

Town of Golden Beach, Florida
Basic Financial Statements
For The Year Ended September 30, 2015

DRAFT

Town of Golden Beach, Florida
Basic Financial Statements
For The Year Ended September 30, 2015

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11-12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13-14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund	21-24
Statement of Net Position - Proprietary Fund	25
Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund	26
Statement of Cash Flows - Proprietary Fund	27
Statement of Fiduciary Net Position - Retirement Plan for Employees of the Town of Golden Beach	28
Statement of Change in Fiduciary Net Position - Retirement Plan for Employees of the Town of Golden Beach	29
Notes to Basic Financial Statements	30-53

Town of Golden Beach, Florida
Basic Financial Statements
For The Year Ended September 30, 2015

Required Supplementary Information

Retirement Plan for Employees of the Town of Golden Beach - Schedule of Changes in the Town's Net Pension Liability and Related Ratios	54
Retirement Plan for Employees of the Town of Golden Beach - Schedule of Town Contributions	55
Retirement Plan for Employees of the Town of Golden Beach - Schedule of Investment Returns	56
Schedule of Funding Progress – Other Post-Employment Benefits	57
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Bridge Fund	58

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council Members
Town of Golden Beach, Florida
Golden Beach, Florida

Report on the Financial Statements

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 Town of Golden Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 9 and 51 through 54 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, who 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 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated (DATE), 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

KEEFE McCULLOUGH
Fort Lauderdale, Florida
(DATE)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(NOT COVERED BY
INDEPENDENT AUDITORS' REPORT)

DRAFT

Our discussion and analysis of the financial performance of Town of Golden Beach, Florida (the "Town") provides an overview of the Town's financial activities for the fiscal years ended September 30, 2014 and 2013. Please read it in conjunction with the Town's financial statements, which immediately follow this discussion.

Financial Highlights

The following are highlights of financial activities for the fiscal year ended September 30, 2015:

- The Town's net position, which total assets less liabilities, were \$ 25,540,856. Governmental net position totaled \$ 15,394,539 and business-type net position totaled \$ 10,146,317.
- Governmental activities revenues were \$ 8,763,567. The expenses of governmental activities were \$ 8,873,661.
- Business-type activities revenues were 486,325 and business-type expenses amounted to \$ 653,619.

Town Highlights

As the financials for 2014-2015 reflect, the Town spent a good portion of this budget year putting the finishing touches on our Capital Improvement Projects. Resources were allocated for paying down our Bridge Funds and for the maintenance of our infrastructure.

During the 2015-2016 budget year our emphases is on maintaining the more than \$ 43-million dollars of Capital Improvements the Town has already completed, and to make minor renovations to existing Town Facilities.

There is still much to be desired by the residents and Town Council, thus we will also focus on planning for our future and preparing a blueprint to guide our priorities and set our course in placing Golden Beach on the Map as the premier Town to live in.

Overview of the Financial Statements

In fiscal year 2015, we generated 40 applications for the Building Advisory Board; 15 were for approval of new homes, 12 were approvals of renovations to existing homes, 10 were for seawalls, docs and boat lifts and the remaining 3 were for variance requests. In addition, 327 Building Permit Applications were issued and of that 11 were new homes, 12 additions and remodels, and 6 permits for demolition of existing homes.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business:

Statement of net position: The statement of net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Statement of activities:

The statement of activities presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 10 through 12 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town categorizes funds into three basic fund types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 13 through 20 of this report.

**Town of Golden Beach, Florida
Management's Discussion and Analysis
September 30, 2015**

The *proprietary fund* beginning on page 25 is comprised of an enterprise fund which is the equivalent of the business-type activities in the government-wide statements. The sole enterprise fund is the Stormwater Utility Fund.

The *fiduciary fund* beginning on page 28, which is not included in net position and the government-wide financial statements, is presented in this section as the statements of fiduciary net position and changes in fiduciary net position - Retirement Plan for Employees of the Town of Golden Beach. The Town cannot use the assets in the pension plan to finance its operations; therefore the activities of the Plan are excluded from the Town's government-wide financial statements. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 30 through 50 of this report.

Required supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the Town of Golden Beach. Required supplementary information can be found on pages 54 through 58 of this report.

Government-Wide Financial Analysis

The table below presents condensed statements of net position as of September 30, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other Assets	\$ 3,856,695	\$ 5,145,916	\$ 270,231	\$ 367,122	\$ 4,126,926	\$ 5,513,038
Capital Assets (NET)	26,821,312	27,398,167	13,100,853	13,493,027	39,922,165	40,891,194
Total assets	<u>30,678,007</u>	<u>32,544,083</u>	<u>13,371,084</u>	<u>13,860,149</u>	<u>44,049,091</u>	<u>46,404,232</u>
Current and Other Liabilities	1,414,000	2,900,847	1,754,289	1,943,605	3,168,289	4,844,452
Long-Term Liabilities	13,869,468	13,641,266	1,470,478	1,602,983	15,339,946	15,244,249
Total liabilities	<u>15,283,468</u>	<u>16,542,113</u>	<u>3,224,767</u>	<u>3,546,588</u>	<u>18,508,235</u>	<u>20,088,701</u>
Net Position:						
Net investment in capital assets	14,252,582	14,550,652	11,497,870	11,759,990	25,750,452	26,310,642
Unrestricted (deficit)	<u>1,141,957</u>	<u>1,451,318</u>	<u>(1,351,553)</u>	<u>(1,446,379)</u>	<u>(209,596)</u>	<u>4,939</u>
Total net position	<u>\$ 15,394,539</u>	<u>\$ 16,001,970</u>	<u>\$ 10,146,317</u>	<u>\$ 10,313,611</u>	<u>\$ 25,540,856</u>	<u>\$ 26,315,581</u>

**Town of Golden Beach, Florida
Management's Discussion and Analysis
September 30, 2015**

The following table presents condensed statements of activities for the years ended September 30, 2015 and 2014:

**Statements of Activities
For the Years Ended September 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,627,919	\$ 1,337,794	\$ 234,128	\$ 153,925	\$ 1,862,047	\$ 1,491,719
Grants	449,035	210,114	-	165,405	449,035	375,519
General revenues:						
Property taxes	6,209,846	5,533,936	-	-	6,209,846	5,533,936
Other general revenues	309,163	1,837,894	69	28	309,232	1,837,922
Other taxes and fees	167,604	162,359	252,128	247,130	419,732	409,489
Total revenues	8,763,567	9,082,097	486,325	566,488	9,249,892	9,648,585
Program Expenses:						
General government	2,156,249	1,711,128	-	-	2,156,249	1,711,128
Public safety	3,544,439	3,438,465	-	-	3,544,439	3,438,465
Physical environment	1,382,072	1,263,861	-	-	1,382,072	1,263,861
Transportation	433,651	312,326	-	-	433,651	312,326
Cultural and recreation	760,101	562,349	-	-	760,101	562,349
Interest expense	597,149	625,693	-	-	597,149	625,693
Stormwater drainage	-	-	653,619	633,279	653,619	633,279
Total expenses	8,873,661	7,913,822	653,619	633,279	9,527,280	8,547,101
Change in net position	\$ (110,094)	\$ 1,168,275	\$ (167,294)	\$ (66,791)	\$ (277,388)	\$ 1,101,484

Tax revenues have been moderately increasing as property assessed values continue to rise in most sections of the Town.

Business-type activities net position decreased from \$ 10,313,611 to \$ 10,146,317 primarily due to lower capital grant revenues for stormwater projects.

General discussion on revenues: Several areas can be identified which directly impact this current reporting period and the next fiscal year's revenues. Property tax revenue is the major revenue source in the governmental activities, accounting for approximately 71% of all governmental activities revenue during fiscal year 2015. The millage rate established by the Town Council during the budget process determines how much property tax revenue is generated. One mill of tax equals one dollar for each one thousand dollars of assessed property value as determined by the Miami-Dade County Property Assessor. The ad valorem (property tax) rate was at 7.245 mills for general government services and \$ 1.2550 for bond debt service during the 2014-2015 fiscal year. Property values have increased by approximately 0.14% over the previous year. This increase is a direct reflection of the current economic climate of the United States. During prosperous economic periods, property values generally increase, which correspondingly increases property tax revenue.

