very adequate, representing the equivalent of 51.5% of annual expenditures. This compares to 38.3% at September 30, 2010.

Property taxes increased \$295,766 or 5.6%. In this fiscal year, the millage/taxes were increased from 4.7332 to 5.6030 in order to cover an approximately 6% decline in property values and to cover the opening and maintenance costs for the new Community Center. In total, all tax revenues were \$345,947, or 5.1% above those of 2010.

Licenses and permit revenue were \$459,549, or \$84,993 and 22.7% more than fiscal year 2010. This increase relates to a newly imposed contractor registration and certificate of use, which generated almost \$57,000 in new fees. The balance of the increase relates to a net increase in building/permitting fees revenue.

Revenue for fines and forfeitures increased \$329,453 resulting from the newly imposed "red light" violations.

All other revenue streams were consistent with the 2010 amounts.

Total General Fund expenditures increased \$556,726 or 7.4% above the fiscal year 2010 level. The most significant changes, by department, from fiscal year 2010 are described below.

General government costs, consisting of legislative, legal, executive, finance and administration departments, were \$27,820 less than the 2010 amount. Public safety costs were up \$323,791 or 9%. This increase relates primarily to:

- A new "red light" violations program (\$188,000)
- Allocated legal/litigation (\$34,000)
- "Extra duty" payroll (\$97,000) which was managed internally, rather than externally (this cost was offset by \$98,000 in related revenue)

Public works costs were just \$25,246 over the fiscal year 2010 level. Leisure services costs increased \$145,997 or 14.9% primarily due to the opening of the new Community Center.

Capital Projects Fund - This fund was financed primarily from transfers from the General Fund. At September 30, 2011, this fund reported approximately \$1.2 million in cash and other current assets. This fund spent approximately \$4.8 million on the new Community Center. At year-end, this fund reported fund balance of \$399,754 due to an accounts and retainage payables in excess of \$800,000.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's revenue budget was amended upward in this fiscal year, by \$533,382. The property tax budget was amended downward by \$100,000; however, actual revenues were \$25,507 over the amended budget. The licenses and permits budget was amended upward \$190,000 to account for the anticipated fees from the Grand Beach Hotel construction project.

The fines and forfeitures budget also was amended upward \$161,796, primarily for expected red-light violation revenues (\$113,000), code enforcement fees/penalties (\$10,000) and increased traffic and parking violations (\$20,000). However, the actual revenues were \$115,701 below the amended budget, primarily due to the red-light violation revenues, which were \$100,000 less than forecasted. Because of new water/sewer/stormwater project construction in the Town, speeding and the resulting red light violations were reduced as traffic flow was slowed.

Overall, the Town recognized 101.2% of the amended revenue budget.

The General Fund's expenditure (excluding transfers) budget was increased \$408,320 or 4.7%.

The total general government function budget was amended upward by \$273,929 or 13.7%. This increase relates to the following anticipated costs:

- Lawsuits, prosecutions including legal advertising (\$70,000)
- Position reclassifications, expected increased utilization of part-time personnel and special project consultants (\$90,000)
- Increased pension costs (\$14,000)
- Increased in the number of Town Commission broadcasts (\$20,000)
- Increased property, liability and fidelity bond insurance (\$13,000)
- Increased information technology support (\$14,000)
- Grounds, general building maintenance and office supply costs (\$67,000)

The capital outlay budget was amended upward by \$119,754 to cover unanticipated machinery and equipment purchased for the new community center (\$80,000) and unanticipated Town Hall building improvements and other machinery and equipment (\$40,000).

The executive, finance and administration final budget was underspent by \$515,451 in five primary areas:

- Executive department (\$156,000)
- Town Clerk (\$117,000)
- Finance support services department (\$25,000)

- Building services department (\$43,000)
- Non-departmental, which includes the budget contingency (\$174,000)

The following functions underspent the final amended budget:

- Legal services (\$18,443)
- Public safety (\$212,016)
- Public works (\$30,859)
- Leisure services (\$255,629)

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, 2011, was \$14,039,238 and \$6,106,956 respectively. The change in this net investment was an approximate 46.3% increase for governmental activities and a 186% 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	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ 1,358,011	\$ 487,467	\$ 2,819,240	\$ 1,948,696
Construction in progress	403,606	2,523,406	3,783,755	1,113,880	4,187,361	3,637,286
Total non-depreciable	1,864,835	3,984,635	5,141,766	1,601,347	7,006,601	5,585,982
Depreciable assets:						
Buildings	10,450,516	3,912,966	--	--	10,450,516	3,912,966
Machinery, equipment and furniture	2,809,072	3,097,454	908,815	591,378	3,717,887	3,688,832
Infrastructure	2,311,479	2,162,770	2,429,163	2,268,260	4,740,642	4,431,030
Total depreciable assets	15,571,067	9,173,190	3,337,978	2,859,638	18,909,045	12,032,828
Less accumulated depreciation	3,396,664	3,561,153	2,372,788	2,323,678	5,769,452	5,884,831
Book value - depreciable assets	12,174,403	5,612,037	965,190	535,960	13,139,593	6,147,997
Percentage depreciated	22%	39%	71%	81%	31%	49%
Total Assets	\$ 14,039,238	\$ 9,596,672	\$ 6,106,956	\$ 2,137,307	\$ 20,146,194	\$ 11,733,979

At September 30, 2011, the depreciable capital assets for governmental activities were 22% depreciated. This compares to the 39% at September 30, 2010. With the Town's business-type activities, 71% of the asset values were depreciated at September 30, 2011 compared to 81% at September 30, 2010. These latter percentages are high because of the aging of the water, sewer and stormwater systems.

For governmental activities, the balance of construction-in-progress relates to the Collins Avenue /Harding Avenue stamped asphalt crosswalks. The \$6.5 million addition to the buildings account in governmental activities relates to the completion of the new Community Center.

In business-type activities, the land account increased as a result the purchase of a land parcel on Collins Avenue and one on Harding Avenue. The machinery and equipment classification increased due to the addition of parking master meter pay stations.

In addition, in business-type activities, the Town has undertaken approximately \$18 million in capital projects, which is primarily being funded by utility revenue bonds, for primarily the following improvements:

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

The construction in progress for business-type activities at September 30, 2011 relates to the three projects listed above.

Debt

In this fiscal year, the water, sewer and stormwater funds issued \$16 million in revenue bonds, with the proceeds used to finance the costs of certain construction and related improvements for water, sewer and stormwater projects.

The due to other governments classification includes a memorandum of understanding between the Town and Bal Harbour Village, Florida, for a sewer force main project along Collins Avenue.

The Municipal Parking Fund reports \$240,000 of non-interest bearing notes, used to purchase land for this fund. This note is due in three increments, in February 2012, 2013, 2014.

The following table reports long-term debt balances at September 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ --	\$ --	\$ 16,000,000	\$ --	\$ 16,000,000	\$ --
Notes	--	--	240,000	--	240,000	--
Compensated absences	286,911	262,417	83,201	73,966	370,112	336,383
OPEB	59,264	27,638	14,719	6,981	79,983	34,619
Total	<u>\$ 346,175</u>	<u>\$ 290,055</u>	<u>\$ 16,337,920</u>	<u>\$ 80,947</u>	<u>\$ 16,690,095</u>	<u>\$ 371,002</u>

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

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE TOWN

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and local business taxes) as well as intergovernmental revenues for their governmental activities. For business-type

activities and certain governmental activities (building/construction services and recreational programs), the user pays a related fee or charge associated with the service.

The unemployment rate for Miami-Dade County/Fort Lauderdale is currently 10.3%, which is a decrease from a rate of 12.1% a year ago. The Town's residents would expect to have a lower unemployment rate than is reported for the county.

In the 2011–2012 adopted budget, we continue operating in a tight economic environment.

Some of the key elements affecting the fiscal year 2011-2012 budget include:

- A small continued decline in taxable property values
- A continuing low interest yield environment
- Crude oil prices may continue to assert some inflationary pressures
- Little new growth in the State of Florida shared revenues

All of these factors result in many budget challenges in fiscal year 2011-2012 and beyond.

The millage rate for fiscal year 2012 was decreased from 5.6030 to 5.5000, both being below the rollback rate. This slight decrease was possible through the utilization of unassigned reserves, expected building permit fee increases as well as a strict control over expenditures.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance 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, 2011

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,842,472	\$ 4,621,879	\$ 10,464,351
Investments	190,903	10,418	201,321
Receivables	705,858	1,110,020	1,815,878
Prepaid items	109,532	24,890	134,422
Restricted assets:			
Cash and cash equivalents	--	16,322,394	16,322,394
Bond issue costs	--	45,479	45,479
Net pension asset	217,686	--	217,686
Capital assets not being depreciated	1,864,835	5,141,766	7,006,601
Capital assets being depreciated, net	<u>12,174,403</u>	<u>965,190</u>	<u>13,139,593</u>
Total Assets	<u>21,105,689</u>	<u>28,242,036</u>	<u>49,347,725</u>
Liabilities			
Accounts payable	308,656	435,830	744,486
Accrued liabilities	459,970	509,068	969,038
Due to other governments	--	1,597,636	1,597,636
Interest payable	--	320,960	320,960
Retainage payable	730,811	66,671	797,482
Unearned revenue	490	46,194	46,684
Customer deposits	150,253	138,615	288,868
Noncurrent liabilities:			
Due within one year	28,691	580,872	609,563
Due in more than one year	<u>317,484</u>	<u>15,757,048</u>	<u>16,074,532</u>
Total Liabilities	<u>1,996,355</u>	<u>19,452,894</u>	<u>21,449,249</u>
Net Assets			
Invested in capital assets, net of related debt	13,308,427	4,161,480	17,469,907
Restricted for:			
Tourism	184,867	--	184,867
Transportation	239,760	--	239,760
Law enforcement	117,889	--	117,889
Renewal and replacement	--	1,171,714	1,171,714
Unrestricted	<u>5,258,391</u>	<u>3,455,948</u>	<u>8,714,339</u>
Total Net Assets	<u>\$ 19,109,334</u>	<u>\$ 8,789,142</u>	<u>\$ 27,898,476</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 2,791,917	\$ 459,549	\$ --	\$ --	\$ (2,332,368)	\$ --	\$ (2,332,368)
Public safety	4,099,678	479,795	91,707	--	(3,528,176)	--	(3,528,176)
Public works	829,383	--	--	131,054	(698,329)	--	(698,329)
Leisure services	1,139,460	166,570	--	--	(972,890)	--	(972,890)
Transportation	124,500	--	180,989	--	56,489	--	56,489
Total Governmental Activities	<u>8,984,938</u>	<u>1,105,914</u>	<u>272,696</u>	<u>131,054</u>	<u>(7,475,274)</u>	<u>--</u>	<u>(7,475,274)</u>
Business-type Activities							
Water and sewer	1,818,762	2,876,010	--	567,710	--	1,624,958	1,624,958
Municipal parking	368,497	679,970	--	--	--	311,473	311,473
Sanitation	1,022,897	1,231,887	--	--	--	208,990	208,990
Stormwater utility	122,207	501,655	--	--	--	379,448	379,448
Total Business-type Activities	<u>3,332,363</u>	<u>5,289,522</u>	<u>--</u>	<u>567,710</u>	<u>--</u>	<u>2,524,869</u>	<u>2,524,869</u>
Total	<u>\$ 12,317,301</u>	<u>\$ 6,395,436</u>	<u>\$ 272,696</u>	<u>\$ 698,764</u>	<u>(7,475,274)</u>	<u>2,524,869</u>	<u>(4,950,405)</u>
General Revenues							
Taxes							
Property taxes					5,619,494	--	5,619,494
Resort taxes					435,175	--	435,175
Franchise fees based on gross receipts					416,277	--	416,277
Utility taxes					470,350	--	470,350
Communications services tax					353,667	--	353,667
Unrestricted intergovernmental revenues					656,461	--	656,461
Unrestricted investment earnings					37,368	15,130	52,498
Miscellaneous revenues					138,283	--	138,283
Transfers					212,172	(212,172)	--
Total general revenues and transfers					<u>8,339,247</u>	<u>(197,042)</u>	<u>8,142,205</u>
Change in Net Assets					863,973	2,327,827	3,191,800
Net Assets - Beginning					<u>18,245,361</u>	<u>6,461,315</u>	<u>24,706,676</u>
Net Assets - Ending					<u>\$ 19,109,334</u>	<u>\$ 8,789,142</u>	<u>\$ 27,898,476</u>

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

TOWN OF SURFSIDE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2011

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,242,353	\$ 1,101,797	\$ 498,322	\$ 5,842,472
Investments	140,086	44,074	6,743	190,903
Receivables	585,634	65,527	54,697	705,858
Prepaid items	109,532	--	--	109,532
Total Assets	<u>\$ 5,077,605</u>	<u>\$ 1,211,398</u>	<u>\$ 559,762</u>	<u>\$ 6,848,765</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 211,154	\$ 80,833	\$ 16,669	\$ 308,656
Accrued liabilities	459,393	--	577	459,970
Retainage payable	--	730,811	--	730,811
Unearned revenue	490	--	--	490
Customer deposits	150,253	--	--	150,253
Total Liabilities	<u>821,290</u>	<u>811,644</u>	<u>17,246</u>	<u>1,650,180</u>
Fund Balances				
Non-spendable:				
Prepaid items	109,532	--	--	109,532
Restricted for:				
Tourism	--	--	184,867	184,867
Transportation Surtax	--	--	239,760	239,760
Police Forfeiture	--	--	117,889	117,889
Assigned for:				
Hurricanes and emergencies	2,000,000	--	--	2,000,000
Subsequent year's budget	188,000	--	--	188,000
Capital projects	--	399,754	--	399,754
Unassigned	1,958,783	--	--	1,958,783
Total Fund Balances	<u>4,256,315</u>	<u>399,754</u>	<u>542,516</u>	<u>5,198,585</u>
Total Liabilities and Fund Balances	<u>\$ 5,077,605</u>	<u>\$ 1,211,398</u>	<u>\$ 559,762</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.	\$ 14,039,238
A net pension asset is not considered to represent a financial asset and therefore is not reported in the governmental fund	217,686
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(286,911)
Net OPEB obligation	(59,264)
Net Assets of Governmental Activities	<u>\$ 19,109,334</u>

