



## Financial Audit Presentation Year Ended June 30, 2018



### TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

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#### **OPINION**

- The Town's responsibility:
  - Maintain effective internal controls
    - There are limitations on internal controls.
    - Regular risk assessment is important, including assessing the risk of fraud.
  - Financial Statements
    - Accuracy, completeness, and propriety of balances, amounts, and disclosures



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

- Greene Finney, LLP's ("GFLLP") responsibility:
  - Opinion – reasonable assurance that financial statements are materially correct
    - Does not address the financial condition of the Town
  - Purpose of the audit is not to detect fraud. GFLLP cannot take responsibility for finding fraud, if it existed
- Issued unmodified opinion

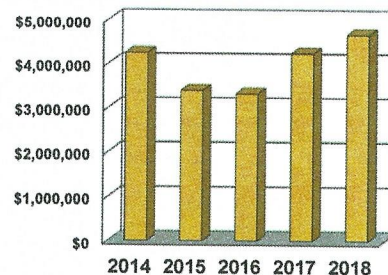


## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

### General Fund

- Total fund balance increased \$414k to \$4.6m
- Nonspendable fund balance of \$105k (prepaids, inventories, and advances)
- Restricted fund balance of \$44k for Victim's Advocate and Police K-9 Dogs
- Committed fund balance of \$800k for disaster recovery
- Assigned fund balance of \$1.3m for capital replacements, land, meters, and parking

### GENERAL FUND



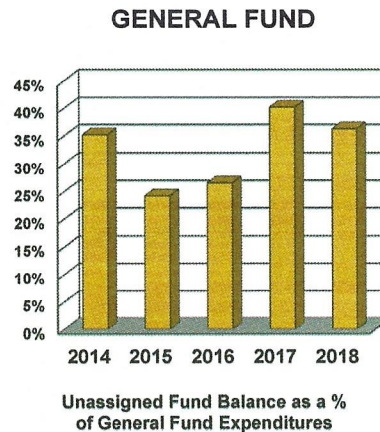
Total Fund Balance



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

### General Fund

- Unassigned fund balance is \$2.4m, which is 36% of actual 2018 expenditures and 31% of budgeted 2019 expenditures
- GFOA recommends a minimum of 16.7% (two months)
- Town policy is four months (33%) of expenditures



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

- **Major Reasons To Maintain An Adequate Fund Balance:**
  - Cash flow through second half of calendar year; property taxes and business licenses are cyclical
  - Unique requirements for a beach coastal municipality
  - Significant emergencies and unanticipated expenditures
  - Flexibility for discretionary funding needs
  - Potential for better interest rates on debt issues, which can save the Town money
  - To cover potential shortfalls from the state

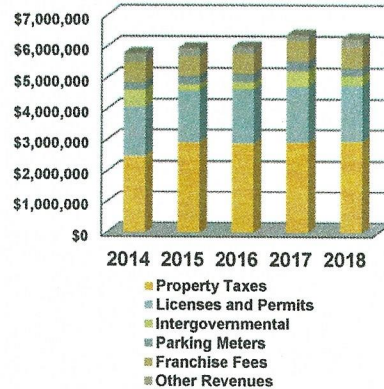


## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

### General Fund Revenues:

- **\$6.2m for 2018:**
  - \$2.9m from property taxes
  - \$1.8m from licenses and permits
  - \$677k from franchise fees
  - \$228k in parking revenues
  - \$327k in intergovernmental revenues
  - \$274k for all other revenues
- **\$130k (2%) decrease from 2017**
- **\$176k (3%) over budget**
  - License and permit revenues were \$81k over budget
  - Intergovernmental revenues were \$115k over budget

### GENERAL FUND REVENUES

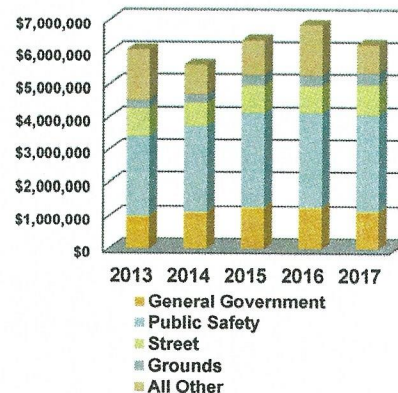


## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

### General Fund Expenditures:

- **\$6.6m for 2018:**
  - \$1.4m in general government
  - \$3.1m in public safety
  - \$375k in grounds
  - \$914k in street
  - \$907k in other expenditures
- **\$195k (3%) under budget**
- **\$406k (7%) increase from 2017 primarily due to:**
  - \$242k increase in General Government
  - \$140k increase in Public Safety

### GENERAL FUND EXPENDITURES





## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

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### Totals for All Governmental Funds

- Includes General, Accommodations Tax, Hospitality, Local Accommodations Tax, Capital Projects, and Police Drug Funds
  - Revenues - \$9.4 million
  - Expenditures - \$8.8 million



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

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### Enterprise Funds

- The **Sanitation Enterprise Fund** had an increase in net position of \$186k compared to an increase of \$247k in the prior year:
  - Sanitation Fund operating revenues were flat, increasing \$25k, or 2%, from the prior year
  - Sanitation Fund operating expenses were flat, decreasing \$2k from the prior year
  - Sanitation Fund grant revenue decreased \$136k from the prior year primarily due to FEMA reimbursements received in the prior year related to Hurricane Matthew



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

### **Enterprise Funds (Continued)**

- The **Pier Enterprise Fund** had an increase in net position of \$136k compared to a decrease of \$127k in the prior year:
  - Pier Fund operating revenues decreased \$136k, or 32%, from the prior year
  - Pier Fund operating expenses decreased \$41k, or 23% from the prior year
  - The Pier was significantly damaged by Hurricane Matthew in October 2016 and was further damaged by Hurricane Irma in 2017.



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

### **Other Items of Note:**

- Total capital assets after depreciation were \$18.1m at June 30, 2018 – increase of \$873k from June 30, 2017
  - Key capital asset events for FY 18 were as follows:
    - Additions of \$2.2m included:
      - 4<sup>th</sup> Ave Bridge replacement and other improvements - \$767k
      - Construction in Progress - \$971k (primarily related to road resurfacing and pier restoration)
      - Purchases of various vehicle, equipment, and other capital assets - \$442k
    - Depreciation expense - \$1.2m
  - Lease purchase obligations outstanding were \$219k
  - Net pension liability of \$7.5m



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

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### **Compliance**

- No findings, significant deficiencies, or material weaknesses were noted.
- Because the Town's Federal grant expenditures did not exceed \$750k during 2018, a Single Audit was not required

### **Management Letter**

- Required communications to management and those charged with governance – no matters to report.



## TOWN OF SURFSIDE BEACH 2018 FINANCIAL AUDIT

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### **Summary**

- Unmodified opinion on the Financial Statements from GFLLP
- Good financial condition as of June 30, 2018