General discussion on expenses: Expenses for governmental activities were 7,913,822 and \$ 633,279 for business-type activities. The Town is predominantly a service provider and, therefore, its major expense is salaries and benefits. The salaries are specifically affected by cost of living, merit adjustments, and collective bargaining agreements while benefit costs are closely linked to health insurance rates.

Analysis of the Governmental Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$ 2,435,512, a decrease of \$ 1,621,392. The decrease was primarily due to the paydown of the Series 2012B Grant Anticipation Note.

The General Fund balance increased to \$ 4,124,856 during the current fiscal year, an increase of \$ 526,714.

Proprietary fund: The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the Stormwater Utility Fund amounted to \$ 10,146,317 at the end of 2015, a decrease of \$ 167,294 from the prior fiscal year. Factors concerning the finances of this Fund are covered in more detail in the discussion of the Town of Golden Beach's business-type activities in the Government-wide Financial Analysis section of Management's Discussion and Analysis.

General Fund Budgetary Highlights

General Fund revenues were \$ 576,326 more than the final budget projections and total expenditures were \$ 49,612 greater than final budget projections. Major variances between budgeted and actual amounts in the General Fund are as follows:

- a. Building permit revenues and other license fee revenues were \$ 451,767 above budgeted amounts due to new construction during the year.
- b. General government was above the budgeted amount due to unforeseen projects approved by Town Council, such as the Town gym, CCTV and improvements to the beach.

In addition the budget was amended to reallocate salaries in order to meet staffing requirements.

**Town of Golden Beach, Florida
Management's Discussion and Analysis
September 30, 2015**

Capital Assets and Debt Administration

Capital assets: The Town had capital assets of \$ 39,922,165 and \$ 40,891,194, net of depreciation, as of September 30, 2015 and 2014, respectively. The following schedule summarizes net capital assets as of those dates:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,878,598	\$ 1,878,598	\$ -	\$ -	\$ 1,878,598	\$ 1,878,598
Buildings	1,144,129	890,836	-	-	1,144,129	890,836
Equipment and vehicles	1,001,681	820,332	-	-	1,001,681	820,332
Infrastructure	22,248,371	23,008,192	-	-	22,248,371	23,008,192
Improvements other than buildings	546,395	557,507	13,100,853	13,493,027	13,647,248	14,050,534
Construction in progress	2,138	242,702	-	-	2,138	242,702
	<u>\$ 26,821,312</u>	<u>\$ 27,398,167</u>	<u>\$ 13,100,853</u>	<u>\$ 13,493,027</u>	<u>\$ 39,922,165</u>	<u>\$ 40,891,194</u>

The Town continues its capital outlay efforts with improvements to the stormwater system. Wastewater line improvements projects are nearing completion and the amount spent on these infrastructure improvements is expected to decrease in coming years.

Debt: The Town had debt of approximately \$ 14.41 million at September 30, 2015. Total debt outstanding at the end of the prior fiscal year was approximately \$ 16.63 million. The net decrease of approximately \$ 2.2 million was a result of the payoff of the 2012B grant anticipation note in the current year combined with the principal payments on other debt of approximately \$ 430,000. The following schedule summarizes long-term debt for the year ended September 30, 2015:

	2014	Additions	Deletions	2015	One Year
Governmental activities:					
Special assessment general obligation bonds, Series 2008	\$ 12,895,000	\$ -	\$ 320,000	\$ 12,575,000	\$ 330,000
Grant Anticipation Note Series 2012B	2,000,000	-	2,000,000	-	-
Capital Improvement Refunding Revenue Note, Series 2015	-	235,730	-	235,730	235,730
Total governmental activities	<u>14,895,000</u>	<u>235,730</u>	<u>2,320,000</u>	<u>12,810,730</u>	<u>565,730</u>
Business-type activities:					
Department of Environmental Protection, Revolving Loan	1,733,037	-	130,054	1,602,983	132,505
Total business-type activities	<u>1,733,037</u>	<u>-</u>	<u>130,054</u>	<u>1,602,983</u>	<u>132,505</u>
Total governmental and business-type activities	<u>\$ 16,628,037</u>	<u>\$ 235,730</u>	<u>\$ 2,450,054</u>	<u>\$ 14,413,713</u>	<u>\$ 698,235</u>

Economic Factors and Next Year's Budgets and Rates

Economic factors: The Town's primary sources of revenue are and will continue to be property taxes and enterprise fund charges for services. State shared revenues, which include telecommunication taxes and sales taxes, account for another large source of revenue.

Requests for Information

This entire report has been prepared by the Finance Department of the Town of Golden Beach, Florida with the assistance of the Town's external auditors. Every effort has been made to make this report understandable to the reader. Any questions or comments about this report are welcomed and may be directed to the Finance Director, Town of Golden Beach; 1 Golden Beach Drive; Golden Beach, Florida 33160.

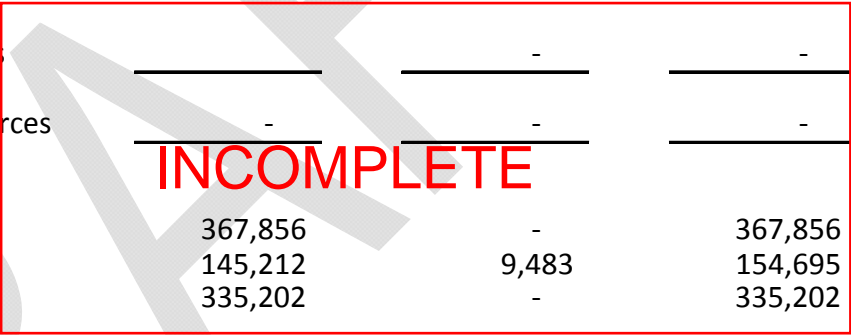
DRAFT

**BASIC
FINANCIAL STATEMENTS**

DRAFT

Town of Golden Beach, Florida
Statement of Net Position
September 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 902,906	\$ 185,197	\$ 1,088,103
Investments	946,052	14,748	960,800
Accounts receivable	289,033	70,286	359,319
Prepaid expenses	85,063	-	85,063
Other assets	21,340	-	21,340
Net pension asset	-	-	-
Capital assets, non-depreciable	1,880,736	-	1,880,736
Capital assets, depreciable	24,940,576	13,100,853	38,041,429
Internal balance	1,612,301	(1,612,301)	-
Total assets	30,678,007	11,758,783	42,436,790
Deferred Outflows of Resources:			
Deferred outflows relating to pensions	-	-	-
Total deferred outflows of resources	-	-	-
Liabilities:			
Accounts payable	367,856	-	367,856
Accrued interest payable	145,212	9,483	154,695
Accrued expenses	335,202	-	335,202
Due within one year:			
Bonds and notes payable	565,730	132,505	698,235
Due in more than one year:			
Builder bond deposits	591,150	-	591,150
Other deposits	126,975	-	126,975
Compensated absences payable	273,680	-	273,680
Net pension liability	481,999	-	481,999
Bonds and notes payable	12,286,664	1,470,478	13,757,142
Other post-employment benefit liability	109,000	-	109,000
Total liabilities	15,283,468	1,612,466	16,895,934
Deferred Inflows of Resources:			
Deferred inflows relating to pensions	-	-	-
Total deferred inflows of resources	-	-	-
Net Position:			
Net investment in capital assets	14,252,582	11,497,870	25,750,452
Unrestricted (deficit)	1,141,957	(1,351,553)	(209,596)
Total net position	\$ 15,394,539	\$ 10,146,317	\$ 25,540,856