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

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 5,619,494	\$ --	\$ --	\$ 5,619,494
Resort taxes	281,236	--	153,939	435,175
Utility taxes	470,350	--	--	470,350
Communications services tax	353,667	--	--	353,667
Franchise fees	416,277	--	--	416,277
Licenses and permits	459,549	--	--	459,549
Intergovernmental	656,461	131,054	180,473	967,988
Charges for services	166,183	--	--	166,183
Fines and forfeitures	479,795	--	90,432	570,227
Investment earnings	29,002	8,365	2,178	39,545
Miscellaneous	134,870	--	3,413	138,283
Total Revenues	<u>9,066,884</u>	<u>139,419</u>	<u>430,435</u>	<u>9,636,738</u>
Expenditures				
Current:				
General government	2,171,416	--	132,107	2,303,523
Public safety	3,915,054	--	42,211	3,957,265
Public works	720,888	--	--	720,888
Leisure services	1,123,446	--	--	1,123,446
Transportation	--	--	106,292	106,292
Capital outlay	120,015	4,767,682	269,969	5,157,666
Total Expenditures	<u>8,050,819</u>	<u>4,767,682</u>	<u>550,579</u>	<u>13,369,080</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,016,065</u>	<u>(4,628,263)</u>	<u>(120,144)</u>	<u>(3,732,342)</u>
Other Financing Sources (Uses)				
Transfers in	216,872	139,660	--	356,532
Transfers out	(139,660)	--	(4,700)	(144,360)
Total Other Financing Sources (Uses)	<u>77,212</u>	<u>139,660</u>	<u>(4,700)</u>	<u>212,172</u>
Net Change in Fund Balances	1,093,277	(4,488,603)	(124,844)	(3,520,170)
Fund Balances - Beginning	<u>3,163,038</u>	<u>4,888,357</u>	<u>667,360</u>	<u>8,718,755</u>
Fund Balances - Ending	<u>\$ 4,256,315</u>	<u>\$ 399,754</u>	<u>\$ 542,516</u>	<u>\$ 5,198,585</u>

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

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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) \$ (3,520,170)

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	\$ 5,157,666	
Depreciation and amortization	<u>(399,823)</u>	
Net adjustment		4,757,843
Loss on disposal of capital assets		(315,277)

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	(24,494)	
Net OPEB obligation	<u>(31,626)</u>	
Net adjustment		(56,120)

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>\$ 863,973</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
Assets					
Current Assets					
Cash and cash equivalents	\$ 2,598,511	\$ 1,403,592	\$ 220,966	\$ 398,810	\$ 4,621,879
Accounts receivable, net	954,005	3,850	62,404	89,761	1,110,020
Prepaid items	<u>3,040</u>	<u>2,777</u>	<u>19,073</u>	<u>--</u>	<u>24,890</u>
Total Current Assets	<u>3,555,556</u>	<u>1,410,219</u>	<u>302,443</u>	<u>488,571</u>	<u>5,756,789</u>
Noncurrent Assets					
Investments	10,418	--	--	--	10,418
Restricted cash and cash equivalents	12,332,686	--	--	3,989,708	16,322,394
Bond issue costs	34,109	--	--	11,370	45,479
Capital Assets					
Construction in progress	3,154,550	--	--	629,205	3,783,755
Land	--	1,358,011	--	--	1,358,011
Infrastructure	1,273,252	888,083	--	267,828	2,429,163
Equipment	<u>154,268</u>	<u>411,035</u>	<u>343,512</u>	<u>--</u>	<u>908,815</u>
	4,582,070	2,657,129	343,512	897,033	8,479,744
Less: accumulated depreciation	<u>(1,283,348)</u>	<u>(727,643)</u>	<u>(288,512)</u>	<u>(73,285)</u>	<u>(2,372,788)</u>
Total Capital Assets, Net	<u>3,298,722</u>	<u>1,929,486</u>	<u>55,000</u>	<u>823,748</u>	<u>6,106,956</u>
Total Noncurrent Assets	<u>15,675,935</u>	<u>1,929,486</u>	<u>55,000</u>	<u>4,824,826</u>	<u>22,485,247</u>
Total Assets	<u>19,231,491</u>	<u>3,339,705</u>	<u>357,443</u>	<u>5,313,397</u>	<u>28,242,036</u>
Liabilities					
Current Liabilities					
Accounts payable	374,549	6,344	15,316	39,621	435,830
Accrued liabilities	452,331	7,146	14,933	34,658	509,068
Due to other governments	1,597,636	--	--	--	1,597,636
Interest payable	240,720	--	--	80,240	320,960
Retainage payable	59,462	--	--	7,209	66,671
Current portion note payable	--	80,000	--	--	80,000
Current portion of revenue bonds payable	369,416	--	--	123,139	492,555
Compensated absences	3,086	286	4,736	209	8,317
Unearned revenue	28,986	6,620	10,588	--	46,194
Customer deposits	<u>138,615</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>138,615</u>
Total Current Liabilities	<u>3,264,801</u>	<u>100,396</u>	<u>45,573</u>	<u>285,076</u>	<u>3,695,846</u>
Noncurrent Liabilities					
Net OPEB obligation	5,202	1,639	6,788	1,090	14,719
Compensated absences	27,778	2,603	42,620	1,883	74,884
Note payable	--	160,000	--	--	160,000
Revenue bonds payable	<u>11,630,584</u>	<u>--</u>	<u>--</u>	<u>3,876,861</u>	<u>15,507,445</u>
Total Noncurrent Liabilities	<u>11,663,564</u>	<u>164,242</u>	<u>49,408</u>	<u>3,879,834</u>	<u>15,757,048</u>
Total Liabilities	<u>14,928,365</u>	<u>264,638</u>	<u>94,981</u>	<u>4,164,910</u>	<u>19,452,894</u>
Net Assets					
Invested in capital assets, net of related debt	1,610,747	1,689,486	55,000	806,247	4,161,480
Restricted for renewal and replacement	1,017,776	--	--	153,938	1,171,714
Unrestricted	<u>1,674,603</u>	<u>1,385,581</u>	<u>207,462</u>	<u>188,302</u>	<u>3,455,948</u>
Total Net Assets	<u>\$ 4,303,126</u>	<u>\$ 3,075,067</u>	<u>\$ 262,462</u>	<u>\$ 1,148,487</u>	<u>\$ 8,789,142</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**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
Operating Revenues					
Charges for services:					
Water sales	\$ 1,458,287	\$ --	\$ --	\$ --	\$ 1,458,287
Sewer charges	1,411,793	--	--	--	1,411,793
Parking fees	--	679,970	--	--	679,970
Garbage charges	--	--	1,072,420	--	1,072,420
Recycling fees	--	--	120,302	--	120,302
Drainage fees	--	--	--	501,655	501,655
Miscellaneous	5,930	--	39,165	--	45,095
Total Operating Revenues	<u>2,876,010</u>	<u>679,970</u>	<u>1,231,887</u>	<u>501,655</u>	<u>5,289,522</u>
Operating Expenses					
Personal services	297,545	201,503	491,254	75,038	1,065,340
Administrative	61,497	103,194	134,042	33,673	332,406
Water system	598,196	--	--	--	598,196
Sewer system	844,212	--	--	--	844,212
Solid waste system	--	--	373,158	--	373,158
Depreciation and amortization	17,312	63,800	24,443	13,496	119,051
Total Operating Expenses	<u>1,818,762</u>	<u>368,497</u>	<u>1,022,897</u>	<u>122,207</u>	<u>3,332,363</u>
Operating Income	<u>1,057,248</u>	<u>311,473</u>	<u>208,990</u>	<u>379,448</u>	<u>1,957,159</u>
Nonoperating Revenues					
Gain on sale of assets	--	987	--	--	987
Interest earnings	10,980	647	668	1,848	14,143
Total Nonoperating Revenues	<u>10,980</u>	<u>1,634</u>	<u>668</u>	<u>1,848</u>	<u>15,130</u>
Income Before Capital Contributions and Transfers					
Contributions and Transfers	1,068,228	313,107	209,658	381,296	1,972,289
Capital contributions	567,710	--	--	--	567,710
Transfers out	(60,421)	(33,032)	(104,129)	(14,590)	(212,172)
Total Contributions and Transfers	<u>507,289</u>	<u>(33,032)</u>	<u>(104,129)</u>	<u>(14,590)</u>	<u>355,538</u>
Change in Net Assets	1,575,517	280,075	105,529	366,706	2,327,827
Net Assets - Beginning	<u>2,727,609</u>	<u>2,794,992</u>	<u>156,933</u>	<u>781,781</u>	<u>6,461,315</u>
Net Assets - Ending	<u>\$ 4,303,126</u>	<u>\$ 3,075,067</u>	<u>\$ 262,462</u>	<u>\$ 1,148,487</u>	<u>\$ 8,789,142</u>

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

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				Totals
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,474,650	\$ 678,045	\$ 1,244,206	\$ 466,584	\$ 4,863,485
Payments to suppliers	(1,178,553)	(100,925)	(503,989)	(2,877)	(1,786,344)
Payments to employees	(287,957)	(193,051)	(479,818)	(72,642)	(1,033,468)
Net Cash Provided by Operating Activities	<u>1,008,140</u>	<u>384,069</u>	<u>260,399</u>	<u>391,065</u>	<u>2,043,673</u>
Cash Flows from Noncapital Financing Activities					
Transfers out	(60,421)	(33,032)	(104,129)	(14,590)	(212,172)
Net Cash Used by Noncapital and Related Financing Activities	<u>(60,421)</u>	<u>(33,032)</u>	<u>(104,129)</u>	<u>(14,590)</u>	<u>(212,172)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(693,615)	(1,141,328)	--	(126,531)	(1,961,474)
Capital contributions	567,710	--	--	--	567,710
Principal payments	--	(100,000)	--	--	(100,000)
Acquisition of note and bonds payable	11,965,891	240,000	--	3,988,630	16,194,521
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>11,839,986</u>	<u>(1,001,328)</u>	<u>--</u>	<u>3,862,099</u>	<u>14,700,757</u>
Cash Flows from Investing Activities					
Interest earnings	10,980	647	668	1,848	14,143
Sale of fixed assets	--	987	--	--	987
Sale of investments	1,837	--	--	--	1,837
Net Cash Provided by Investing Activities	<u>12,817</u>	<u>1,634</u>	<u>668</u>	<u>1,848</u>	<u>16,967</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,800,522	(648,657)	156,938	4,240,422	16,549,225
Cash and Cash Equivalents - Beginning	<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 - Ending	<u>\$ 14,931,197</u>	<u>\$ 1,403,592</u>	<u>\$ 220,966</u>	<u>\$ 4,388,518</u>	<u>\$ 20,944,273</u>
Cash and Cash Equivalents per Statement of Net Assets					
Unrestricted	\$ 2,598,511	\$ 1,403,592	\$ 220,966	\$ 398,810	\$ 4,621,879
Restricted	12,332,686	--	--	3,989,708	16,322,394
	<u>\$ 14,931,197</u>	<u>\$ 1,403,592</u>	<u>\$ 220,966</u>	<u>\$ 4,388,518</u>	<u>\$ 20,944,273</u>

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

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 1,057,248	\$ 311,473	\$ 208,990	\$ 379,448	\$ 1,957,159
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	17,312	63,800	24,443	13,496	119,051
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(430,346)	(1,925)	12,319	(35,071)	(455,023)
Prepaid items	2,212	(2,166)	(11,273)	--	(11,227)
Increase (decrease) in:					
Accounts payable	103,469	918	18	211	104,616
Accrued liabilities	197,698	3,517	3,878	32,800	237,893
Other liabilities	59,462	--	--	--	59,462
Compensated absences	792	959	7,904	(420)	9,235
Net OPEB obligation	2,732	873	3,532	601	7,738
Unearned revenue	28,986	6,620	10,588	--	46,194
Customer deposits	(31,425)	--	--	--	(31,425)
Total adjustments	(49,108)	72,596	51,409	11,617	86,514
Net Cash Provided by Operating Activities	<u>\$ 1,008,140</u>	<u>\$ 384,069</u>	<u>\$ 260,399</u>	<u>\$ 391,065</u>	<u>\$ 2,043,673</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, 2011

Assets

Cash and Cash Equivalents \$ 227,811

Receivables

Plan members' contributions 22,732
Beneficiary's estate 2,987
Accrued investment income 43,807

Total Receivables 69,526

Prepaid insurance 9,166

Investments, at Fair Value

U.S. Government securities 982,237
U.S. Government agency bonds 112,310
Mortgage backed securities 700,328
Corporate bonds 2,035,865
Municipal obligations 34,534
Common stocks 4,226,467
Mutual funds - I shares 2,137,853

Total Investments 10,229,594

Total Assets \$ 10,536,097

Liabilities and Net Assets

Liabilities

Accounts payable \$ 22,110
Refunds payable 58,326

Total Liabilities 80,436

Net Assets Held in Trust for Pension Benefits \$ 10,455,661

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Additions

Contributions

Employer's contributions	\$ 625,963
Plan members' contributions	<u>284,950</u>

Total Contributions 910,913

Investment Earnings

Interest	169,730
Dividends	162,504
Net depreciation in fair value of investments	<u>(600,172)</u>
	(267,938)
Less: investment expenses	<u>70,653</u>

Net Investment Loss (338,591)

Total Additions 572,322

Deductions

Benefits paid	580,747
Refunds of contributions	106,499
Administrative expenses	<u>73,016</u>

Total Deductions 760,262

Net Decrease (187,940)

Net Assets in Trust for Pension Benefits

Net assets - beginning	<u>10,643,601</u>
Net assets - ending	<u>\$ 10,455,661</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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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 and administrative services, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water/ sewer and stormwater utilities.

