



Financial Audit Presentation
Year Ended June 30, 2017



TOWN OF SURFSIDE BEACH 2017 FINANCIAL AUDIT

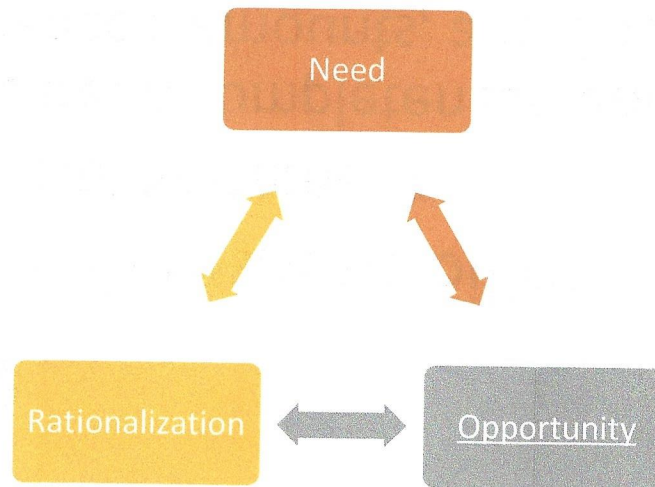
OPINION

- 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.



TOWN OF SURFSIDE BEACH 2017 FINANCIAL AUDIT

The Risk of Fraud



The Fraud Triangle



TOWN OF SURFSIDE BEACH 2017 FINANCIAL AUDIT

OPINION

- The Town's responsibility:
 - Financial Statements
 - Accuracy, completeness, and propriety of balances, amounts, and disclosures



TOWN OF SURFSIDE BEACH 2017 FINANCIAL AUDIT

- **GF&H 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. We cannot take responsibility for finding fraud, if it existed.
- Issued unmodified opinion

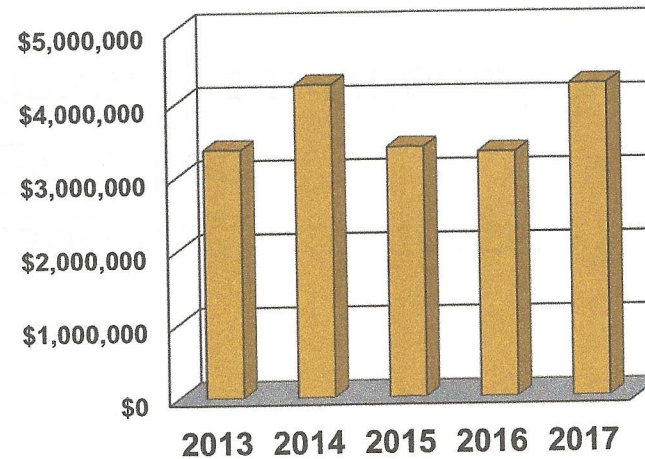


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General Fund

- Total fund balance increased \$924k
- Nonspendable fund balance of \$262k (prepaids, inventories, and advances)
- Restricted fund balance of \$48k for Victim's Advocate and Police K-9 Dogs
- Committed fund balance of \$400k for disaster recovery
- Assigned fund balance of \$1m for indigent legal fees, capital replacements, land, meters, and parking

GENERAL FUND



Total Fund Balance

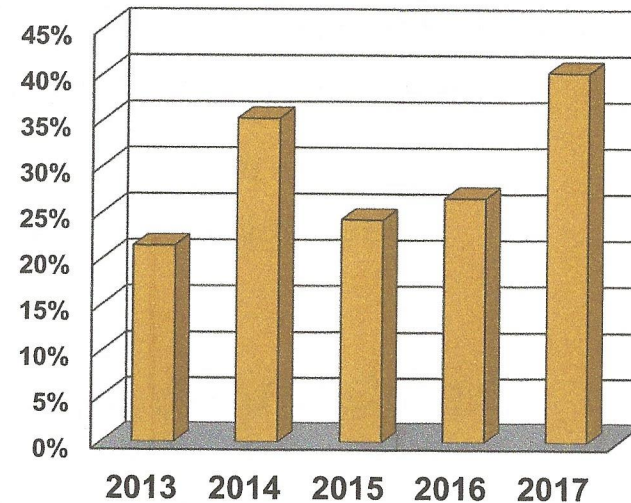


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General Fund

- Unassigned fund balance is \$2.5m, which is 40% of 2017 expenditures
- GFOA recommends a minimum of 16.7% (two months)

GENERAL FUND



Unassigned Fund Balance as a %
of General Fund Expenditures



TOWN OF SURFSIDE BEACH 2017 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