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

Town of Golden Beach, Florida
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 2,156,249	\$ 1,592,887	\$ -
Public safety	3,544,439	-	449,035
Physical environment	1,382,072	17,682	-
Transportation	433,651	-	-
Cultural and recreation	760,101	17,350	-
Interest expense and other financing costs	597,149	-	-
Total governmental activities	<u>8,873,661</u>	<u>1,627,919</u>	<u>449,035</u>
Business-type activities:			
Stormwater drainage	653,619	234,128	-
Total business-type activities	<u>653,619</u>	<u>234,128</u>	<u>-</u>
Total primary government	<u>\$ 9,527,280</u>	<u>\$ 1,862,047</u>	<u>\$ 449,035</u>
General revenues:			
Taxes:			
Ad valorem taxes			
Utility service taxes			
Franchise fees			
Sales, use and fuel taxes			
Other:			
Miscellaneous			
State shared revenues			
Investment income			
Total general revenues			
Change in net position			
Net position, beginning of year, as restated (Note 13)			
Net position, end of year			

INCOMPLETE

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

**Net (Expenses) Revenues and
Changes in Net Position
Primary Government**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (563,362)	\$ -	\$ (563,362)
(3,095,404)	-	(3,095,404)
(1,364,390)	-	(1,364,390)
(433,651)	-	(433,651)
(742,751)	-	(742,751)
(597,149)	-	(597,149)
<u>(6,796,707)</u>	<u>-</u>	<u>(6,796,707)</u>
-	(419,491)	(419,491)
-	(419,491)	(419,491)
<u>(6,796,707)</u>	<u>(419,491)</u>	<u>(7,216,198)</u>
6,209,846	-	6,209,846
28,839	119,175	148,014
9,425	132,953	142,378
129,340	-	129,340
280,824	-	280,824
22,580	-	22,580
5,759	69	5,828
<u>6,686,613</u>	<u>252,197</u>	<u>6,938,810</u>
(110,094)	(167,294)	(277,388)
<u>15,504,633</u>	<u>10,313,611</u>	<u>25,818,244</u>
\$ <u>15,394,539</u>	\$ <u>10,146,317</u>	\$ <u>25,540,856</u>

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

Town of Golden Beach, Florida
Balance Sheet - Governmental Funds
September 30, 2015

	Major Governmental Funds			
	General Fund	Capital Improvement Project Fund	Bridge Fund	Debt Service Fund
Assets:				
Cash and cash equivalents	\$ 749,588	\$ 6,270	\$ -	\$ -
Investments	677,363	-	-	-
Accounts receivable	10,488	199,241	-	-
Prepaid expenditures	85,063	-	-	-
Due from other funds	4,190,178	-	-	10,784
Other assets	21,340	-	-	-
Total assets	<u>\$ 5,734,020</u>	<u>\$ 205,511</u>	<u>\$ -</u>	<u>\$ 10,784</u>
Liabilities and Fund Balances (Deficits):				
Liabilities:				
Accounts payable	\$ 355,003	\$ 569	\$ 4,800	\$ -
Accrued liabilities	333,442	-	1,760	-
Due to other funds	202,594	1,769,817	305,738	-
Builder bond deposits	591,150	-	-	-
Other deposits	126,975	-	-	-
Total liabilities	<u>1,609,164</u>	<u>1,770,386</u>	<u>312,298</u>	<u>-</u>
Fund balances:				
Nonspendable				
Prepaid expenditures	85,063	-	-	-
Long-term stormwater interfund receivable	1,804,068	-	-	-
Restricted for:				
Law enforcement	-	-	-	-
Bridge fund	-	-	-	10,784
Special Assessment II fund	-	-	-	-
Assigned:				
Building department	400,000	-	-	-
Unassigned	1,835,725	(1,564,875)	(312,298)	-
Total fund balances	<u>4,124,856</u>	<u>(1,564,875)</u>	<u>(312,298)</u>	<u>10,784</u>
Total liabilities and fund balances	<u>\$ 5,734,020</u>	<u>\$ 205,511</u>	<u>\$ -</u>	<u>\$ 10,784</u>

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

Nonmajor Governmental Funds		
Law Enforcement Trust Fund	Special Assessment II Fund	Total Governmental Funds
\$ 147,048	\$ -	\$ 902,906
268,689	-	946,052
79,304	-	289,033
-	-	85,063
-	43	4,201,005
-	-	21,340
<u>\$ 495,041</u>	<u>\$ 43</u>	<u>\$ 6,445,399</u>
\$ 7,484	\$ -	\$ 367,856
-	-	335,202
310,555	-	2,588,704
-	-	591,150
-	-	126,975
<u>318,039</u>	<u>-</u>	<u>4,009,887</u>
-	-	85,063
-	-	1,804,068
177,002	-	177,002
-	-	10,784
-	43	43
-	-	400,000
-	-	(41,448)
<u>177,002</u>	<u>43</u>	<u>2,435,512</u>
<u>\$ 495,041</u>	<u>\$ 43</u>	<u>\$ 6,445,399</u>

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

Town of Golden Beach, Florida
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
September 30, 2015

Fund balances - total governmental funds \$ 2,435,512

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

The cost of capital assets is	\$ 32,840,508	
Accumulated depreciation is	<u>(6,019,196)</u>	26,821,312

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Net pension asset		0
-------------------	--	---

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:

Accrued interest	(145,212)	
Compensated absences	(273,680)	
Net pension liability	(481,999)	
Debt	(12,852,394)	
Other post-employment benefit obligation (OPEB)	<u>(109,000)</u>	<u>(13,862,285)</u>

Certain funds related to pension assets and liabilities are not reported in the governmental funds:

Deferred outflows relating to pensions		
Deferred inflows relating to pensions	<u> </u>	<u>0</u>

Net position of governmental activities		\$ <u><u>15,394,539</u></u>
---	--	-----------------------------

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

Town of Golden Beach, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2015

	Major Governmental Funds			
	General Fund	Capital Improvement Project Fund	Bridge Fund	Debt Service Fund
Revenues:				
Ad valorem taxes	\$ 5,293,012	\$ -	\$ -	\$ 916,834
Franchise fees	9,425	-	-	-
Utility service taxes	28,839	-	-	-
Licenses and permits	1,592,887	-	-	-
Sales, use and fuel taxes	129,340	-	-	-
State shared revenues	22,580	-	-	-
Physical environment	17,682	-	-	-
Cultural and recreation	17,350	-	-	-
Fines and forfeitures	185,160	-	-	-
Investment income	4,912	-	-	-
Miscellaneous	248,658	-	-	-
Total revenues	7,549,845	-	-	916,834
Expenditures:				
Current:				
General government	1,791,306	-	-	-
Public safety	2,806,762	-	-	-
Physical environment	1,068,149	-	-	-
Transportation	433,651	-	-	-
Cultural and recreation	649,949	-	-	-
Capital outlay	333,314	64,875	32,593	-
Debt service:				
Principal	-	1,500,000	500,000	320,000
Interest	-	-	25,657	586,050
Total expenditures	7,083,131	1,564,875	558,250	906,050
Changes in fund balance before other financing sources (uses)	466,714	(1,564,875)	(558,250)	10,784

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

Nonmajor Governmental Funds		
Law Enforcement Trust Fund	Special Assessment II Fund	Total Governmental Funds
\$ -	\$ -	\$ 6,209,846
-	-	9,425
-	-	28,839
-	-	1,592,887
-	-	129,340
-	-	22,580
-	-	17,682
-	-	17,350
263,875	-	449,035
820	27	5,759
43,888	-	292,546
<u>308,583</u>	<u>27</u>	<u>8,775,289</u>
-	-	1,791,306
236,488	-	3,043,250
-	-	1,068,149
-	-	433,651
-	-	649,949
283,617	-	714,399
-	-	2,320,000
-	-	611,707
<u>520,105</u>	<u>-</u>	<u>10,632,411</u>
<u>(211,522)</u>	<u>27</u>	<u>(1,857,122)</u>