The summary of the Town 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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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 expenditures related to compensated absences, which are recorded when payment is due.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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, multi-family, and commercial refuse and recycling.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

The Town's cash and cash equivalents, for purposes of the statement of cash flows, are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition. The Town's cash and cash equivalents include cash on hand, demand deposits, and investments with Florida PRIME administered by the State Board of Administration. 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. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Receivables

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Prepaid Items

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

5. Restricted Assets

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

6. Capital Assets

Capital assets, which include property, buildings, machinery, furniture and equipment, intangible 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town's business-type activities incurred interest costs of \$321,960 in the current fiscal year, all of which was capitalized.

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

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Compensated Absences

The Town's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the governmental funds are typically liquidated from the general fund.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

9. Fund Equity

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

The following are the fund balance classifications:

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

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Equity (continued)

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

Assigned fund balance. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by management of the Town to which the Commission has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

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

Additionally, the Town would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

10. Net Assets

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. Invested in capital assets, net of related debt, is that portion of net assets that relates to the Town's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Net Assets (continued)

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.

Included in the unrestricted net assets of the Water and Sewer Fund is an amount of \$651,144 designated for rate stabilization.

11. 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 any other banking institution, eligible collateral of the depository's. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

INVESTMENTS – TOWN

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

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, 2011, the fair value factor for Fund B was \$.75684 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, 2011, the Town had the following investments:

	Fair Value	Weighted Average Maturity
Investments		
Florida PRIME	\$ 3,168,906	38 days
Fund B	<u>201,321</u>	4.82 years
Total Investments - Town	<u>\$ 3,370,227</u>	

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

Interest Rate Risk

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

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, 2011, the Town's portfolio did not have any investments subject to a concentration of credit risk.

INVESTMENTS – PENSION TRUST FUND

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

1. Time or savings accounts of a national bank, a state bank or a savings and loan institution insured by the Savings Association Insurance Fund, which is administered by the Federal Deposit Insurance Corporation, provided the amount deposited does not exceed the insured amount, and the cash instruments have a quality rating of at least Standard & Poor's A1 or Moody's P1.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Bonds issued by the State of Israel. Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state, organized territory of the United States, or District of Columbia provided the corporation is listed on the recognized national stock exchanges or on the National Market System of the NASDAQ stock market.
4. Equity investments (common stock, convertible bonds and preferred stocks) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ and ETF exchange traded funds. Commingled equity, bond or money market funds whose investments are restricted to securities meeting the criteria of this section.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

As of September 30, 2011, the investment in equities totaled 50.5% of the total investments excluding the mutual funds, which are not under management. The cost and fair value of assets held in trust for Plan benefits at September 30, follows:

	2011	
	Cost	Fair Value
Cash and Cash Equivalents:		
U.S. Treasury portfolio	\$ 227,811	\$ 227,811
Receivables - Plan members contributions	22,732	22,732
Beneficiary's estate	2,987	2,987
Accrued investment income	43,807	43,807
	69,526	69,526
Prepaid expenses	9,166	9,166
Investments:		
U.S. Government Securities	889,204	982,237
Government Agency bonds	139,005	112,310
Mortgage backed securities	635,055	700,328
Corporate bonds	1,926,071	2,035,865
Municipal bonds	30,000	34,534
Mutual funds	2,698,305	2,137,853
Common stocks	5,157,706	4,226,467
	11,475,346	10,229,594
Total	\$ 11,781,849	\$ 10,536,097

As of September 30, 2011, the Plan had the following investment types:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 982,237	7.40
Government Agency bonds	112,310	8.70
Mortgage backed securities	700,328	5.77
Corporate bonds	2,035,865	4.21
Build America bonds (Municipal obligations)	34,534	22.12
Total Fair Value	\$ 3,865,274	
Portfolio Weighted Average Maturity		5.57

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

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 Town's policy to limit its investments in this investment type to the top two ratings issued by NRSROs. As of September 30, 2011, the Plan's investments in the U.S. Treasury Portfolio were rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the top three rating classifications by at least two major rating services (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were ranked AAA and Aaa by Standard & Poor's, and Moody's, respectively.

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2011 for the Town's major and non major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Total
Receivables								
Property taxes	\$ 120,367	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 120,367
Intergovernmental	191,374	65,527	54,697	443,871	--	--	--	755,469
Other	273,893	--	--	--	3,850	--	--	277,743
Accounts - billed	--	--	--	59,135	--	73,413	5,360	137,908
Accounts - unbilled	--	--	--	455,717	--	--	84,401	540,118
Gross receivables	585,634	65,527	54,697	958,723	3,850	73,413	89,761	1,831,605
Less: allowance for uncollectibles	--	--	--	(4,718)	--	(11,009)	--	(15,727)
Total Receivables, Net	<u>\$ 585,634</u>	<u>\$ 65,527</u>	<u>\$ 54,697</u>	<u>\$ 954,005</u>	<u>\$ 3,850</u>	<u>\$ 62,404</u>	<u>\$ 89,761</u>	<u>\$ 1,815,878</u>

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments, also, are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mils. The millage rate assessed by the Town for the fiscal year ended September 30, 2011, was 5.6030. 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 4 – PROPERTY TAXES (CONTINUED)

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, 2011, there were no material delinquent taxes.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

INTERFUND TRANSFERS

The composition of the interfund transfers as of September 30, 2011 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 216,872	\$ 139,660
Capital Projects Fund	139,660	--
Transportation Surtax Fund	--	4,700
Water and Sewer Fund (Enterprise Fund)	--	60,421
Municipal Parking Fund (Enterprise Fund)	--	33,032
Sanitation Fund (Enterprise Fund)	--	104,129
Stormwater Fund (Enterprise Fund)	--	14,590
Total Interfund Transfers	<u>\$ 356,532</u>	<u>\$ 356,532</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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

INTERFUND TRANSFERS (CONTINUED)

General Fund Transfers In consisted entirely of \$216,872 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 \$139,660 to provide the capital projects fund with funding required for road materials, vehicle and phone system equipment replacement.

Capital Projects Fund Transfers In includes the \$139,660 previously mentioned in the General Fund Transfers Out.

Transportation Surtax Fund Transfer Out of \$4,700 was transferred to reimburse costs incurred by 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.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 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	<u>2,523,406</u>	<u>246,737</u>	<u>2,366,537</u>	<u>403,606</u>
Total Capital Assets Not Being Depreciated	<u>3,984,635</u>	<u>246,737</u>	<u>2,366,537</u>	<u>1,864,835</u>
Capital Assets Being Depreciated				
Buildings	3,912,966	6,537,550	--	10,450,516
Machinery, furniture and equipment	3,097,454	591,207	879,589	2,809,072
Infrastructure	<u>2,162,770</u>	<u>148,709</u>	<u>--</u>	<u>2,311,479</u>
Total Capital Assets Being Depreciated	<u>9,173,190</u>	<u>7,277,466</u>	<u>879,589</u>	<u>15,571,067</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: Accumulated Depreciation for				
Buildings	1,158,023	72,753	--	1,230,776
Machinery, furniture and equipment	1,974,935	219,101	564,312	1,629,724
Infrastructure	428,195	107,969	--	536,164
Total Accumulated Depreciation	3,561,153	399,823	564,312	3,396,664
Total Capital Assets Being Depreciated, Net	5,612,037	6,877,643	315,277	12,174,403
Governmental Activities Capital Assets, Net	\$ 9,596,672	\$ 7,124,380	\$ 2,681,814	\$ 14,039,238
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 487,467	\$ 870,544	\$ --	\$ 1,358,011
Construction in progress	1,113,880	2,943,222	273,347	3,783,755
Total Capital Assets Not Being Depreciated	1,601,347	3,813,766	273,347	5,141,766
Capital Assets Being Depreciated				
Equipment	591,378	387,378	69,941	908,815
Infrastructure	2,268,260	160,903	--	2,429,163
Total Capital Assets Being Depreciated	2,859,638	548,281	69,941	3,337,978
Less: Accumulated Depreciation for				
Equipment	482,337	71,262	69,941	483,658
Infrastructure	1,841,341	47,789	--	1,889,130
Total Accumulated Depreciation	2,323,678	119,051	69,941	2,372,788
Total Capital Assets Being Depreciated, Net	535,960	429,230	--	965,190
Business-type Activities Capital Assets, Net	\$ 2,137,307	\$ 4,242,996	\$ --	\$ 6,106,956

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

Governmental Activities

General government	\$ 114,693
Public safety	142,413
Public works	108,495
Leisure services	16,014
Transportation	18,208

Total Depreciation and Amortization Expense – Governmental Activities **\$ 399,823**

Business-type Activities

Water and sewer	\$ 17,312
Municipal parking	63,800
Sanitation	24,443
Stormwater utility	13,496

Total Depreciation and Amortization Expense – Business-type Activities **\$ 119,051**

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 7 – DUE TO OTHER GOVERNMENTS

On August 24, 2011, the Town entered into a memorandum of understanding with Bal Harbour Village for the construction of a sewer force main. When complete, the Town will retain a 50% ownership in the improvements. The total amount owed at year end was \$1,597,636 to be paid to Bal Harbour Village. The Town expects to pay this in full prior to September 30, 2012.

NOTE 8 – LONG TERM LIABILITIES

GOVERNMENTAL ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 262,417	\$ 35,772	\$ 11,278	\$ 286,911	\$ 28,691
Other post-employment benefits	<u>27,638</u>	<u>31,626</u>	<u>--</u>	<u>59,264</u>	<u>--</u>
	<u>\$ 290,055</u>	<u>\$ 67,398</u>	<u>\$ 11,278</u>	<u>\$ 346,175</u>	<u>\$ 28,691</u>

BUSINESS-TYPE ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for business-type activities for the fiscal year ended September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Revenue bonds series 2011	\$ --	\$ 16,000,000	\$ --	\$ 16,000,000	\$ 492,555
Note payable	--	240,000	--	240,000	80,000
Compensated absences	73,966	9,235	--	83,201	8,317
Other post-employment benefits	<u>6,981</u>	<u>7,738</u>	<u>--</u>	<u>14,719</u>	<u>--</u>
	<u>\$ 80,947</u>	<u>\$ 16,256,973</u>	<u>\$ --</u>	<u>\$ 16,337,920</u>	<u>\$ 580,872</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8 – LONG TERM LIABILITIES (CONTINUED)

UTILITY SYSTEM REVENUE BONDS SERIES 2011

On April 28, 2011, the Town issued a \$16,000,000 Utility System Revenue Bonds, Series 2011 to finance the cost of certain construction projects, including improvements for the existing facilities for the water, sewer, and storm water systems. Principal and interest is to be paid from the pledge of Water/Sewer and Storm Water fund revenues. Principal is paid annually. The Note bears interest of 4.720% payable semi-annually, and it matures on May 1, 2026. The outstanding balance as of September 30, 2011 is \$16,000,000. Total principal and interest remaining on the bond is \$24,282,381. For the current year, debt service which is comprised of accrued interest is \$320,960. Pledged revenues were \$3,391,808.

Fiscal Year Ending September 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 492,555	\$ 761,493	\$ 1,254,048
2013	522,097	731,952	1,254,049
2014	546,740	707,308	1,254,048
2015	572,546	681,502	1,254,048
2016	599,571	654,478	1,254,049
2017-2021	3,450,027	2,820,214	6,270,241
2022-2026	<u>9,816,464</u>	<u>1,925,434</u>	<u>11,741,898</u>
	<u>\$ 16,000,000</u>	<u>\$ 8,282,381</u>	<u>\$ 24,282,381</u>

PROOF OF DEBT COVERAGE

Revenues

Stormwater revenues	\$ 503,503
Water and sewer revenues	<u>2,886,229</u>
Water, sewer and stormwater revenues	<u><u>\$ 3,389,732</u></u>

Expenses

Stormwater	\$ 123,297
Water and sewer	<u>1,861,872</u>
Water, sewer and stormwater expenses	<u><u>\$ 1,985,169</u></u>

Stormwater Difference	\$ 380,206
Water and Sewer Difference	<u>1,024,357</u>
Combined Utility Net Revenues	<u><u>\$ 1,404,562</u></u>

Debt Service Requirement	<u><u>\$ 320,960</u></u>
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TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8 – LONG TERM LIABILITIES (CONTINUED)

PROOF OF DEBT COVERAGE (CONTINUED)

Combined Actual Coverage	4.3761
Combined Ratio Requirements	<u>1.1000</u>
Coverage in Excess of Requirement	<u>3.2761</u>

The Town is in compliance with its debt coverage ratio.

NOTE PAYABLE

On March 24, 2011, the Town signed two non-interest bearing promissory notes for \$120,000 each, proceeds of which were used to acquire property to be used for municipal parking. As of September 30, 2011, the outstanding balance was \$240,000. Payments are due on February 1st of each year. Payments are \$40,000 per year, per note, for a total payment of \$80,000 per year for 3 years to be paid from non-ad valorem revenues.

NOTE 9 – 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.

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 9 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS AND FUNDING POLICY

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contributions to the Plan totaled \$625,963 for the year ended September 30, 2011.

General Employees

Initially employees were required to contribute either 5% of their salary or after October 1, 1979, members as of that date had the irrevocable option to contribute either 5% or 7% of their compensation. Effective July 1, 1996, each member had the irrevocable option to increase his or her contribution rate from 5% to 7% or 8% of compensation.

Police Officers

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

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 9 – 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 (Depreciation) (in the Fair Value of Investments).

