



## Financial Audit Presentation Year Ended June 30, 2019

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## TOWN OF SURFSIDE BEACH 2019 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

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## TOWN OF SURFSIDE BEACH 2019 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

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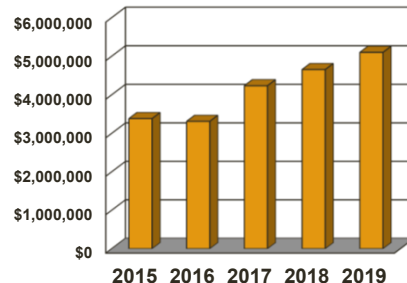


## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

### General Fund

- Total fund balance increased \$451k to \$5.1m
- Nonspendable fund balance of \$335k (prepaids and inventories)
- 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

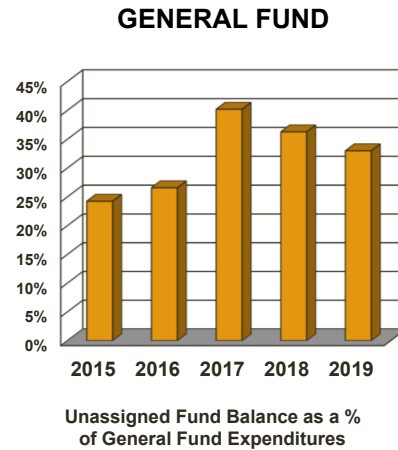
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## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

### General Fund

- Unassigned fund balance is \$2.6m, which is 38% of actual 2019 expenditures and 33% of budgeted 2020 expenditures
- GFOA recommends a minimum of 16.7% (two months)
- Town policy is four months (33%) of expenditures



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## TOWN OF SURFSIDE BEACH 2019 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

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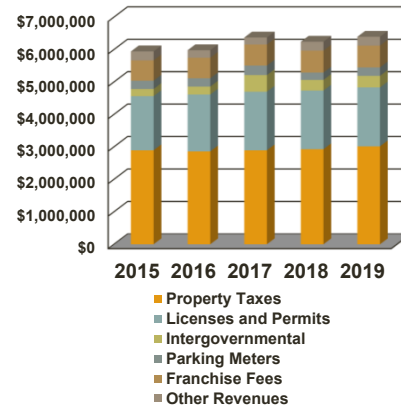


## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

### General Fund Revenues:

- **\$6.4m for 2019:**
  - \$3.0m from property taxes
  - \$1.8m from licenses and permits
  - \$674k from franchise fees
  - \$260k in parking revenues
  - \$357k in intergovernmental revenues
  - \$272k for all other revenues
- **\$154k (2%) increase from 2018**
- **\$345k (6%) over budget**
  - License and permit revenues were \$73k over budget
  - Intergovernmental revenues were \$153k over budget primarily due to FEMA reimbursements

### GENERAL FUND REVENUES



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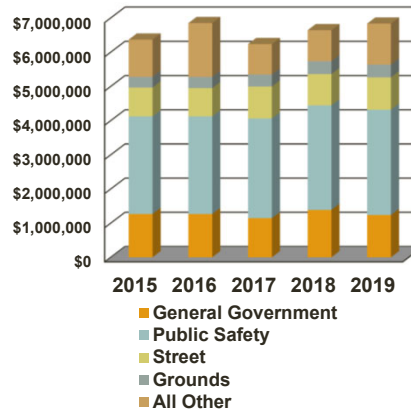


## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

### General Fund Expenditures:

- **\$6.8m for 2019:**
  - \$1.2m in general government
  - \$3.1m in public safety
  - \$371k in grounds
  - \$945k in street
  - \$1.2m in other expenditures
- **\$943k (12%) under budget primarily due to:**
  - Fire Truck budgeted for purchase in FY19 will not be received until FY20 (\$610k)
- **\$193k (3%) increase from 2018**

### GENERAL FUND EXPENDITURES



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## TOWN OF SURFSIDE BEACH 2019 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 - \$9.8 million
  - Expenditures - \$9.4 million

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## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

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### Enterprise Funds

- The **Sanitation Enterprise Fund** had an increase in net position of \$209k to \$2.3m (including \$820k invested in capital assets) at June 30, 2019.
  - Sanitation Fund operating revenues and expenses were consistent with the prior year
- The **Pier Enterprise Fund** had an increase in net position of \$682k to \$3.5m (including \$2.9m invested in capital assets) at June 30, 2019.
  - Pier Fund operating revenues and expenses were consistent with the prior year
  - FEMA reimbursements of \$557k were received in FY19

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## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

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

- Total capital assets after depreciation were \$20.1m at June 30, 2019 – increase of \$2.1m from June 30, 2018
  - Key capital asset events for FY 19 were as follows:
    - Additions of \$2.8m included:
      - 3<sup>rd</sup> Ave Streetscape improvements - \$767k
      - Road resurfacing - \$831k
      - Construction in Progress - \$932k (primarily related to road resurfacing, fire truck, and pier restoration)
      - Purchases of various vehicle, equipment, and other capital assets - \$528k
    - Depreciation expense - \$1.2m
  - Lease purchase obligations outstanding were \$146k
  - Net pension liability of \$7.4m

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## TOWN OF SURFSIDE BEACH 2019 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 2019, a Single Audit was not required

### **Management Letter**

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

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## TOWN OF SURFSIDE BEACH 2019 FINANCIAL AUDIT

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### **Summary**

- Unmodified opinion on the Financial Statements from GFLLP
- Good financial condition as of June 30, 2019