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

**Changes in Fund Balances -
Governmental Funds
(continued)
For the Year Ended September 30, 2015**

	Major Governmental Funds			
	General Fund	Capital Improvement Project Fund	Bridge Fund	Debt Service Fund
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	235,730	-
Transfers in	60,000	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>60,000</u>	<u>-</u>	<u>235,730</u>	<u>-</u>
Changes in fund balances	526,714	(1,564,875)	(322,520)	10,784
Fund Balances, beginning of year	<u>3,598,142</u>	<u>-</u>	<u>10,222</u>	<u>-</u>
Fund Balances (Deficit), end of year	<u>\$ 4,124,856</u>	<u>\$ (1,564,875)</u>	<u>\$ (312,298)</u>	<u>\$ 10,784</u>

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

<u>Law Enforcement Trust Fund</u>	<u>Nonmajor Special Assessment II Fund</u>	<u>Total Governmental Funds</u>
-	-	235,730
-	-	60,000
<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
<u>(60,000)</u>	<u>-</u>	<u>235,730</u>
(271,522)	27	(1,621,392)
<u>448,524</u>	<u>16</u>	<u>4,056,904</u>
<u>\$ 177,002</u>	<u>\$ 43</u>	<u>\$ 2,435,512</u>

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

Town of Golden Beach, Florida
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2015

Net change in fund balances - total governmental funds \$ (1,621,392)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 571,349	
Less current year depreciation	<u>(1,136,482)</u>	(565,133)

The net effect of various miscellaneous transactions involving capital assets (trade-ins, retirements) is to decrease net position.		(11,722)
---	--	----------

INCOMPLETE

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(235,730)
---	--	-----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position:		
Principal payments on debt		2,320,000
Amortization of bond premium		1,736

Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in net pension liability		0
Change in accrued interest payable		12,822
Change in compensated absences payable		1,325
Change in other post-employment benefit obligation (OPEB)		<u>(12,000)</u>

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows related to pensions		0
Change in deferred inflows related to pensions		<u>0</u>

Change in net position of governmental activities \$ (110,094)

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

Town of Golden Beach, Florida
Statement of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual -
General Fund
For the Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Ad valorem taxes	\$ 5,232,282	\$ 5,232,282	\$ 5,293,012	\$ 60,730
Total ad valorem taxes	<u>5,232,282</u>	<u>5,232,282</u>	<u>5,293,012</u>	<u>60,730</u>
Franchise fees:				
Gas	<u>5,000</u>	<u>5,000</u>	<u>9,425</u>	<u>4,425</u>
Total franchise fees	<u>5,000</u>	<u>5,000</u>	<u>9,425</u>	<u>4,425</u>
Utility service taxes:				
Communication service tax	<u>20,041</u>	<u>20,041</u>	<u>21,621</u>	<u>1,580</u>
Gas service tax	<u>5,200</u>	<u>5,200</u>	<u>7,218</u>	<u>2,018</u>
Total utility service taxes	<u>25,241</u>	<u>25,241</u>	<u>28,839</u>	<u>3,598</u>
Licenses and permits:				
Building permits	<u>371,600</u>	<u>571,600</u>	<u>1,023,367</u>	<u>451,767</u>
Other licenses and permits	<u>176,300</u>	<u>420,300</u>	<u>568,127</u>	<u>147,827</u>
Occupational licenses	<u>10,000</u>	<u>10,000</u>	<u>1,393</u>	<u>(8,607)</u>
Total licenses and permits	<u>557,900</u>	<u>1,001,900</u>	<u>1,592,887</u>	<u>590,987</u>
Sales, use and fuel taxes:				
State sales tax	<u>67,566</u>	<u>67,566</u>	<u>67,731</u>	<u>165</u>
Local option gas tax	<u>23,225</u>	<u>23,225</u>	<u>26,182</u>	<u>2,957</u>
Local sales tax	<u>35,000</u>	<u>35,000</u>	<u>35,427</u>	<u>427</u>
Total sales, use and fuel taxes	<u>125,791</u>	<u>125,791</u>	<u>129,340</u>	<u>3,549</u>
State shared revenues:				
State revenue sharing	<u>19,322</u>	<u>19,322</u>	<u>20,307</u>	<u>985</u>
Motor fuel tax rebate	<u>1,000</u>	<u>1,000</u>	<u>2,273</u>	<u>1,273</u>
Total state shared revenues	<u>20,322</u>	<u>20,322</u>	<u>22,580</u>	<u>2,258</u>
Physical environment:				
Reimbursements	<u>13,969</u>	<u>13,969</u>	<u>17,682</u>	<u>3,713</u>
Total physical environment	<u>13,969</u>	<u>13,969</u>	<u>17,682</u>	<u>3,713</u>

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

Town of Golden Beach, Florida
Statement of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual -
General Fund
For the Year Ended September 30, 2015
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Culture and recreation:				
Recreation fees	1,500	1,500	17,350	15,850
Total culture and recreation	1,500	1,500	17,350	15,850
Stormwater administration fee	200,000	200,000	200,000	-
Fines and forfeitures:				
Code enforcement	90,000	90,000	165,175	75,175
Fines and forfeits	23,000	23,000	19,083	(3,917)
Law enforcement trust fund	1,500	1,500	902	(598)
Total fines and forfeitures	114,500	114,500	185,160	70,660
Investment income	13,100	13,100	4,912	(8,188)
Miscellaneous:				
Miscellaneous revenue	72,600	72,600	39,097	(33,503)
Tax lien letter income	500	500	5,100	4,600
Transponders	-	-	4,050	4,050
Public records requests	800	800	411	(389)
Total miscellaneous	73,900	73,900	48,658	(25,242)
Allocation of fund balance	146,014	146,014	-	(146,014)
Total revenues	6,529,519	6,973,519	7,549,845	576,326
Expenditures:				
General government:				
General governmental:				
Operating expenditures	448,056	513,556	761,219	(247,663)
Capital outlay	21,000	21,000	30,306	(9,306)
Contingency	207,000	47,600	-	47,600
Total general governmental	676,056	582,156	791,525	(209,369)

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

Town of Golden Beach, Florida
Statement of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual -
General Fund
For the Year Ended September 30, 2015
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Legislative:				
Personal services	51,817	141,817	29,116	112,701
Operating expenditures	23,500	18,500	69,161	(50,661)
Capital outlay	8,100	8,100	112,699	(104,599)
Total legislative	<u>83,417</u>	<u>168,417</u>	<u>210,976</u>	<u>(42,559)</u>
Executive:				
Personal services	376,804	380,204	312,126	68,078
Operating expenditures	48,986	48,986	91,351	(42,365)
Capital outlay	3,600	3,600	6,700	(3,100)
Total executive	<u>429,390</u>	<u>432,790</u>	<u>410,177</u>	<u>22,613</u>
Town clerk:				
Personal services	160,803	165,203	151,095	14,108
Operating expenditures	42,400	32,900	28,586	4,314
Capital outlay	1,000	1,000	1,604	(604)
Total town clerk	<u>204,203</u>	<u>199,103</u>	<u>181,285</u>	<u>17,818</u>
Town legal counsel:				
Operating expenditures	239,500	239,500	49,248	190,252
Total town legal counsel	<u>239,500</u>	<u>239,500</u>	<u>49,248</u>	<u>190,252</u>
Finance:				
Personal services	182,188	201,588	236,657	(35,069)
Operating expenditures	57,200	56,700	62,747	(6,047)
Capital outlay	1,000	1,000	1,268	(268)
Total finance	<u>240,388</u>	<u>259,288</u>	<u>300,672</u>	<u>(41,384)</u>
Total general government	<u>1,872,954</u>	<u>1,881,254</u>	<u>1,943,883</u>	<u>(62,629)</u>
Public safety:				
Law enforcement:				
Personal services	2,082,895	2,100,495	2,063,041	37,454
Operating expenditures	247,200	247,200	277,614	(30,414)
Capital outlay	20,000	20,000	14,378	5,622
Total law enforcement	<u>2,350,095</u>	<u>2,367,695</u>	<u>2,355,033</u>	<u>12,662</u>