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

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	\$ 625,963
Interest on Net Pension Asset	(16,499)
Adjustment to ARC	<u>18,802</u>
Annual Pension Cost	628,266
Town Contributions	<u>(625,963)</u>
Decrease in NPA	2,303
Net Pension Asset:	
Beginning of year	<u>(219,989)</u>
End of year	<u><u>\$ (217,686)</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 9 – 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, 2009	\$ 425,917	99%	\$ (222,138)
September 30, 2010	556,068	100%	(219,989)
September 30, 2011	628,266	100%	(217,686)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2011, the date of the most recent actuarial valuation date, is as follows:

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial 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, 2011	\$ 12,487,404	\$ 13,272,023	\$ 784,619	94.1%	\$ 4,035,208	19.4%

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.

Additional information as of the October 1, 2009, Actuarial Valuation Report, which was used to compute the annual required contribution for the year ended September 30, 2011, as well as information as of the latest Actuarial Valuation Report dated October 1, 2011 is as follows:

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 9 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

Actuarial valuation date	October 1, 2009	October 1, 2011
Contribution rates:		
Employer	13.7%	13.0%
Plan members	7.0%	7.0%
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization	30 years	30 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 10 - OTHER POST EMPLOYMENT BENEFITS

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

PLAN DESCRIPTION

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

FUNDING POLICY AND ANNUAL OPEB COST

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST (CONTINUED)

the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

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

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

	<u>Pay-as-you-go</u>
Required contribution rates:	
Employer	N/A
Plan members	
Annual required contribution	\$ 48,494
Interest on normal cost	--
Adjustment to the annual required contribution	--
Annual OPEB cost	48,494
Estimated employer contribution	(9,130)
Increase in net OPEB obligation	39,364
Net OPEB obligation - Beginning of Year	34,619
 Net OPEB Obligation - End of Year	 \$ 73,983

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 was:

	2011	2010
Annual OPEB cost	\$ 48,494	\$ 34,619
Percentage of OPEB cost contributed	153%	100%
Net OPEB obligation	\$ 73,983	\$ 34,619

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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 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)
\$ --	\$ 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:

Contribution rate	1.0%
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry Age
Amortization method	Level percent, open
Remaining amortization	30 years
Asset valuation method	Unfunded

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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 11 – COMMITMENTS AND CONTINGENCIES

RISK MANAGEMENT

The Town is exposed to various risks and losses related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town participates with other municipalities and governmental units in a public entity risk pool administered by the Florida League of Cities Public Risk Services known as the Florida Municipal Insurance Trust (FMIT). The Town pays annual premiums to the FMIT for its general liability insurance, commercial real and personal property, including electronic data processing equipment, automobile, liability, and physical damage insurance coverage.

The Town also participates in the Florida League of Cities public risk pool known as the Florida Municipal Self Insurers Fund (FMSIF) to which it pays annual premiums for its workers compensation insurance. The agreement with these public risk pools 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.

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

TOWN OF SURFSIDE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

LITIGATION

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

COMMITMENTS

During the 2009 fiscal year, the Town had entered into agreements for approximately \$5,000,000 for the construction of the new community center. As of September 30, 2011, the remaining balance of the obligation was approximately \$731,000. In addition, during the current fiscal year, the Town entered into agreements for water/sewer and stormwater improvements for approximately \$15.6 million.

NOTE 12 – SUBSEQUENT EVENT

On March 12, 2012, the Town was provided with a Notice of Availability-Record of Final Agency Action from the Florida Department of Environmental Protection (FDEP) pertaining to its State Revolving Loan Fund Application. As a result of a February 22, 2012 public hearing held by the FDEP, the Town has been added to the priority list and funds have been made available for up to \$9,876,438 in low interest construction funding pending the completion of the application process and execution of a loan agreement. This funding pertains to the Water, Sewer and Stormwater capital projects currently in progress.

REQUIRED SUPPLEMENTARY
INFORMATION

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 5,693,987	\$ 5,593,987	\$ 5,619,494	\$ 25,507
Resort taxes	192,500	235,490	281,236	45,746
Utility taxes	405,000	415,000	470,350	55,350
Communications services tax	337,862	352,748	353,667	919
Franchise taxes	429,000	452,000	416,277	(35,723)
Licenses and permits	291,750	481,750	459,549	(22,201)
Intergovernmental	566,210	612,724	656,461	43,737
Charges for services	173,800	144,496	166,183	21,687
Fines and forfeitures	434,000	595,496	479,795	(115,701)
Interest earnings	100	100	29,002	28,902
Miscellaneous	28,000	28,000	134,870	106,870
Total Revenues	<u>8,552,209</u>	<u>8,911,791</u>	<u>9,066,884</u>	<u>155,093</u>
Expenditures				
Current:				
General government:				
Legislative	70,900	70,900	59,715	11,185
Legal services	373,876	431,964	413,521	18,443
Executive, finance and administration	1,997,790	2,213,631	1,698,180	515,451
Total general government	<u>2,442,566</u>	<u>2,716,495</u>	<u>2,171,416</u>	<u>545,079</u>
Public safety	4,129,384	4,127,070	3,915,054	212,016
Public works	720,747	751,747	720,888	30,859
Leisure services	1,328,124	1,314,075	1,123,446	190,629
Capital outlay	8,600	128,354	120,015	8,339
Total Expenditures	<u>8,629,421</u>	<u>9,037,741</u>	<u>8,050,819</u>	<u>986,922</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(77,212)</u>	<u>(125,950)</u>	<u>1,016,065</u>	<u>1,142,015</u>
Other Financing Uses				
Transfers in	216,872	216,872	216,872	--
Transfers out	(139,660)	(139,660)	(139,660)	--
Total Other Financing Uses	<u>77,212</u>	<u>77,212</u>	<u>77,212</u>	<u>--</u>
Net Change in Fund Balances	<u>\$ --</u>	<u>\$ (48,738)</u>	<u>\$ 1,093,277</u>	
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ (48,738)</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

If during the course of the fiscal year, it becomes evident that a particular fund is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption. All necessary supplemental appropriations are adopted by the Town Commission as part of the budget review process and are included in the "Final Budget" columns on the schedule of revenues, expenditures and changes in fund balance – budget and actual. There was \$408,320 of supplemental appropriations in the General Fund.

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

TOWN OF SURFSIDE, FLORIDA

RETIREMENT PLAN FOR EMPLOYEES

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/06	\$ 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%
10/1/11	12,487,404	13,272,023	784,619	94.1%	4,053,208	19.4%

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
2006	\$ 203,274	114%
2007	264,370	100%
2008	384,905	100%
2009	423,747	100%
2010	553,919	100%
2011	625,963	100%

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

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

*GASB Statement No. 45, Other Post Employment Benefits (OPEB), was implemented for the fiscal year ended September 30, 2010. Only one OPEB actuarial valuation has been performed to date.

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 restricted to promote tourism related activities of the Town which are restricted to approved functions and activities.

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

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

TOWN OF SURFSIDE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Assets				
Cash and cash equivalents	\$ 180,270	\$ 204,454	\$ 113,598	\$ 498,322
Investments	--	--	6,743	6,743
Receivables	10,984	43,713	--	54,697
Total Assets	<u>\$ 191,254</u>	<u>\$ 248,167</u>	<u>\$ 120,341</u>	<u>\$ 559,762</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,810	\$ 8,407	\$ 2,452	\$ 16,669
Accrued liabilities	577	--	--	577
Total Liabilities	<u>6,387</u>	<u>8,407</u>	<u>2,452</u>	<u>17,246</u>
Fund Balances				
Restricted for:				
Tourism	184,867	--	--	184,867
Transportation surtax	--	239,760	--	239,760
Police forfeiture	--	--	117,889	117,889
Total Fund Balances	<u>184,867</u>	<u>239,760</u>	<u>117,889</u>	<u>542,516</u>
Total Liabilities and Fund Balances	<u>\$ 191,254</u>	<u>\$ 248,167</u>	<u>\$ 120,341</u>	<u>\$ 559,762</u>

TOWN OF SURFSIDE, FLORIDA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Revenues				
Resort taxes	\$ 153,939	\$ --	\$ --	\$ 153,939
Forfeitures	--	--	90,432	90,432
Intergovernmental	--	180,473	--	180,473
Interest	387	516	1,275	2,178
Miscellaneous	3,413	--	--	3,413
Total Revenues	<u>157,739</u>	<u>180,989</u>	<u>91,707</u>	<u>430,435</u>
Expenditures				
General government	132,107	--	--	132,107
Public safety	--	--	42,211	42,211
Transportation	--	106,292	--	106,292
Capital outlay	19,800	246,737	3,432	269,969
Total Expenditures	<u>151,907</u>	<u>353,029</u>	<u>45,643</u>	<u>550,579</u>
Excess (Deficiency) of Revenues Over Expenditures	5,832	(172,040)	46,064	(120,144)
Other Financing Uses				
Transfers out	--	(4,700)	--	(4,700)
Net Change in Fund Balances	5,832	(176,740)	46,064	(124,844)
Fund Balances - Beginning	<u>179,035</u>	<u>416,500</u>	<u>71,825</u>	<u>667,360</u>
Fund Balances - Ending	<u>\$ 184,867</u>	<u>\$ 239,760</u>	<u>\$ 117,889</u>	<u>\$ 542,516</u>

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Resort taxes	\$ 121,510	\$ 141,510	\$ 153,939	\$ 12,429
Interest	--	--	387	387
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>3,413</u>	<u>1,913</u>
Total Revenues	<u>123,010</u>	<u>143,010</u>	<u>157,739</u>	<u>14,729</u>
Expenditures				
Current:				
General government	123,010	130,110	132,107	(1,997)
Culture and recreation	--	12,900	--	12,900
Capital outlay	<u>--</u>	<u>19,800</u>	<u>19,800</u>	<u>--</u>
Total Expenditures	<u>123,010</u>	<u>162,810</u>	<u>151,907</u>	<u>10,903</u>
Excess of Revenues over Expenditures	<u>\$ --</u>	<u>\$ (19,800)</u>	<u>\$ 5,832</u>	<u>\$ 25,632</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ 19,800</u>		

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	156,415	\$ 156,415	\$ 180,473	\$ 24,058
Interest	--	--	516	516
Total Revenues	<u>156,415</u>	<u>156,415</u>	<u>180,989</u>	<u>24,574</u>
Expenditures				
Current:				
General government	232,000	232,000	106,292	125,708
Capital Outlay	--	246,737	246,737	--
Total Expenditures	<u>232,000</u>	<u>478,737</u>	<u>353,029</u>	<u>125,708</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(75,585)</u>	<u>(322,322)</u>	<u>(172,040)</u>	<u>(150,282)</u>
Other Financing Uses				
Transfers out	(4,700)	(4,700)	(4,700)	--
Net Changes in Fund Balances	<u>\$ (80,285)</u>	<u>\$ (327,022)</u>	<u>\$ (176,740)</u>	<u>\$ (150,282)</u>
Appropriated Beginning Fund Balance	<u>\$ (80,285)</u>	<u>\$ (327,022)</u>		

TOWN OF SURFSIDE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Forfeitures	\$ 25,000	\$ 34,694	\$ 90,432	\$ 55,738
Interest earnings	--	--	1,275	1,275
Total Revenues	<u>25,000</u>	<u>34,694</u>	<u>91,707</u>	<u>57,013</u>
Expenditures				
Current:				
Public safety	45,000	51,261	42,211	9,050
Capital Outlay	--	3,433	3,432	1
Total Expenditures	<u>45,000</u>	<u>54,694</u>	<u>45,643</u>	<u>9,051</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ 46,064</u>	<u>\$ 66,064</u>
Appropriated Beginning Fund Balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>		

STATISTICAL SECTION



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

This part of Town 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

Exhibits

Financial Trends

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

I - XII

Revenue Capacity

These tables contain information that may assist the reader in assessing the Town's most significant local revenue source, the property taxes.

XIII-XVII

Debt Capacity

These tables contain information that may assist the reader in analyzing the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.

XVIII - XX

Demographic and Economic Information

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

XXI - XXIII

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.

XXIV-XXV

Data Source:

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

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

	For the Fiscal Year Ended September 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
General government	\$ 2,423,644	\$ 2,464,164	\$ 4,016,141	\$ 3,586,294	\$ 3,933,155	\$ 2,844,246	\$ 2,404,067	\$ 2,791,917
Public safety	2,388,141	2,664,931	3,029,368	3,599,072	3,703,961	4,094,093	3,786,485	4,099,678
Physical environment	736,607	909,393	1,161,599	959,705	848,334	961,381	803,147	829,383
Leisure services	992,699	1,247,493	1,460,284	1,238,174	1,748,556	1,558,000	1,086,071	1,139,460
Tourism development	147,451	131,335	146,885	89,635	(2)	(2)	(2)	(2)
Transportation	28,845	37,034	53,941	-	173,759	114,121	105,682	124,500
Total Expenses	6,717,387	7,454,350	9,868,218	9,472,880	10,407,765	9,571,841	8,185,452	8,984,938
Program Revenues:								
Charges for services:								
General government	869,361	370,259	257,767	340,597	169,749	198,504	374,556	459,549
Public safety	130,614	180,367	150,781	205,692	287,324	199,614	150,342	479,795
Leisure services	307,693	359,731	391,914	162,549	125,120	123,327	144,757	166,570
Tourism development	1,277	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Operating grants and contributions	10,625	-	350,165	316,547	325,309	269,317	232,293	272,696
Capital grants and contributions	-	-	-	-	-	-	-	131,054
Total Program Revenues	1,319,570	910,357	1,150,627	1,025,385	907,502	790,762	901,948	1,509,664
Net (Expense) Revenue	(5,397,817)	(6,543,993)	(8,717,591)	(8,447,495)	(9,500,263)	(8,781,079)	(7,283,504)	(7,475,274)
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	5,619,494
Resort taxes	534,731	505,346	546,264	477,563	424,279	366,867	390,873	435,175
Franchise fees based on gross receipts	401,532	385,984	470,541	453,901	463,823	416,728	414,835	416,277
Utility taxes	698,599	717,418	446,933	457,905	438,335	66,825	120,307	470,350
Communications services tax	-	-	281,143	272,870	337,348	385,486	343,440	353,667
Unrestricted intergovernmental revenues	685,798	590,402	662,034	584,219	519,837	862,137	905,255	656,461
Unrestricted investment earnings (losses)	127,922	263,603	563,494	639,616	194,695	(36,049)	98,208	37,368
Miscellaneous	227,295	58,743	544,216	57,941	49,503	81,280	56,481	138,283
Total General Revenues	6,628,539	7,256,755	9,360,704	10,321,071	8,720,575	8,468,995	7,653,127	8,127,075
Net Transfers In (Out)	(55,000)	(258,833)	(284,134)	-	(110,940)	121,893	208,502	212,172
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	8,339,247
Change in Net Assets	\$ 1,175,722	\$ 453,929	\$ 358,979	\$ 1,873,576	\$ (890,628)	\$ (190,191)	\$ 578,125	\$ 863,973

Notes:

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

(2) Now included in leisure services.