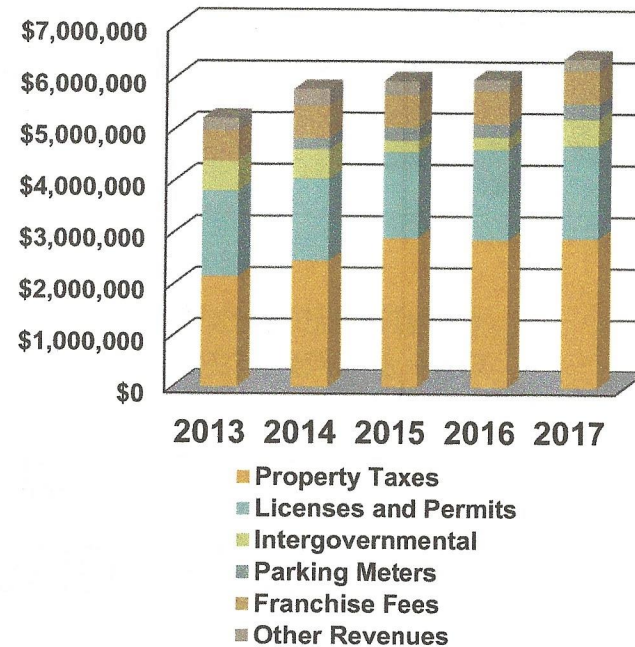


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General Fund Revenues:

- **\$6.4m for 2017:**
 - \$2.9m from property taxes
 - \$1.8m from licenses and permits
 - \$651k from franchise fees
 - \$294k in parking revenues
 - \$512k in intergovernmental revenues
 - \$89k for all other revenues
- \$392k (7%) increase from 2016
- \$141k (2%) over budget
 - License and permit revenues were \$134k over budget

GENERAL FUND REVENUES



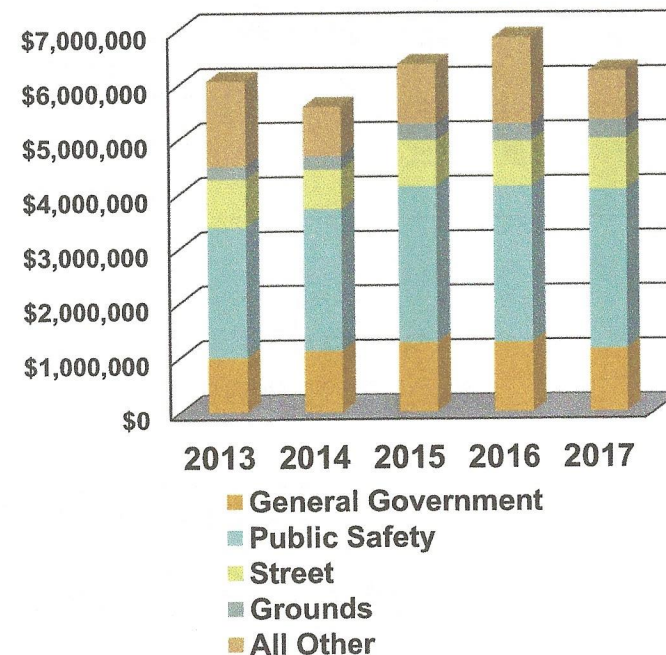


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General Fund Expenditures:

- **\$6.8m for 2017:**
 - \$1.1m in general government
 - \$2.9m in public safety
 - \$349k in grounds
 - \$931k in street
 - \$891k in other expenditures
- \$759k (11%) under budget
- \$614k (9%) decrease from 2016 primarily due to:
 - Decreased capital outlay related to Willow Drive property and police radios purchased in prior year

GENERAL FUND EXPENDITURES





TOWN OF SURFSIDE BEACH 2017 FINANCIAL AUDIT

Totals for All Governmental Funds

- Includes General, Accommodations Tax, Hospitality, Local Accommodations Tax, Capital Projects, and Police Drug Funds
- Revenues - \$9.3 million
- Expenditures - \$8.5 million
 - Expenditures include capital outlay of \$1.3 million related to the beach renourishment (50% reimbursed by the State)



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Enterprise Funds

- The **Sanitation Enterprise Fund** had an increase in net position of \$247k compared to an increase of \$265k in the prior year:
 - Sanitation Fund operating revenues were flat, decreasing \$15k, or 1%, from the prior year
 - Sanitation Fund operating expenses increased \$270k, or 28%, from the prior year primarily as a result of increased costs related to cleanup following Hurricane Matthew as well as overall increases to operating costs
 - Sanitation Fund grant revenue increased \$139k from the prior year primarily due to FEMA reimbursements from Hurricane Matthew



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Enterprise Funds (Continued)

- The **Pier Enterprise Fund** had a decrease in net position of \$127k compared to an increase of \$264k in the prior year:
 - Pier Fund operating revenues decreased \$75k, or 15%, from the prior year
 - Pier Fund operating expenses were consistent with prior year, decreasing approximately \$6k, or 3%
 - The Pier was significantly damaged by Hurricane Matthew in October 2016. The Town recognized a \$446k loss related to the impairment of assets.



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Other Items of Note:

- Total capital assets after depreciation were \$17.2m at June 30, 2017 – decrease of \$1.2m from June 30, 2016
 - Key capital asset events for FY 17 were as follows:
 - Additions of \$674k included:
 - Stormwater improvements - \$193k
 - Capital Contribution of Land - \$122k
 - Purchases of various vehicle, equipment, and other capital assets - \$359k
 - Depreciation expense - \$1.3m
 - Loss on Impairment of Pier Assets - \$446k
- Lease purchase obligations outstanding were \$293k
- Net pension liability of \$7.2m



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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 2017, a Single Audit was not required

Management Letter

- Required communications to management and those charged with governance



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Summary

- Unmodified opinion on the Financial Statements from GF&H
- Good financial condition as of June 30, 2017