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

Town of Golden Beach, Florida
Statement of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual -
General Fund
For the Year Ended September 30, 2015
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Protective inspections:				
Personal services	272,074	359,474	257,640	101,834
Operating expenditures	98,420	101,420	208,467	(107,047)
Total protective inspections	<u>370,494</u>	<u>460,894</u>	<u>466,107</u>	<u>(5,213)</u>
Total public safety	<u>2,720,589</u>	<u>2,828,589</u>	<u>2,821,140</u>	<u>7,449</u>
Physical environment:				
Personal services	675,561	691,761	707,410	(15,649)
Operating expenditures	356,100	378,600	360,739	17,861
Capital outlay	-	-	27,795	(27,795)
Total physical environment	<u>1,031,661</u>	<u>1,070,361</u>	<u>1,095,944</u>	<u>(25,583)</u>
Transportation:				
Personal services	85,077	85,077	83,752	1,325
Operating expenditures	350,086	350,086	343,353	6,733
Capital outlay	-	-	6,546	(6,546)
Total transportation	<u>435,163</u>	<u>435,163</u>	<u>433,651</u>	<u>1,512</u>
Cultural and recreation:				
Personal services	207,799	399,799	141,189	258,610
Operating expenditures	292,353	389,353	508,760	(119,407)
Capital outlay	29,000	29,000	138,564	(109,564)
Total cultural and recreation	<u>529,152</u>	<u>818,152</u>	<u>788,513</u>	<u>29,639</u>
Total expenditures	<u>6,589,519</u>	<u>7,033,519</u>	<u>7,083,131</u>	<u>(49,612)</u>
Change in fund balance before other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>466,714</u>	<u>526,714</u>
Other Financing Sources (Uses):				
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>526,714</u>	<u>\$ 526,714</u>
Fund Balance, beginning of year			<u>3,598,142</u>	
Fund Balance, end of year			<u>\$ 4,124,856</u>	

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

Town of Golden Beach, Florida
Statement of Net Position
Proprietary Fund
September 30, 2015

	Stormwater Utility Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 185,197
Investments	14,748
Accounts receivable	70,286
Due from other funds	<u>191,767</u>
Total current assets	<u>461,998</u>
Noncurrent assets:	
Capital assets, net	<u>13,100,853</u>
Total noncurrent assets	<u>13,100,853</u>
Total assets	<u>13,562,851</u>
Liabilities:	
Current liabilities:	
Accrued interest payable	9,483
Current portion of debt	132,505
Due to other funds	<u>1,804,068</u>
Total current liabilities	<u>1,946,056</u>
Noncurrent liabilities:	
Long-term debt	<u>1,470,478</u>
Total noncurrent liabilities	<u>1,470,478</u>
Total liabilities	<u>3,416,534</u>
Net Position:	
Net investment in capital assets	11,497,870
Unrestricted (deficit)	<u>(1,351,553)</u>
Total net position	<u>\$ 10,146,317</u>

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

Town of Golden Beach, Florida
Statement of Revenues, Expenses and Change in Net Position-
Proprietary Fund
For the Year Ended September 30, 2015

	Stormwater Utility Fund
Operating Revenues:	
Charges for services	\$ 234,128
Tax revenue	132,953
Franchise fees	<u>119,175</u>
Total operating revenues	<u>486,256</u>
Operating and General Expenses:	
Repairs and maintenance	14,470
Depreciation expense	392,174
General expenses	15,070
Administrative fee	<u>200,000</u>
Total operating and general expenses	<u>621,714</u>
Operating loss	<u>(135,458)</u>
Nonoperating Revenues (Expenses):	
Investment income	69
Interest expense	<u>(31,905)</u>
Total nonoperating revenues (expenses)	<u>(31,836)</u>
Change in net position	(167,294)
Net Position, beginning of year	<u>10,313,611</u>
Net Position, end of year	<u>\$ 10,146,317</u>

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

Town of Golden Beach, Florida
Statement of Cash Flows -
Proprietary Fund
For the Year Ended September 30, 2015

	Stormwater Utility Fund
Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 482,601
Cash paid for goods and services	<u>(229,540)</u>
Net cash provided by operating activities	<u>253,061</u>
Cash Flows From Financing Activities:	
Change in due to/from balances	(191,767)
Interest paid	(31,905)
Principal payments	<u>(130,054)</u>
Net cash used in financing activities	<u>(353,726)</u>
Cash Flows From Investing Activities:	
Investment income received	69
Purchase of investments	<u>(18)</u>
Net cash used in investing activities	<u>51</u>
Net increase in cash and cash equivalents	(100,614)
Cash and Cash Equivalents, beginning of year	<u>285,811</u>
Cash and Cash Equivalents, end of year	<u>\$ 185,197</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ <u>(135,458)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Provision for depreciation	392,174
(Increase) decrease in accounts receivable	<u>(3,655)</u>
Total adjustments	<u>388,519</u>
Net cash provided by operating activities	<u>\$ 253,061</u>

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

Town of Golden Beach, Florida
Statement of Fiduciary Net Position
Retirement Plan for Employees of the Town of Golden Beach
September 30, 2015

Assets:

Cash and cash equivalents		\$	349,696
Receivables:			
Employee contribution	\$	12,402	
Interest		16,652	
Other		<u>27,443</u>	56,497
Investments, at fair value:			
Common stock		3,842,037	
Government bonds		1,560,196	
Corporate bonds		832,961	
Alternative investments		<u>630,255</u>	<u>6,865,449</u>
Total assets			<u>7,271,642</u>

Liabilities:

Accounts payable			750
Due to broker			<u>82,542</u>
Total liabilities			<u>83,292</u>

**Net Position Held in Trust
For Pension Benefits**

\$ 7,188,350

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

Town of Golden Beach, Florida
Statement of Change in Fiduciary Net Position
Retirement Plan for Employees of the Town of Golden Beach
For the Year Ended September 30, 2015

Additions:

Contributions:

Employer	\$ 427,817
Employees	<u>101,778</u>
Total contributions	<u>529,595</u>

Investment income:

Net depreciation in fair value of Plan investments	(105,912)
Interest and dividend income	<u>121,052</u>
Total investment income	<u>15,140</u>
Total additions	<u>544,735</u>

Deductions:

Benefits paid	302,974
Consulting and advisory fees	64,356
Professional fees	32,246
Other	7,865
Contribution refunds	<u>44,361</u>
Total deductions	<u>451,802</u>
Net increase	92,933

**Net Position Held in Trust for Pension Benefits,
beginning of year**

7,095,417

**Net Position Held in Trust for Pension Benefits,
end of year**

\$ 7,188,350

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

Note 1 - Organization and Operations

The Town of Golden Beach, Florida (the "Town") was incorporated in 1929 under the provisions of the State of Florida. The Town operates under a council/manager form of government. The Town provides or contracts for the following services as authorized by its Charter and Town ordinances: public safety (police and fire), streets, sanitation, stormwater utility, social services, culture and recreation, public improvements, planning and zoning and general administrative services.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in accordance with generally accepted accounting principles ("GAAP") applicable to governmental units. GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The following is a summary of the more significant accounting policies of the Town:

Reporting entity: The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. Based upon the application of these criteria, there were no component units or related organizations of the Town.

Basis of presentation:

Government-wide financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the Town. For the most part, 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 services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. 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.

Fund financial statements

The accounts of the Town are organized on the basis of funds, each of which is considered and accounted for as a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures. An emphasis is placed on major funds within the governmental category.

Note 2 - Summary of Significant Accounting Policies (continued)

Fund financial statements (continued)

The Town reports the following major governmental funds:

The General Fund is the principal operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund.

The Capital Improvement Project Fund is used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations.

The Bridge Fund is used to account for the proceeds and expenditures of the bridge projects that the Town is currently undertaking. The Fund requires separate accounting due to legal or regulatory provisions or administrative action.

The Debt Service Fund is used to account for the payment of principal, interest and other expenditures on long-term debt.

The Town reports the following major proprietary fund:

The Stormwater Utility Fund accounts for the operation of the Town's stormwater drainage system.

Additionally, the government reports the following non-major funds:

The Law Enforcement Trust Fund is a special revenue fund used to keep track of proceeds related to specific sources. The Fund requires separate accounting due to legal or regulatory provisions or administrative action.