Data Source:

Applicable years' comprehensive annual financial report.

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

	For the Fiscal Year Ended September 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
General government	36.1%	33.1%	40.7%	37.9%	37.8%	29.7%	29.4%	31.1%
Public safety	35.6%	35.8%	30.7%	38.0%	35.6%	42.8%	46.3%	45.6%
Physical environment	11.0%	12.2%	11.8%	10.1%	8.2%	10.0%	9.8%	9.2%
Leisure services	14.8%	16.7%	14.8%	13.1%	16.8%	16.3%	13.3%	12.7%
Tourism development	2.2%	1.8%	1.5%	0.9%	(2)	(2)	(2)	(2)
Transportation	0.3%	0.5%	0.5%	-	1.7%	1.2%	1.3%	1.4%
Total Expenses	100.0%	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%	30.4%
Public safety	9.9%	19.8%	13.1%	20.1%	31.7%	25.2%	16.7%	31.8%
Leisure services	23.3%	39.5%	34.1%	15.9%	13.8%	15.6%	16.0%	11.0%
Tourism development	0.1%	-	-	-	-	-	-	-
Operating grants and contributions	0.8%	-	30.4%	30.9%	35.8%	34.1%	25.8%	18.1%
Capital grants and contributions	-	-	-	-	-	-	-	8.6%
Total Program Revenues	100.0%	100.0%	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%	69.1%
Resort taxes	8.1%	7.0%	5.8%	4.6%	4.9%	4.3%	5.1%	5.4%
Franchise fees based on gross receipts	6.1%	5.3%	5.0%	4.4%	5.3%	4.9%	5.4%	5.1%
Utility taxes	10.5%	9.9%	4.8%	4.4%	5.0%	0.8%	1.6%	5.8%
Communications services tax	-	-	3.0%	2.6%	3.9%	4.6%	4.5%	4.4%
Unrestricted intergovernmental revenues	10.3%	8.1%	7.1%	5.7%	6.0%	10.2%	11.8%	8.1%
Unrestricted investment earnings (losses)	1.9%	3.6%	6.0%	6.2%	2.2%	-0.4%	1.3%	0.5%
Miscellaneous	3.5%	0.8%	5.8%	0.6%	0.5%	0.9%	0.7%	1.6%
Total General Revenues	100.0%	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.

(2) Now included in leisure services.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Changes in Net Assets - Business-type Activities
Last Eight Fiscal Years ¹
(accrual basis of accounting)

Source	For the Fiscal Year Ended September 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 1,818,762
Municipal parking	134,292	143,472	107,555	176,715	188,086	174,680	222,108	368,497
Sanitation	875,509	920,923	1,412,283	1,172,075	1,139,619	1,018,579	949,505	1,022,897
Stormwater utility	57,044	62,268	82,940	100,970	115,723	128,910	114,086	122,207
Total Expenses	2,446,725	2,305,649	2,963,512	2,878,018	3,231,752	2,991,646	3,276,401	3,332,363
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	2,876,010
Municipal parking	336,475	335,327	282,430	288,959	296,600	394,975	404,293	679,970
Sanitation	785,509	750,510	806,053	798,028	782,024	1,251,695	1,244,547	1,231,887
Stormwater utility	115,504	115,407	115,324	114,134	114,219	243,775	247,002	501,655
Operating grants and contributions	-	12,952	333,674	-	-	-	-	-
Capital grants and contributions	-	-	-	761	12,500	-	-	567,710
Total Program Revenues	2,807,206	2,769,649	3,058,654	2,714,639	2,557,590	3,857,360	4,414,060	5,857,232
Net (Expense) Revenue	360,481	464,000	95,142	(163,379)	(674,162)	865,714	1,137,659	2,524,869
General Revenues:								
Investment earnings	30,820	82,036	151,372	201,052	101,307	2,569	15,622	15,130
Capital contributions	-	-	-	-	-	-	108,947	-
Net Transfers	55,000	258,833	285,656	-	110,940	(121,893)	(208,502)	(212,172)
Total General Revenues	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)	(197,042)
Net Transfers	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)	(197,042)
Change in Net Assets	\$ 446,301	\$ 804,869	\$ 532,170	\$ 37,673	\$ (461,915)	\$ 746,390	\$ 1,053,726	\$ 2,327,827

Notes:

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

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Changes in Total Net Assets
Last Eight Fiscal Years ³
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
Governmental activities ¹	\$ 6,717,387	\$ 7,454,350	\$ 9,868,218	\$ 9,472,880	\$ 10,407,765	\$ 9,571,841	\$ 8,185,452	\$ 8,984,938
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	3,332,363
Total Expenses	<u>9,164,112</u>	<u>9,759,999</u>	<u>12,831,730</u>	<u>12,350,898</u>	<u>13,639,517</u>	<u>12,563,487</u>	<u>11,461,853</u>	<u>12,317,301</u>
Program Revenues:								
Governmental activities ¹	1,319,570	910,357	1,150,627	1,025,385	907,502	790,762	901,948	1,509,664
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	5,857,232
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>	<u>7,366,896</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>(10,174,425)</u>	<u>(7,915,365)</u>	<u>(6,145,845)</u>	<u>(4,950,405)</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	8,339,247
Business-type activities ²	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)	(197,042)
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>	<u>8,142,205</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>\$ (1,352,543)</u>	<u>\$ 556,199</u>	<u>\$ 1,631,851</u>	<u>\$ 3,191,800</u>

Notes:¹ See Exhibit I² See Exhibit III³ The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only eight years of government-wide financial data is presented.

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

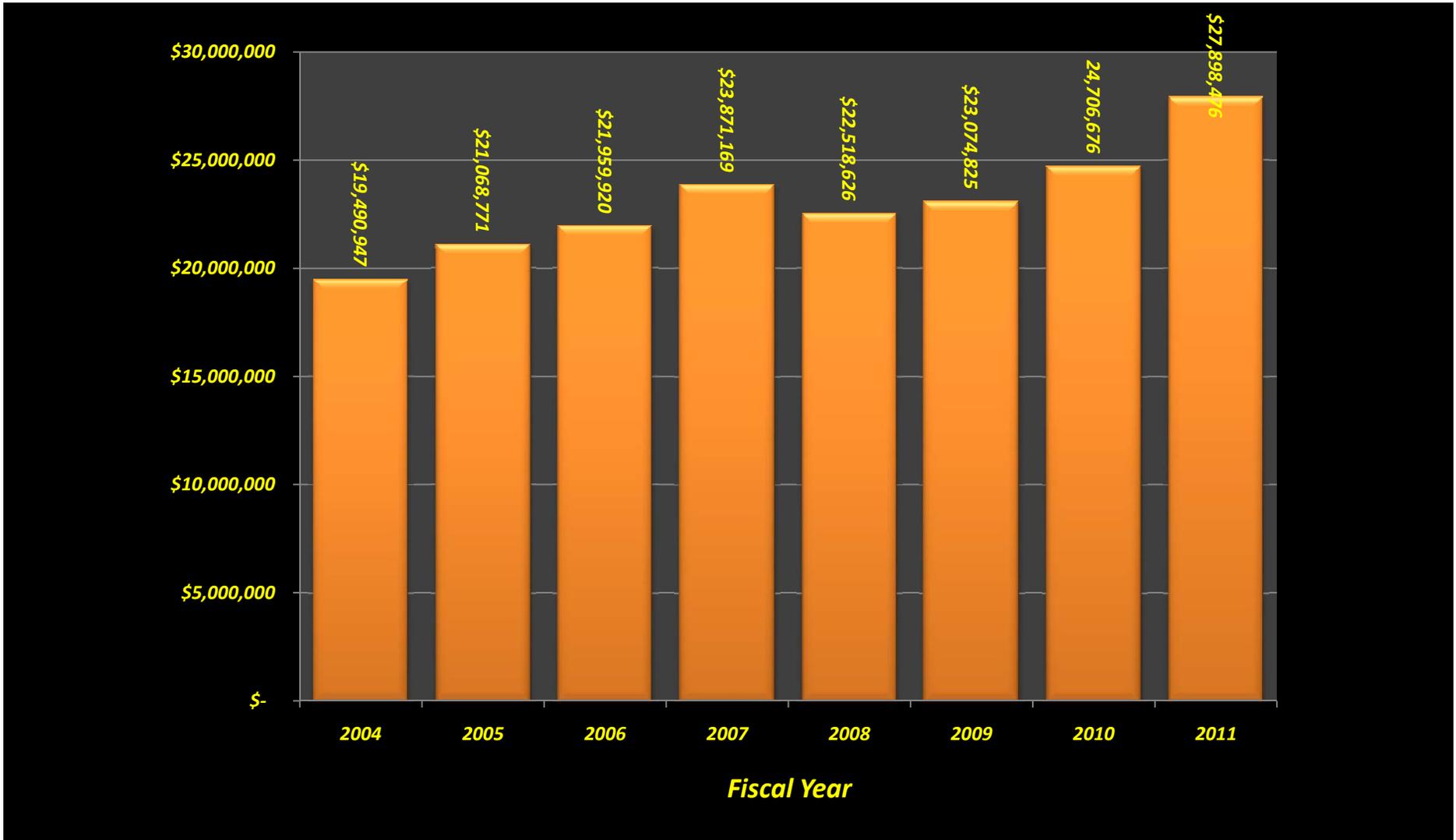
	September 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in capital assets, net of related debt	\$ 6,469,295	\$ 6,583,160	\$ 8,204,180	\$ 8,014,197	\$ 9,102,085	\$ 9,205,412	\$ 9,596,672	\$ 13,308,427
Restricted	3,327,718	3,538,145	822,422	788,412	819,427	724,122	667,360	542,516
Unrestricted	5,945,532	6,394,195	7,847,877	9,945,446	7,935,915	7,737,702	7,981,329	5,258,391
Subtotal Governmental Activities Net Assets	<u>15,742,545</u>	<u>16,515,500</u>	<u>16,874,479</u>	<u>18,748,055</u>	<u>17,857,427</u>	<u>17,667,236</u>	<u>18,245,361</u>	<u>19,109,334</u>
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	4,161,480
Restricted	340,824	342,346	343,868	343,868	1,689,815	1,358,811	1,822,858	1,171,714
Unrestricted	2,635,766	3,432,667	3,819,626	4,039,113	2,008,189	2,769,953	2,601,149	3,455,948
Subtotal Business-type Activities Net Assets	<u>3,748,402</u>	<u>4,553,271</u>	<u>5,085,441</u>	<u>5,123,114</u>	<u>4,661,199</u>	<u>5,407,589</u>	<u>6,461,315</u>	<u>8,789,142</u>
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	17,469,907
Restricted	3,668,542	3,880,491	1,166,290	1,132,280	2,509,242	2,082,933	2,490,218	1,714,230
Unrestricted	8,581,298	9,826,862	11,667,503	13,984,559	9,944,104	10,507,655	10,582,478	8,714,339
Total Primary Government Net Assets	<u>\$ 19,490,947</u>	<u>\$ 21,068,771</u>	<u>\$ 21,959,920</u>	<u>\$ 23,871,169</u>	<u>\$ 22,518,626</u>	<u>\$ 23,074,825</u>	<u>\$ 24,706,676</u>	<u>\$ 27,898,476</u>

Notes:

¹ The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore, only eight 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 Eight 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,										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenue Source	Amounts									
Taxes	\$ 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	\$ 7,294,963
Intergovernmental	511,096	572,133	685,798	788,467	1,008,198	858,405	887,507	1,131,454	745,540	967,988
Licenses and permits	682,959	427,226	365,350	259,024	256,007	340,597	169,749	198,504	374,556	459,549
Charges for services	305,238	292,820	301,923	356,725	391,537	162,549	125,120	123,327	144,757	166,183
Fines and forfeitures	249,712	153,748	636,673	311,961	156,755	205,692	287,324	199,614	190,243	570,227
Investment earnings	113,472	128,198	127,922	263,603	563,494	639,616	194,695	(36,049)	103,576	39,545
Miscellaneous	61,930	58,935	242,917	59,941	544,379	57,941	49,503	96,289	59,781	138,283
Total Revenues	\$ 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	\$ 9,636,738
% change from prior year	7.0%	7.5%	18.3%	5.5%	25.4%	7.5%	-14.5%	-4.1%	-7.8%	12.6%
	Percentage of Total									
Taxes	69.2%	75.7%	70.3%	75.7%	72.2%	80.0%	82.3%	81.5%	81.1%	75.7%
Intergovernmental	8.2%	8.5%	8.6%	9.4%	9.6%	7.6%	9.2%	12.2%	8.7%	10.0%
Licenses and permits	10.9%	6.4%	4.6%	3.1%	2.4%	3.0%	1.8%	2.1%	4.4%	4.8%
Charges for services	4.9%	4.4%	3.8%	4.3%	3.7%	1.4%	1.3%	1.3%	1.7%	1.7%
Fines and forfeitures	4.0%	2.3%	8.0%	3.7%	1.5%	1.8%	3.0%	2.3%	2.2%	5.9%
Investment earnings	1.8%	1.9%	1.6%	3.1%	5.4%	5.7%	2.0%	-0.4%	1.2%	0.4%
Miscellaneous	1.0%	0.8%	3.1%	0.7%	5.2%	0.5%	0.4%	1.0%	0.7%	1.4%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

