Financial Audit Presentation
Year Ended June 30, 2019

TOWN OF SURFSIDE BEACH
2019 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.
  ➢ Financial Statements
    ➢ Accuracy, completeness, and propriety of balances, amounts, and disclosures
Greene Finney, LLP’s (“GF LLP”) 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. GF LLP cannot take responsibility for finding fraud, if it existed
- Issued unmodified opinion

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

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GENERAL FUND

Total Fund Balance
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

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 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 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**
 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

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
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:
    - 3rd 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

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.
Summary

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