The Special Assessment II Fund is a special revenue fund used to keep track of proceeds related to specific sources. The Fund requires separate accounting due to legal or regulatory provisions or administrative action.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting:

Government-wide financial statements

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements (continued):

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the fund financial statements. The proprietary fund financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements

All governmental fund types use the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction which can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within sixty days after year end. Other taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines and forfeitures, 3) operating grants and contributions, and 4) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, 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 of the proprietary fund are from charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation expense on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues or expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets:

The Town is required to develop an approved annual budget. Annual budgets are adopted for most governmental funds.

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

Note 2 - Summary of Significant Accounting Policies (continued)

- a. Prior to July 1, the Town Manager submits to the Town Council, the budget estimates of expenditures and revenues of all Town departments for the fiscal year commencing the following October 1.
- b. Upon receipt of the annual budget estimates, the Town Council prepares an appropriation ordinance using the Town Manager's estimates as a basis.
- c. Public hearings are conducted at the Town Hall to obtain taxpayer's comments.
- d. Prior to October 1, the budget is legally enacted through passage of a resolution.
- e. The Town may not legally expend or contract to expend amounts in excess of the total amount of appropriated expenditures of any of the funds for the year. The Town Manager can transfer funds among departmental expenditure categories, but may not increase total departmental expenditures without Council approval. Therefore, the legal level of control is at the departmental level.
- f. Formal budgetary integration is employed as a control device during the year for the General Fund, Special Revenue Funds, Capital Improvement Project Fund and the Debt Service Fund. Budget appropriations lapse at year end.
- g. The budgets for the General, Special Revenue, Capital Improvement Project and the Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- h. Budgeted amounts presented for fiscal year 2015 include amendments to the budget originally adopted by the Town Council.
- i. During the year, departmental expenditures exceeded the legally authorized budget as follows:

General Fund

General governmental	\$ (209,369)
Legislative	(42,559)
Finance	(41,384)
Protective inspections	(5,213)

Cash and cash equivalents: In connection with the statement of cash flows, the Town considers cash on hand, demand deposits and bank repurchase agreements as cash and cash equivalents.

Investments: Investments are stated at their fair value, which is based on quoted market prices. Certain investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts receivable: The accounts receivable consists of amounts owed for property taxes, stormwater utility fees, other miscellaneous taxes, and fines.

Capital assets: Capital assets, which include land, buildings, improvements other than buildings, infrastructure, equipment and vehicles, and construction in progress are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$ 750 and an estimated useful life in excess of one year. Such 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. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5-50 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

GASB 34 encourages but does not require certain governments to retroactively report infrastructure assets. The Town has elected not to retroactively report any unrecorded infrastructure that may exist.

Improvements other than buildings of the Proprietary Fund are stated at cost or, if donated, at fair value at the date of donation. Costs, which materially extend the useful life of existing assets, are capitalized. Depreciation has been provided over an estimated useful life of 40 years using the straight-line method.

The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in income.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is the deferred outflows relating to pension plans and discussed in further detail in Note 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. It is the deferred inflows relating to pension plans and discussed in further detail in Note 7.

Compensated absences: Full-time employees of the Town are entitled to be paid for twelve days of sick leave in each calendar year after six months of employment. Unused hours can be carried over to the following year, subject to limitations established by Town ordinance. In the event of termination, each qualifying employee is entitled to receive payment equal to 50% of the value of total accumulated unused sick days.

Note 2 - Summary of Significant Accounting Policies (continued)

Each full-time employee is entitled to between ten and twenty days annual paid vacation leave. Unused hours can be carried over to the following year, subject to limitations established by Town ordinance. In the event of termination, each qualifying employee is entitled to receive payment equal to 100% of the value of the total accumulated unused vacation days.

Accumulated compensated absences are recorded as expenses in the government-wide and proprietary fund financial statements when earned. Expenditures for accumulated compensated absences have been recorded in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Equity classifications:

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) laws through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets net of related debt."

Fund statements

The Town previously adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Commission. These amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.
- **Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commission or through the Commission delegating this responsibility to Town management.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. 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.

Property taxes: Real and personal property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1 of each year (the lien date). Taxable value of property within the Town is certified by the Property Appraiser and the Town levies a tax upon the taxable value, which will provide revenue required for the next fiscal year beginning October 1.

Property taxes levied by the Town and all other taxing authorities within Miami-Dade County (the "County") are centrally billed and collected by the County, with monthly remittances to the Town for their proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties added are sold by the County, with remittance to the Town for its share of those receipts.

Assessed values are established by the Miami-Dade County Property Appraiser at just values. The assessed value of property at January 1, 2014, upon which the 2014-2015 levy was based, was approximately \$ 755,000,000. The Miami-Dade County Tax Collector bills and collects all property taxes for the Town.

Note 2 - Summary of Significant Accounting Policies (continued)

The Town is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$ 1,000 of assessed valuation (10 mills) for general governmental services. In addition, unlimited amounts may be levied for the payment of principal and interest for debt service if approved by the voters. The operating tax rate to finance general government services for the year ended September 30, 2015 was \$ 7.2450 per \$ 1,000 and \$ 1.2550 per \$ 1,000 for bond debt service.

The Town accrues property tax receivables based on the County's allocation of the Town's portion of County-held certificates for prior years.

Retirement systems: The Town sponsors and administers a retirement system covering substantially all full-time general employees and police officers. Annual costs of the pension plan are actuarially computed and the Town funds annual pension costs as incurred. Investments are stated at their fair value.

Internal balances: Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Use of estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Date of management review: Subsequent events have been evaluated by management through (DATE), which is the date the financial statements were available for issuance.

Note 3 - Deposits and Investments

Governmental and Proprietary Funds

Deposits: As required by Chapter 280.03, Florida Statutes, all deposits of the Town during the year ended September 30, 2015, including time deposit accounts, demand deposit accounts and money market accounts, were held in institutions designated by the Treasurer of the State of Florida as "qualified public depositories" and were accordingly covered by a collateral pool as required by that Statute. Therefore, in accordance with GASB Codification I50.110, the deposits are treated as insured or collateralized with securities held by the entity or its agent in the entity's name. As of September 30, 2015, the carrying amount of the Town's deposits was \$ 1,088,103 with a bank balance of \$ 1,223,450.

Note 3 - Deposits and Investments (continued)

Investments: Florida Statutes and Town Ordinances authorize Town officials to invest pooled funds in United States bonds and obligations, guaranteed United States agency issues, Florida county, municipal and district general, excise and revenue obligations, Florida bank certificates of deposit, bankers acceptances, reverse repurchase agreements and prime commercial paper issues. Investments in the proprietary fund are allowed to be comprised of United States Treasury state and local government series securities. In addition, the Fiduciary Fund is authorized to invest in corporate and government bonds, stocks, mutual funds, money market funds, mortgages, and notes.

The Town’s governmental and proprietary portfolios were placed in an external investment pool, the Local Government Surplus Funds Trust Fund (“Florida PRIME”). Florida PRIME is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight.

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The Town’s investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

Total governmental and proprietary investments at September 30, 2015 were as follows:

	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Florida PRIME	\$ 102,898	\$ 102,898	\$ -	\$ -
Non-negotiable certificates of deposit	857,902	857,902	-	-
	<u>\$ 960,800</u>	<u>\$ 960,800</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk: The Town’s investment policy is designed to minimize the risk that change in the market value of securities in the portfolio caused by changes in general interest rates will result in any losses by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

Credit risk: State law limits investments in bonds, stocks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, unless the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, hold a rating in one of the three highest classifications by a major rating service. The Florida PRIME is rated AAAM by Standard and Poor’s.

Note 3 - Deposits and Investments (continued)

Fiduciary Funds

The Retirement Plan for the Employees of the Town of Golden Beach (the "Plan") maintains an agreement whereby the investment securities are held in the Plan's name by a financial institution acting as the Plan's custodian. The custodian also assists Plan management in securing one or more investment managers to invest in securities at the manager's discretion.