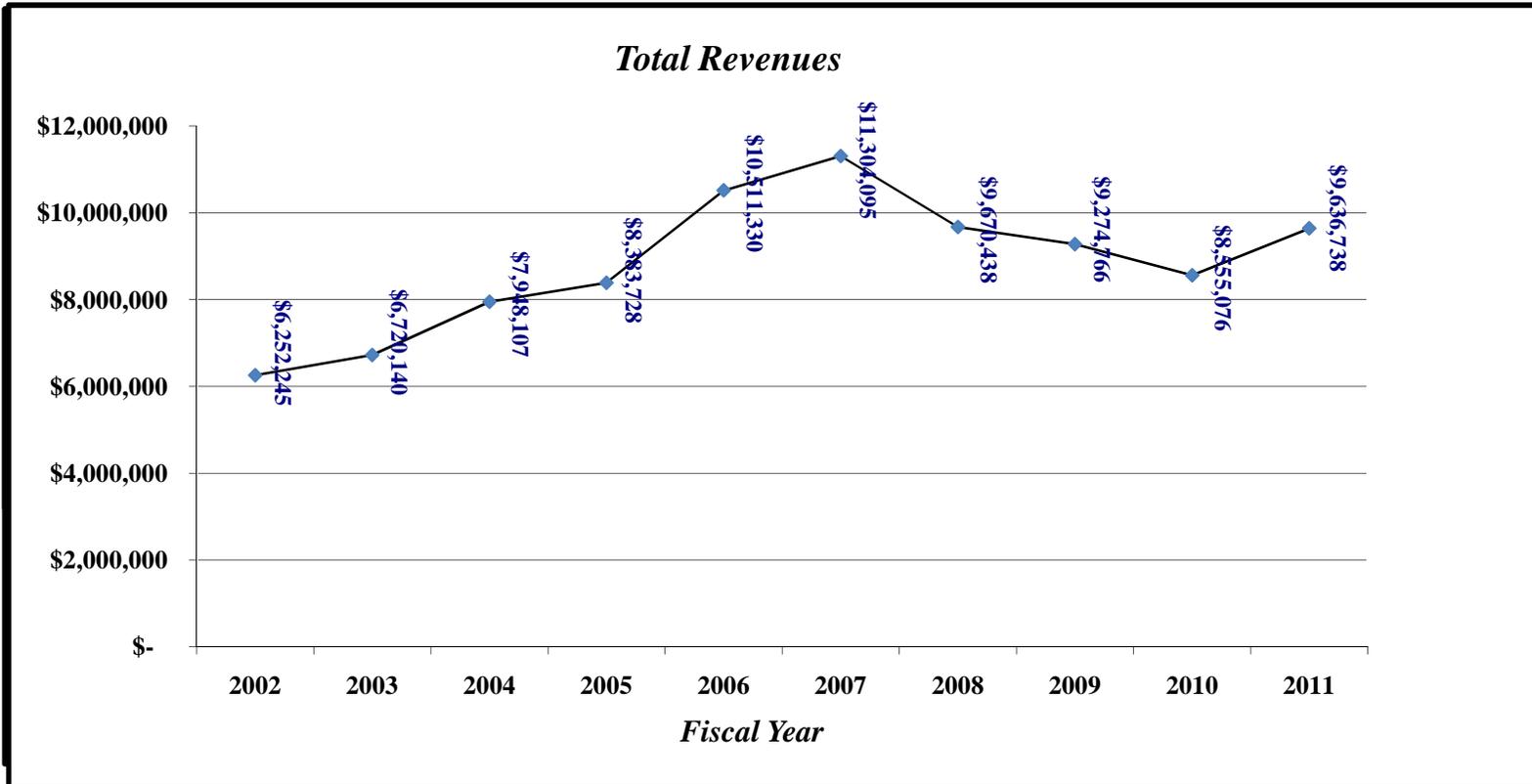
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

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



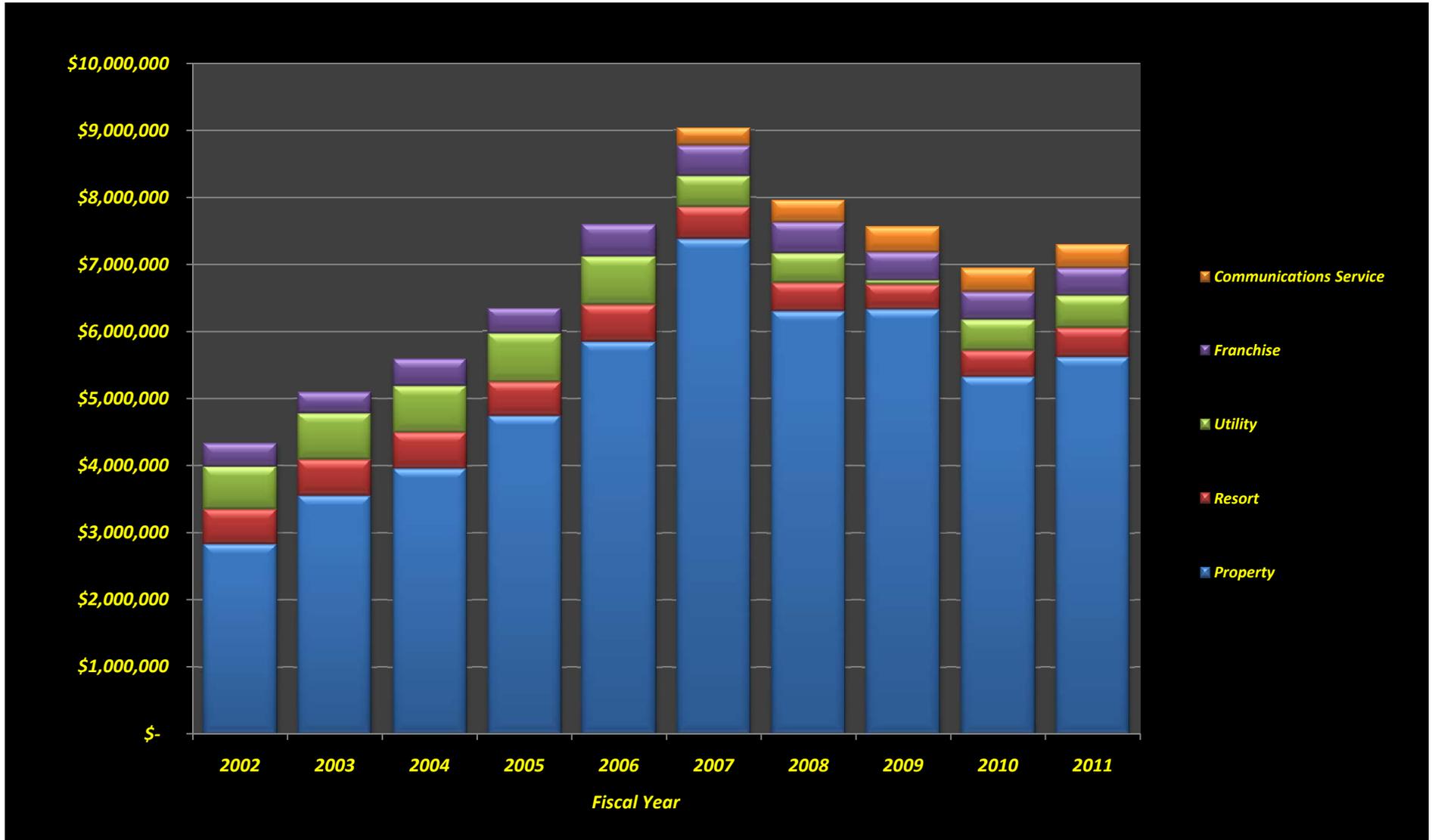
Town of Surfside, Florida
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended September 30,	Property	Resort	Utility	Franchise	Communications Service	Total
Amounts						
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
2011	5,619,494	435,175	470,350	416,277	353,667	7,294,963
% Change in Dollars Over 10 Years	<u>99.1%</u>	<u>-17.3%</u>	<u>-25.3%</u>	<u>19.3%</u>	<u>29.6%</u>	<u>68.6%</u>
Percentage of Total						
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%
2011	77.0%	6.0%	6.4%	5.7%	4.8%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

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



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

For the Fiscal Year Ended September 30,										
Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Current:										
General government	\$ 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	\$ 2,303,523
Public safety	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	3,957,265
Physical environment	616,647	791,082	716,840	882,428	869,936	833,631	749,358	855,526	695,642	720,888
Culture and recreation	549,742	623,214	778,698	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449	1,123,446
Transportation	-	-	-	-	-	76,722	159,979	99,476	91,037	106,292
Total Current	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	8,211,414
% Change From Prior Year	-13.5%	23.5%	24.7%	12.1%	31.5%	-3.4%	5.5%	-5.9%	-14.5%	6.2%
Capital Outlay	595,164	314,464	712,975	474,141	1,979,702	321,287	1,903,727	611,486	877,372	5,157,666
% Change From Prior Year	-37.7%	-47.2%	126.7%	-33.5%	317.5%	-83.8%	492.5%	-67.9%	43.5%	487.9%
Total Expenditures	\$ 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	\$ 13,369,080
% Change From Prior Year	-17.5%	14.6%	30.6%	7.5%	49.3%	-17.3%	22.1%	-16.2%	-10.8%	55.3%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

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

Function	For the Fiscal Year Ended September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Amounts										
Current:										
General government	\$ 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	\$ 2,303,523
Public safety	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	3,957,265
Physical environment	616,647	791,082	716,840	882,428	869,936	833,631	749,358	855,526	695,642	720,888
Culture and recreation	549,742	623,214	778,698	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449	1,123,446
Transportation	-	-	-	-	-	76,722	159,979	99,476	91,037	106,292
Total Current	<u><u>\$ 4,152,240</u></u>	<u><u>\$ 5,126,639</u></u>	<u><u>\$ 6,392,492</u></u>	<u><u>\$ 7,165,395</u></u>	<u><u>\$ 9,424,974</u></u>	<u><u>\$ 9,105,711</u></u>	<u><u>\$ 9,610,094</u></u>	<u><u>\$ 9,038,524</u></u>	<u><u>\$ 7,728,448</u></u>	<u><u>\$ 8,211,414</u></u>
Percentage of Total										
Current:										
General government	27.9%	34.0%	40.7%	38.6%	48.3%	39.0%	39.8%	29.9%	30.0%	28.1%
Public safety	44.0%	38.4%	35.9%	35.4%	30.5%	38.5%	37.3%	43.5%	47.2%	48.2%
Physical environment	14.9%	15.4%	11.2%	12.3%	9.2%	9.2%	7.8%	9.5%	9.0%	8.8%
Culture and recreation	13.2%	12.2%	12.2%	13.7%	12.0%	12.6%	13.4%	16.1%	12.6%	13.7%
Transportation	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	1.7%	1.0%	1.2%	1.3%
Total Current	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>

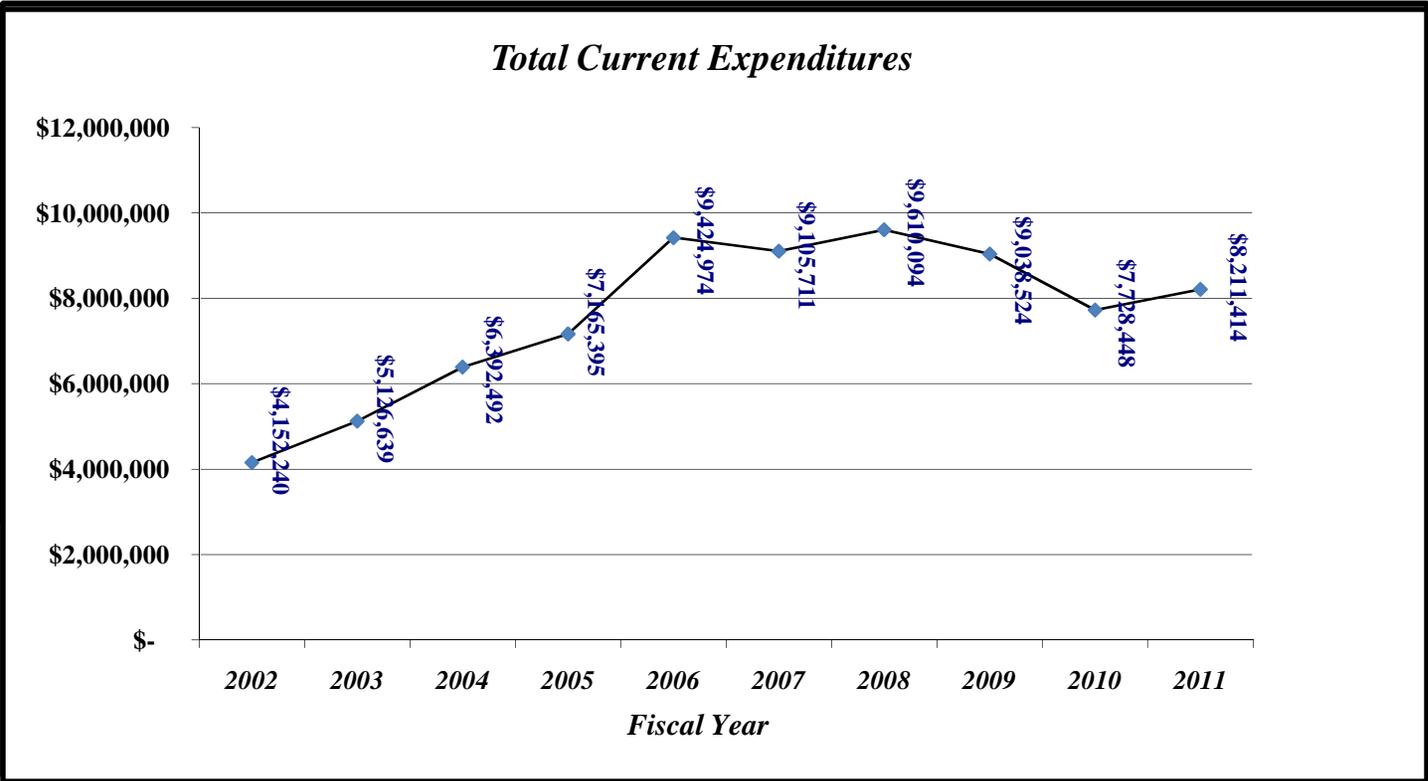
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

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



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

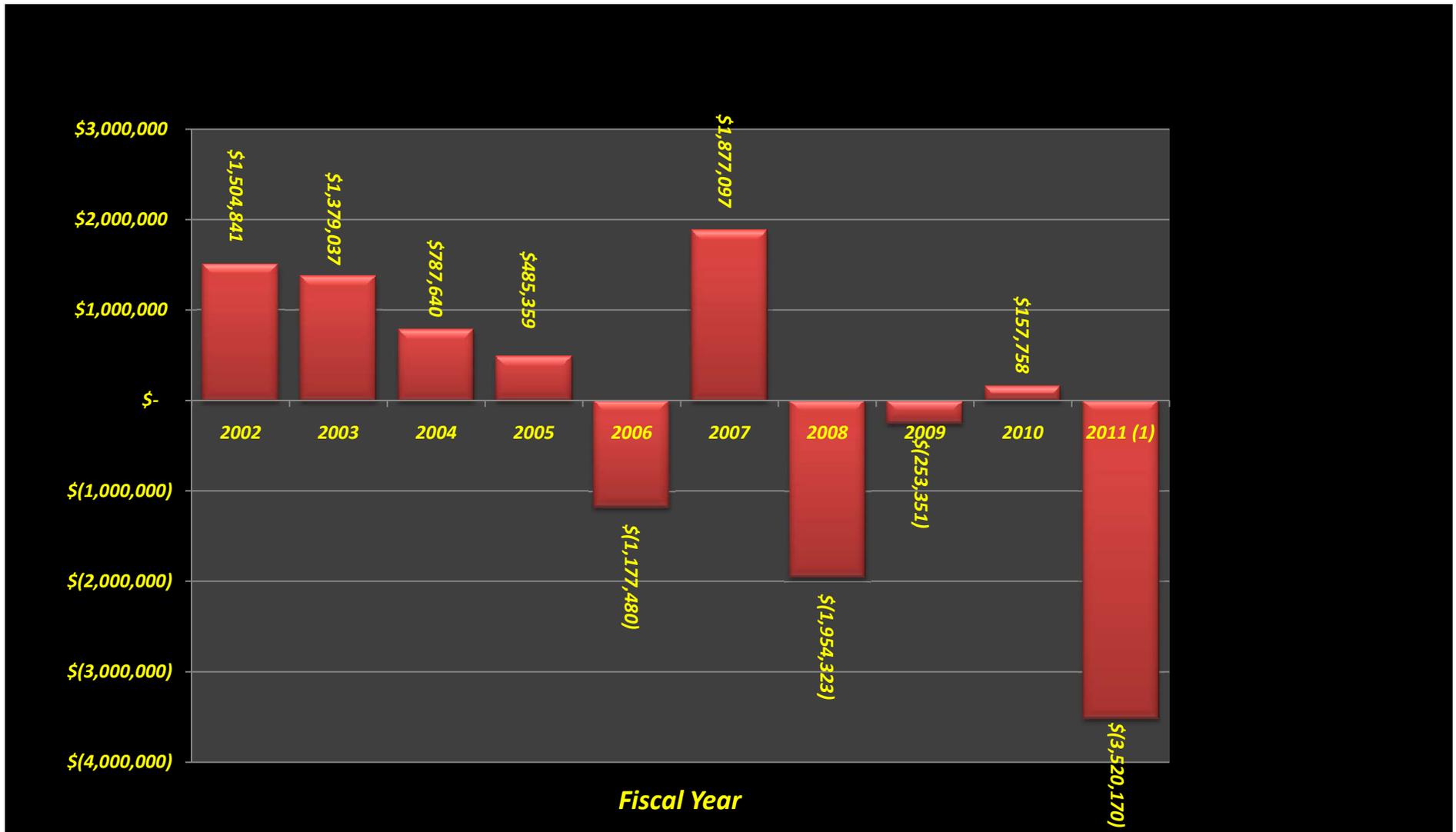
	For the Fiscal Year Ended September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Revenues	\$ 6,252,245	\$ 6,720,140	\$ 7,948,107	\$ 8,383,728	\$ 10,511,330	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076	\$ 9,636,738
Total Expenditures	4,747,404	5,441,103	7,105,467	7,639,536	11,404,676	9,426,998	11,513,821	9,650,010	8,605,820	13,369,080
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,504,841	1,279,037	842,640	744,192	(893,346)	1,877,097	(1,843,383)	(375,244)	(50,744)	(3,732,342)
Other Financing Sources (Uses)										
Transfers in	427,349	400,000	575,483	56,926	-	161,738	2,665,101	232,878	5,239,461	356,532
Transfers out	(427,349)	(300,000)	(630,483)	(315,759)	(284,134)	(161,738)	(2,776,041)	(110,985)	(5,030,959)	(144,360)
Total Other Financing Sources (Uses)	-	100,000	(55,000)	(258,833)	(284,134)	-	(110,940)	121,893	208,502	212,172
Net Change in Fund Balances	<u>\$ 1,504,841</u>	<u>\$ 1,379,037</u>	<u>\$ 787,640</u>	<u>\$ 485,359</u>	<u>\$ (1,177,480)</u>	<u>\$ 1,877,097</u>	<u>\$ (1,954,323)</u>	<u>\$ (253,351)</u>	<u>\$ 157,758</u>	<u>\$ (3,520,170) (1)</u>

Data Source:

Applicable years' comprehensive annual financial report.

(1) Note: This reduction was predominately due to cash flowing of the new community center construction costs.

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



(1) Note: This reduction was predominately due to cash flowing of the new community center construction costs.

Town of Surfside, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2002 - 2009
(modified accrual basis of accounting)

	September 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
General Fund								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,240	\$ 101,996	\$ 117,013
Unreserved	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	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	69.4%	28.2%	12.3%	4.4%	-18.0%	37.3%	-6.0%	5.9%
All Other Governmental Funds								
Reserved	-	-	-	-	-	3,919	8,590	-
Unreserved								
Special Revenue Funds	3,088,682	3,223,367	538,085	549,326	2,276,754	1,023,426	783,701	724,122
Capital Projects Funds	(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	3,086,245	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	-8.0%	5.1%	-13.0%	1.8%	-2.5%	23.0%	-44.0%	-34.3%
Total Governmental Funds								
Reserved	-	-	-	-	-	108,159	110,586	117,013
Unreserved	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	\$ 7,417,018	\$ 8,796,055	\$ 9,054,249	\$ 9,377,699	\$ 8,132,964	\$ 10,768,671	\$ 8,814,348	\$ 8,560,997
All Governmental Funds % Change From Prior Year	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 eight years.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2010 and 2011
(modified accrual basis of accounting)

	<u>September 30,</u>	
	<u>2010</u>	<u>2011</u>
General Fund:		
Nonspendable:		
Prepaid items	\$ 107,171	\$ 109,532
Asset held for resale	188,000	-
Assigned to:		
Hurricanes and Emergencies	2,000,000	2,000,000
Subsequent years' expenditures	-	188,000
Unassigned	<u>867,867</u>	<u>1,958,783</u>
Total General Fund	<u>3,163,038</u>	<u>4,256,315</u>
General Fund % Change From Prior Year	<u>-56.6%</u>	<u>34.6%</u>
All Other Governmental Funds		
Restricted for:		
Tourism	179,035	184,867
Transportation surtax	416,500	239,760
Police forfeiture	71,825	117,889
Committed to:		
Capital projects	4,201,479	-
Assigned to:		
Capital projects	<u>686,878</u>	<u>399,754</u>
Total All Other Governmental Funds	<u>5,555,717</u>	<u>942,270</u>
All Other Governmental Funds % Change From Prior Year	<u>339.0%</u>	<u>-83.0%</u>
Total Governmental Funds	<u>\$ 8,718,755</u>	<u>\$ 5,198,585</u>
All Governmental Funds % Change From Prior Year	<u>1.8%</u>	<u>-40.4% (1)</u>

Notes:

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

Data Source:

Applicable years' comprehensive annual financial report.

(1) Note: This reduction was predominately due to cash flowing of the new community center construction costs.

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

Fiscal Year	Real Property		Personal Property		Total Taxable Assessed Value ¹	Total Direct Tax Rate ²	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
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%
2011	1,050,695,131	-17.3%	12,264,492	-3.6%	1,062,959,623	5.6030	-17.2%
*	\$ 1,107,556,463		\$ 14,803,585		\$ 1,041,102,520		
**	90.7%	-286.2%	-6.7%	-124.9%	88.4%		

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

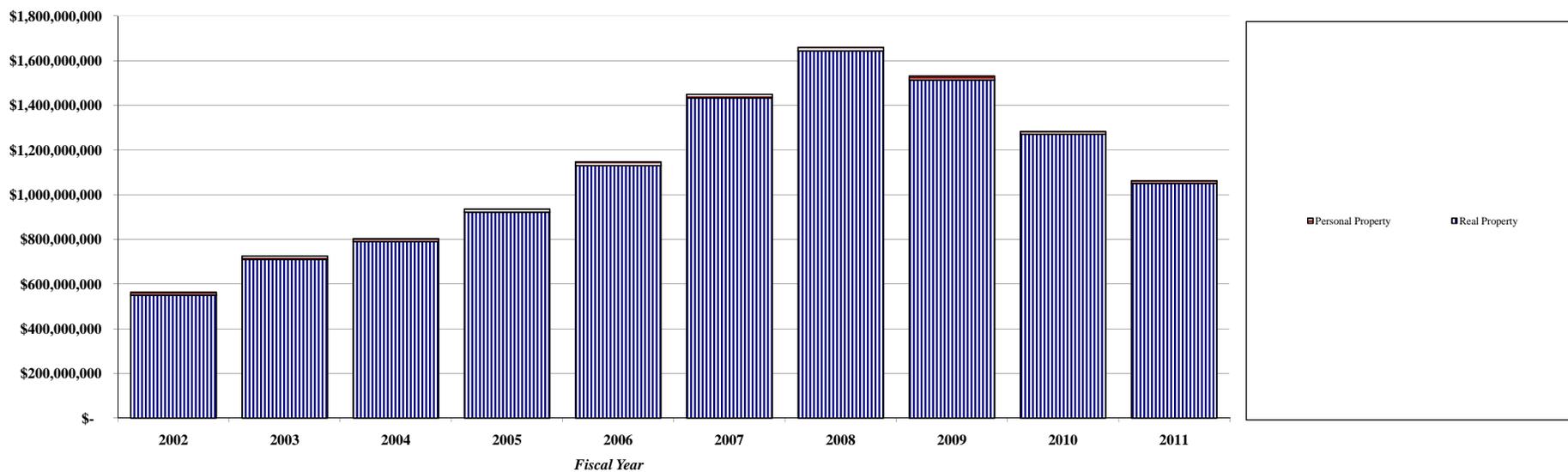
¹ All property is assessed at 100% of fair market value.

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

Data Source:

Miami-Dade County Property Appraiser

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



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

Overlapping Rates ¹														
Fiscal Year	Direct Town	Miami-Dade County			Miami-Dade County School Board			Water Management District	Environmental Project	FIN District ²	Children's Trust	Fire and Rescue	Fire Debt	Total Direct and Overlapping Millage
	Operating Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage							
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
2011	5.6030	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0624	0.0345	0.5000	2.4496	0.0131	22.1315

Notes:

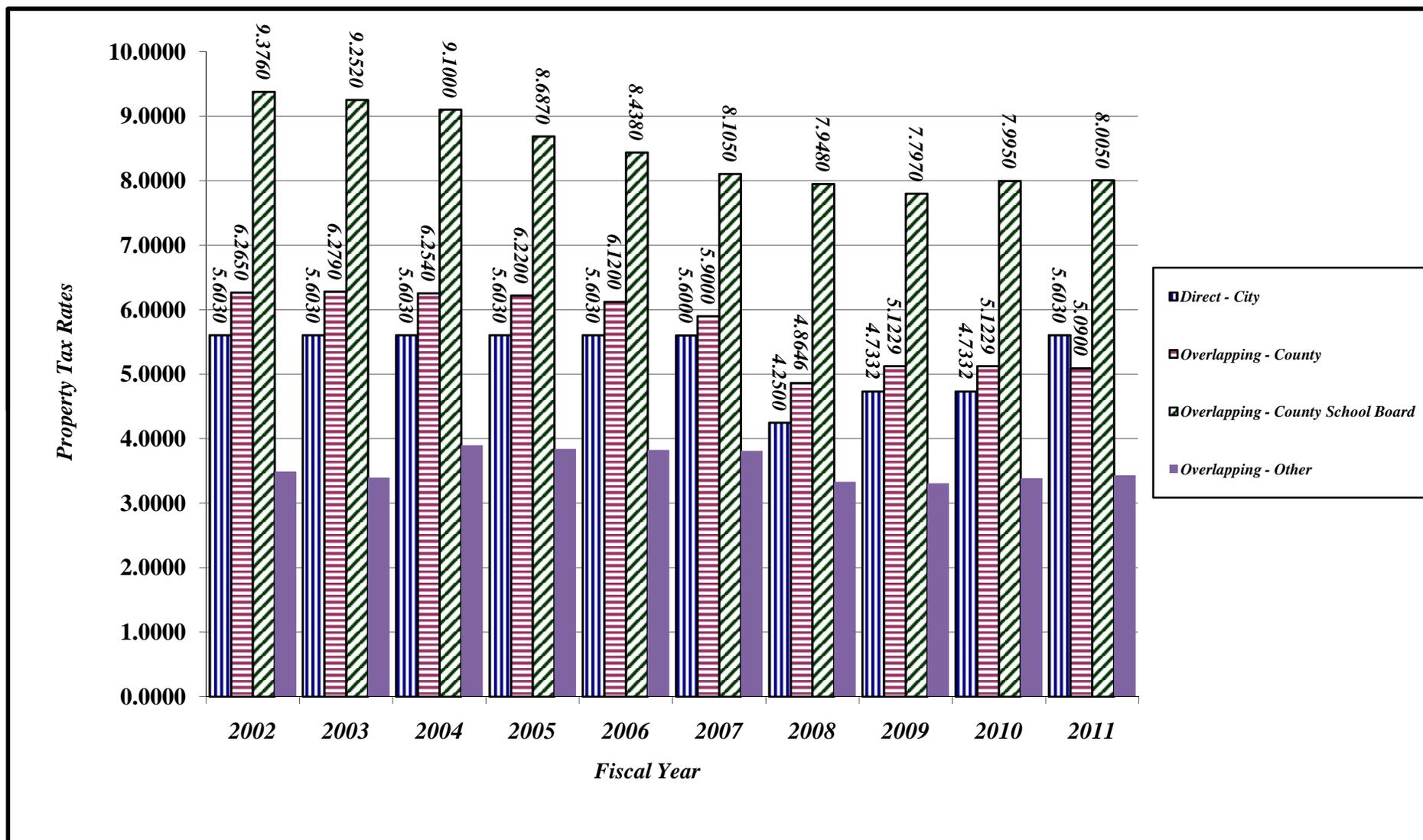
¹ Overlapping rates are those of governments that overlap the Town's geographic boundaries.