At year end, the Plan's investment balances were as follows:

Investment	Maturities	Fair Value
Common stock	Not applicable	\$ 3,842,037
Alternative investments	Not applicable	630,255
Corporate bonds	October 1, 2016 through September 30, 2017	167,286
Corporate bonds	October 1, 2017 through September 30, 2018	278,884
Corporate bonds	October 1, 2018 through September 30, 2019	151,745
Corporate bonds	October 1, 2019 through September 30, 2020	184,209
Corporate bonds	October 1, 2021 through September 30, 2022	50,837
Government bonds	October 1, 2015 through September 30, 2016	384,471
Government bonds	October 1, 2016 through September 30, 2017	323,213
Government bonds	October 1, 2017 through September 30, 2018	113,096
Government bonds	October 1, 2018 through September 30, 2019	278,228
Government bonds	October 1, 2019 through September 30, 2020	225,154
Government bonds	October 1, 2020 through September 30, 2021	99,400
Government bonds	October 1, 2021 through September 30, 2022	93,848
Government bonds	October 1, 2024 through September 30, 2025	42,786
	Total investments	\$ <u>6,865,449</u>

Note 3 - Deposits and Investments (continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Plan does, however, limit its exposure to interest rate risk by diversifying its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Credit risk: Credit risk is the risk that a security or portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2015, the Plan's corporate bonds were rated between A3 and AA3 by Moody's Investor Services and between A- and AA+ by Standard & Poor's. The Plan has no investment policy that would further limit its investment choices.

Concentration of credit risk: GASB Statement No. 40 requires disclosure when the percent is 5% or more in any one issuer. As of September 30, 2015, investments held in one fund consisting of United States Treasury notes in the amount of \$ 1,047,737 exceeded 5% of Plan net position.

Custodial credit risk: This is the risk that, upon failure of a counterparty or collateral securities held by the Plan, it would not be able to recover the value thereof. The Plan assets are held by their custodial bank and registered in the Plan's name.

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions	Retirements and Transfers	Balance September 30, 2015
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,878,598	\$ -	\$ -	\$ 1,878,598
Construction in progress	242,702	2,138	(242,702)	2,138
Total capital assets, not being depreciated	<u>2,121,300</u>	<u>2,138</u>	<u>(242,702)</u>	<u>1,880,736</u>
Capital assets, being depreciated:				
Equipment and vehicles	3,087,935	440,914	(167,480)	3,361,369
Buildings	1,192,355	282,118	-	1,474,473
Infrastructure	25,065,195	49,555	-	25,114,750
Improvements other than buildings	969,854	39,326	-	1,009,180
Total capital assets, being depreciated	<u>30,315,339</u>	<u>811,913</u>	<u>(167,480)</u>	<u>30,959,772</u>
Total capital assets	<u>32,436,639</u>	<u>814,051</u>	<u>(410,182)</u>	<u>32,840,508</u>

Town of Golden Beach, Florida
Notes to Basic Financial Statements
September 30, 2015

Note 4 - Capital Assets (continued)

	Balance October 1, 2014	Additions	Retirements and Transfers	Balance September 30, 2015
Less accumulated depreciation for:				
Equipment and vehicles	2,267,603	247,843	(155,758)	2,359,688
Buildings	301,519	28,825	-	330,344
Infrastructure	2,057,003	809,376	-	2,866,379
Improvements other than buildings	412,347	50,438	-	462,785
	<u>5,038,472</u>	<u>1,136,482</u>	<u>(155,758)</u>	<u>6,019,196</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>25,276,867</u>	<u>(324,569)</u>	<u>(11,722)</u>	<u>24,940,576</u>
Governmental activities capital assets, net	\$ <u>27,398,167</u>	\$ <u>(322,431)</u>	\$ <u>(254,424)</u>	\$ <u>26,821,312</u>
Business-type activities:				
Capital assets, being depreciated:				
Equipment and vehicles	\$ 47,000	\$ -	\$ -	\$ 47,000
Improvements other than buildings	<u>15,104,018</u>	<u>-</u>	<u>-</u>	<u>15,104,018</u>
Total capital assets, being depreciated	<u>15,151,018</u>	<u>-</u>	<u>-</u>	<u>15,151,018</u>
Total capital assets	<u>15,104,018</u>	<u>-</u>	<u>-</u>	<u>15,104,018</u>
Less accumulated depreciation for:				
Equipment and vehicles	9,399	3,133	-	12,532
Improvements other than buildings	<u>1,648,592</u>	<u>389,041</u>	<u>-</u>	<u>2,037,633</u>
Total accumulated depreciation	<u>1,657,991</u>	<u>392,174</u>	<u>-</u>	<u>2,050,165</u>
Total capital assets, being depreciated, net	<u>13,493,027</u>	<u>(392,174)</u>	<u>-</u>	<u>13,100,853</u>
Business-type activities capital assets, net	\$ <u>13,493,027</u>	\$ <u>(392,174)</u>	\$ <u>-</u>	\$ <u>13,100,853</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 295,485
Public safety	436,409
Physical environment	301,168
Cultural and recreation	<u>103,420</u>
Total depreciation expense - governmental activities	\$ <u>1,136,482</u>
Business-type activities:	
Stormwater drainage	\$ <u>392,174</u>

Note 5 - Long-Term Liabilities

Governmental activities:

The following is a summary of changes in the long-term liabilities for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015	Due Within One Year
Governmental activities:					
Special Assessment General Obligation Bonds, Series 2008	\$ 12,895,000	\$ -	\$ 320,000	\$ 12,575,000	\$ 330,000
Bond premium	43,400	-	1,736	41,664	-
Capital Improvement Refunding Revenue Note, Series 2015	-	235,730	-	235,730	235,730
Grant Anticipation Note, Series 2012B	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>
	14,938,400	235,730	2,321,736	12,852,394	565,730
Compensated absences payable	275,005	-	1,325	273,680	27,368
Other post-employment benefit liability	<u>97,000</u>	<u>12,000</u>	<u>-</u>	<u>109,000</u>	<u>-</u>
Total governmental	<u>\$ 15,310,405</u>	<u>\$ 247,730</u>	<u>\$ 2,323,061</u>	<u>\$ 13,235,074</u>	<u>\$ 593,098</u>

Special Assessment General Obligation Bonds, Series 2008 - In August 2008, the Town issued \$ 14,445,000 in Special Assessment General Obligation Bonds, Series 2008 for the purpose of funding certain capital projects within the boundaries of the Town. The Bonds bear interest at rates ranging from 3.00% to 5.00% and mature January 2038. Interest is payable semi-annually on the first day of each January and July. The Bonds are secured by the pledge of revenues derived from the collection of non-ad valorem special assessments.

The Town is required by the Bond Indenture to levy and collect special assessments pursuant to Florida Statutes, Section 190.022. The collection of these assessments are restricted and applied to the debt service requirements of the Bond issue. Further, the Town covenants to levy special assessments in annual amounts adequate to provide for the payment of principal and interest on the Bonds as it becomes due.

Note 5 - Long-Term Liabilities (continued)

The aggregate annual debt service requirements for the Special Assessment Bond, Series 2008 is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 330,000	\$ 580,849	\$ 910,849
2017	345,000	569,299	914,299
2018	355,000	556,361	911,361
2019	370,000	543,049	913,049
2020	385,000	528,249	913,249
2021-2025	2,180,000	2,383,285	4,563,285
2026-2030	2,710,000	1,846,955	4,556,955
2031-2035	3,420,000	1,137,206	4,557,206
2036-2038	2,480,000	252,250	2,732,250
	<u>\$ 12,575,000</u>	<u>\$ 8,397,503</u>	<u>\$ 20,972,503</u>

\$ 2,000,000 Grant Anticipation Note, Series 2012B and Capital Improvement Refunding Revenue Note, Series 2015— The Town previously obtained a grant anticipation note not to exceed \$ 2,000,000. The Town obtained this note to fund the renovation of two island bridges. The note terms provide for an interest rate of 2.00%. The note balance of \$ 2,000,000 was due and paid in May 2015. Simultaneously, the Town refinanced \$ 235,730 through issuance of a Capital Improvement Refunding Revenue Note, Series 2015. This note is payable in quarterly principal installments \$ 58,932 plus interest at a fixed rate of 2.15% through the maturity date of September 30, 2016. The Series 2015 Note is secured by non-ad valorem tax revenues.