² Florida Inland Navigational District.

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
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	6,297,112	95.00%	331,427	5.00%
2010	5,550,925	5,272,584	94.99%	278,341	5.01%
2011	5,993,671	5,619,494	93.76%	374,177	6.24%

Notes:

¹ Currently the tax collections are not available for the year to which they apply. We will begin accumulating this data in fiscal 2012.

Data Source:

Town Finance Department

Town of Surfside, Florida
Principal Real Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2011 and 2010 ¹

2011				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
The Surf Club	\$ 35,804,800	1	3.41%	The Surf Club	\$ 40,373,960	1	3.18%
9379 Realty Group	13,271,650	2	1.26%	9379 Realty Group	13,970,000	2	1.10%
Beach House Property, LLC	8,550,000	3	0.81%	Beach House Property, LLC	9,000,000	3	0.71%
Publix Super Markets, Inc.	7,461,640	4	0.71%	Publix Super Markets, Inc.	8,380,000	4	0.66%
Ohio Savings Bank	5,285,000	5	0.50%	Ohio Savings Bank	5,739,360	5	0.45%
Transactaa Lanai Development, LTD	5,028,905	6	0.48%	Transactaa Lanai Development, LTD	5,695,000	6	0.45%
Collins Avenue Investment Group	3,485,000	7	0.33%	Collins Avenue Investment Group	3,800,000	7	0.30%
9501 Collins Avenue, LLC	3,124,550	8	0.30%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
Robert and Rita Swedroe	2,836,538	9	0.27%	Robert and Rita Swedroe	2,993,148	9	0.24%
Kelvim Escobar	2,532,846	10	0.24%	Yoram and Yleana Izhak	2,614,259	10	0.21%
Total Principal Taxpayers	87,380,929		8.32%	Total Principal Taxpayers	95,854,727		7.54%
All Other Taxpayers	963,314,202		91.68%	All Other Taxpayers	1,174,825,574		92.46%
Total	<u>\$ 1,050,695,131</u>		<u>100.00%</u>	Total	<u>\$ 1,270,680,301</u>		<u>100.00%</u>

Notes:

¹ 2010 is the oldest data readily available.

Data Source:

Town records.

Town of Surfside, Florida
Principal Personal Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2011 and 2010 ¹

2011				2010			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power and Light Company	\$ 5,065,749	1	41.30%	Florida Power and Light Company	\$ 5,242,893	1	41.21%
Atlantic Broadband	1,111,146	2	9.06%	Atlantic Broadband	1,209,127	2	9.51%
Bell South Telecommunications, Inc.	1,007,780	3	8.22%	Bell South Telecommunications, Inc.	857,154	3	6.74%
Publix Super Markets, Inc.	724,072	4	5.90%	Publix Super Markets, Inc.	814,421	4	6.40%
People's Gas System	683,870	5	5.58%	People's Gas System	652,838	5	5.13%
The Surf Club	335,146	6	2.73%	The Surf Club	332,063	6	2.61%
Yudah Ari Benmergui DDA	219,444	7	1.79%	Café Ragazzi	258,972	7	2.04%
Café Ragazzi	213,778	8	1.74%	CVS	196,807	8	1.55%
Modular Space Corporation	181,307	9	1.48%	Modular Space Corporation	148,275	9	1.17%
Cine Citta Grill	171,700	10	1.40%	Food Gang Restaurant	147,000	10	1.16%
Total Principal Taxpayers	9,713,992		79.20%	Total Principal Taxpayers	9,859,550		77.51%
All Other Taxpayers	2,550,500		20.80%	All Other Taxpayers	2,861,380		22.49%
Total	<u>\$ 12,264,492</u>		<u>100.00%</u>	Total	<u>\$ 12,720,930</u>		<u>100.00%</u>

Notes:

¹ 2010 is the oldest data readily available.

Data Source:

Town records.

Town of Surfside, Florida
Business-type Activities
Ratios of Total Debt Outstanding by Type (Unaudited) ¹
September 30, 2011

<u>September 30,</u>	<u>Water, Sewer and Stormwater Revenue Bonds</u>	<u>Percentage of Personal Income</u>	<u>Estimated Population</u>	<u>Per Capita</u>
2011	\$ 16,000,000	0.7%	5,800	\$ 2,759

Notes

¹The Town first issued debt in fiscal year 2011

Data Sources:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
 Pledged Revenue Coverage
 Fiscal Year 2011 ¹

Fiscal Year	Revenues ²	Less Operating Expenses ³	Net Available Revenues	Principal	Interest	Total	Coverage Ratio	Coverage Required	Excess Coverage
2011	\$ 3,389,732	\$ 1,985,169	\$ 1,404,563	\$ -	\$320,960	\$ 320,960	4.38	1.10	3.28

Notes:

¹ Revenue Bonds first issued in fiscal year 2011.

² Includes water, sewer and stormwater revenues.

³ Excludes depreciation expense.

Town of Surfside, Florida
Overlapping Governmental Activities Debt (Unaudited)
September 30, 2011

<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	\$ 1,204,751,000	0.32%	\$ 3,855,203
Miami-Dade County School Board	356,992,000	0.32%	<u>1,142,374</u>
Total Overlapping Debt			<u><u>\$ 4,997,578</u></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	(in \$1,000) Total Personal Income ²	Per Capita Personal Income ²	Unemployment Rate		
				County ³	State of Florida ³	United States ⁴
2002	-	\$ -	\$ 27,769	6.5%	5.7%	5.7%
2003	-	-	28,480	5.9%	5.3%	6.1%
2004	-	69,724,010	29,817	5.5%	4.7%	5.4%
2005	-	75,090,488	31,867	4.6%	3.8%	5.0%
2006	-	82,481,222	34,709	4.1%	3.3%	4.5%
2007	5,775	85,978,571	35,791	4.5%	4.0%	4.7%
2008	5,789	88,954,732	37,264	6.4%	6.2%	6.1%
2009	5,838	90,915,744	37,909	10.6%	10.2%	9.8%
2010	5,744	92,915,890	37,219	12.6%	11.8%	9.5%
2011	5,800	94,960,040	37,849	11.5%	10.6%	9.0%

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 2002-2009, Miami-Dade County comprehensive annual financial report
2010 & 2011 estimated by management.

³ 2004-2010, Miami-Dade County comprehensive annual financial report
2011 estimated by management.

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

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

Town of Surfside, Florida
Principal Employers (Unaudited) ¹
For the Fiscal Years Ended September 30, 2011 and 2007 ²

2011			
Employer	Type of Business	Number of Employees	Rank
Publix Supermarkets	Retail	150	1
Surf Club	Resort	107	2
Town of Surfside	Government	89	3
Flanigans	Restaurant	66	4
Best Western Hotels	Hotel	32	5
Solara	Timeshare resort	26	6
CVS Pharmacy	Retail	19	7
Wachovia	Bank	11	8
Rolling Pin Bakery	Retail	6	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		510	
2007			
Employer	Type of Business	Number of Employees	Rank
Publix Supermarkets	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	118	3
Flanigans	Restaurant	68	4
Best Western Hotels	Hotel	35	5
Solara	Timeshare resort	28	6
CVS Pharmacy	Retail	19	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:

Town records.

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

<u>Function/program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Legislative	5	5	5	5	5	5	5	5	5	5
Town Attorney	1	1	1	1	1	1	1	2	2	2
Executive	8	8	9	9	10	10	6	5	4	4
Financial Support Services	-	-	-	-	-	-	3	3	3	3
Town Clerk	1	1	1	1	1	1	1	1	2	2
Building Services	2	2	2	2	2	3	3	3	2	3
Total General Government	17	17	18	18	19	20	19	19	18	19
Public Safety										
Public Safety	29	35	39	35	41	42	44	44	34.5	33.0
Municipal Parking	1	1	1	1	1	2	2	2	2.5	3.0
Total Public Safety	30	36	40	36	42	44	46	46	37	36
Public Works										
Public Works	11	9	9	10	9	9	8	7.25	5.25	6.25
Water/Sewer	3	4	5	5	5	5	5	5.25	5.25	5.25
Solid Waste	10	11	10	11	12	12	12	12.25	10.25	10.25
Stormwater	1	1	1	1	1	1	1	1.25	1.25	1.25
Total Public Works	25	25	25	27	27	27	26	26.00	22.00	23.00
Leisure Services										
Leisure Services	14	15	16	18	23	23	17	17	7	10
Tourism	2	2	2	2	2	1	1	2	1	1
Library Services	4	4	4	4	4	3	3	3	-	-
Total Leisure Services	20	21	22	24	29	27	21	22	8	11
Total	92.00	99.00	105.00	105.00	117.00	118.00	112.00	113.00	85.00	89.00
Percentage Change From Prior Year	-	7.6%	6.1%	0.0%	11.4%	0.9%	-5.1%	0.9%	-24.8%	5.3%

Data Source:
Town Administration

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

Function/program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Police										
Uniformed employees	20	21	24	21	32	32	32	28	27	27
Non-uniformed employees	7	11	11	10	12	14	15	11	7	9
Dispatched responses	6,416	6,882	10,716	25,144	29,039	18,109	23,640	19,751	16,545	19,800
Traffic citations issued	-	-	-	-	-	-	7,968	6,782	5,752	5,289
Traffic warnings issued	-	-	-	-	-	-	-	-	4,333	4,067
Parking violations issued	4,757	4,614	4,974	5,111	3,422	4,304	6,863	7,407	6,060	9,833
Building permits:										
Permits issued	1,377	1,320	1,120	1,098	1,261	1,177	779	700	923	1,073
Estimated values (in millions)	\$82,174	\$81,105	\$45,654	\$36,930	\$33,416	\$40,045	\$5,797	\$6,559	\$16,147	\$84,806
Utility:										
Municipal water and sewer system										
Active water accounts	1517	1509	1535	1539	1542	1544	1547	1549	1551	1551
New active accounts	74	82	102	130	75	-	-	-	-	-
Meter sales (in million gallons)	319,318	326,404	343,061	351,766	374,956	335,789	298,102	314,304	307,723	328,519
Solid waste services										
Active accounts	-	-	-	-	1342	1345	1346	1348	1349	1344
General government:										
Tax rates										
Utility services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	5.32%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	5.90%	5.90%
Communication service	1%	*	*	*	*	*	*	*	*	*
Gas	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cable television	3%	3%	3%	3%	5%	5%	5%	5%	5%	5%
Surfside Bus Service										
Total number of passengers	-	-	-	-	-	-	-	16,173	18,813	21,543
Average number of passengers per month	-	-	-	-	-	-	-	1,348	1,568	1,795
Total number of miles driven	-	-	-	-	-	-	-	23,648	29,260	32,401
Average number of miles driven per month	-	-	-	-	-	-	-	1,971	2,438	2,700
Culture and recreation:										
Participation:										
Youth programs	-	-	-	-	258	650	403	551	658	960
Adult programs	-	-	-	-	339	455	228	234	463	555
Special events	-	-	-	-	2,500	2,990	3,390	3,300	3,340	4,280
Community Center	-	-	-	-	-	-	-	-	-	17,517

Notes:

Data not available for items not presented.

*Indicates fees no longer collected.

Data Source

Various Town Departments

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	0	0	0	1
Recreation Acres (without-with Beach)	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90	53-90
Community Center	1	1	1	1	1	1	0	0	0	1
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	6
Metered/Pay Station Parking Spaces	-	-	-	-	572	572	572	572	582	601

Notes:
Data not available for items not presented.

OTHER REPORTS



POLICE
DEPARTMENT

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

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

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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 16, 2012. Our report was modified to include 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. 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 95% and 74% 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 management, Town Commission, others within the entity, regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
March 16, 2012

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, Florida (the Town), Florida, as of and for the fiscal year ended September 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 16, 2012. 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 95% and 74% 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 amount 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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated March 16, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with 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 findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations 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 provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 established by the Town's Charter, which was adopted under 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, 2011, 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, 2011. 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, FL
March 16, 2012



TOWN OF SURFSIDE, FLORIDA

9293 HARDING AVENUE

SURFSIDE, FL 33154

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