The annual debt service requirements for the Capital Improvement Refunding Revenue Note, Series 2015 is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 235,730	\$ 5,068	\$ 240,798
	<u>\$ 235,730</u>	<u>\$ 5,068</u>	<u>\$ 240,798</u>

Note 5 - Long-Term Liabilities (continued)

Business-type activities:

The following is a summary of changes in the long-term debt for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015	Due Within One Year
Business-type activities:					
Department of Environmental Protection, Revolving Loans	\$ 1,733,037	\$ -	\$ 130,054	\$ 1,602,983	\$ 132,505
Total business-type	\$ 1,733,037	\$ -	\$ 130,054	\$ 1,602,983	\$ 132,505

Department of Environmental Protection, Revolving Loan – The Town previously entered into a revolving loan agreement with the State of Florida Department of Environmental Protection. This loan is payable in semiannual installments of \$ 81,578 including interest at 1.81%, on June 15 and on December 15, until June 2026, when all remaining principal and interest is due. Loan payments are collateralized by electric franchise fees.

The annual debt service requirements for the revolving loans are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 132,505	\$ 14,727	\$ 147,232
2017	135,002	13,479	148,481
2018	137,547	12,207	149,754
2019	140,139	10,910	151,049
2020	142,780	9,590	152,370
2021-2025	755,300	27,249	782,549
2026	159,710	1,125	160,835
	\$ 1,602,983	\$ 89,287	\$ 1,692,270

Note 6 – Accounts Receivable/Accounts Payable

Accounts payable at September 30, 2015 were as follows:

	<u>Vendors</u>	<u>Subcontractors</u>	<u>Total Accounts Payable</u>
Governmental activities:			
General Fund	\$ 355,003	\$ -	\$ 355,003
Capital Improvement Project Fund	-	569	569
Bridge Fund	-	4,800	4,800
Law Enforcement Fund	<u>7,484</u>	<u>-</u>	<u>7,484</u>
Total governmental activities	<u>\$ 362,487</u>	<u>\$ 5,369</u>	<u>\$ 367,856</u>

Receivables at September 30, 2015 were as follows:

	<u>Taxes Receivable</u>	<u>Inter- Governmental</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ 8,805	\$ -	\$ -	\$ 1,683	\$ 10,488
Capital Improvement Project Fund	-	-	199,241	-	199,241
Law Enforcement Fund	<u>-</u>	<u>44,515</u>	<u>34,789</u>	<u>-</u>	<u>79,304</u>
Total governmental activities	<u>\$ 8,805</u>	<u>\$ 44,515</u>	<u>\$ 234,030</u>	<u>\$ 1,683</u>	<u>\$ 289,033</u>

Note 7 - Retirement Plans

Summary of Significant Accounting Policies:

Basis of Accounting

The Retirement Plan for Employees of the Town of Golden Beach (the "Plan") and the Town of Golden Beach Police Officers Retirement Fund (the "Fund") are accounted for on the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Town contributions are recognized when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the State of Florida. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan.

Note 7 - Retirement Plans (continued)

General Information about the Plan and the Fund: The Plan and the Fund are both single-employer defined benefit plans. The Fund is not required to be included as a fiduciary fund and, thus, is not included in the Town’s basic financial statements.

All full-time employees (excluding elected officials, persons appointed to fulfill elected positions, and retained professionals and consultants for the Town) and police officers become participants in the Plan on their start of service. The Plan provides retirement, death, and disability benefits. The Plan does not currently provide for post-retirement benefit increases.

Cost of Living Adjustment (“COLA”):

Plan Membership: Employee membership consisted of the following at September 30, 2015:

	<u>General</u>	<u>Police</u>
Retirees and beneficiaries receiving benefits and terminated members entitled to benefits, but not yet receiving them	6	11
Active plan members	<u>20</u>	<u>17</u>
	<u>26</u>	<u>28</u>

Plan members are required to contribute 3.5% (6.0% for police officers) of their annual covered salary to the Plan. Contribution requirements of the Plan members and the Town are established and may be amended by the Pension Board. The Town is required to fund any annual unfunded amount as actuarially determined.

Net Pension Liability

The Town’s net pension liability was determined based on a measurement date of September 30, 2014.

The components of the pension liability of the Town at September 30, 2015 were as follows:

	INCOMPLETE	<u>2015</u>
Total pension liability	\$	7,577,416
Plan fiduciary net position		<u>(7,095,417)</u>
Town net pension liability	\$	<u>481,999</u>
Plan fiduciary net position as a percentage of total pension liability		93.64%

Note 7 - Retirement Plans (continued)

Actuarial Assumptions: The total pension liability at September 30, 2014 was determined by using actuarial assumptions as of October 1, 2013, with update procedures used to roll forward the total pension liability to September 30, 2014. The actuarial valuations used the following actuarial assumptions:

Discount rate	INCOMPLETE	7.50% weighted average discount rate
Inflation		3.00%
Projected salary increases		5.00%, average, including inflation
Investment rate of return		7.50%, net of pension plan investment expense, including inflation

Mortality rates under the RP-2000 Mortality Table with the following variations were used:

- White collar rates for males and females
- Projected to 2009 with AA Scale
- Additional adjustment of 90.9% for males, 96.1% for females

No mortality updates after 2009 have been assumed. Use of updated mortality tables such as the IRS Combined Static Mortality Table for 2012 would reduce liability and cast. There is not sufficient Plan experience to increase the assumed mortality rates at this time.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates (expected returns, net of pension Trust investment expense and inflation) for each major asset class as well as historical investment data and Trust performance. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Common stock	55.00%	7.50%
Alternative investments	10.00%	7.75%
Corporate bonds	30.00%	4.25%
Government bonds	5.00%	6.00%
Total	100.00%	

Note 7 - Retirement Plans (continued)

Rate of return: For the year ended September 30, 2015, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 9.20%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that contributions from the Town will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate on pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances, as of September 30, 2013, Measurement Date	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	-	-	-
Interest	-	-	-
Contributions - employer	-	-	-
Contributions - state	-	-	-
Contributions - members	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	-	-	-
Administrative expense	-	-	-
Net changes	<u>-</u>	<u>-</u>	<u>-</u>
Balances, as of September 30, 2014, Measurement Date	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Note 7 - Retirement Plans (continued)

Sensitivity of the Net Pension Liability To Changes on the Discount Rate: The following presents the net pension liability of the Town using the discount rate of 7.50%, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Total pension liability	\$ 8,450,644	\$ 7,577,416	\$ 6,839,575
Plan fiduciary net position	(7,095,417)	(7,095,417)	(7,095,417)
Net pension liability (asset)	<u>\$ 1,355,227</u>	<u>\$ 481,999</u>	<u>\$ (255,842)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the Town recognized pension expense of \$ _____. At September 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as deferred outflows/inflows of resources will be recognized as pension expense as follows:

Year ending September 30:	Amount
2016	\$ -
2017	\$ -
2018	\$ -
2019	\$ -

Note 7 - Retirement Plans (continued)

Financial Report:

The Town has issued stand-alone financial statements for the Plan, which may be obtained from the Town of Golden Beach Finance Department.

Note 8 – Other Post-Employment Benefits

Plan Description: The Town’s Other Post-Employment Benefits Plan (the “OPEB Plan”) is a single employer healthcare plan administered by the Town. Pursuant to Section 112.0801, Florida Statutes, the Town is required to permit participation in the OPEB Plan to retirees and their eligible dependents at a cost to the Town. This cost is then reimbursed to the Town by the retiree. Eligible individuals include all regular employees of the Town who retire from active service under one of the pension plans sponsored by the Town. Under certain conditions, eligible individuals also include spouses and dependent children. The OPEB Plan does not issue a publicly available financial report.

Funding Policy: The contribution requirements of OPEB plan members and the Town are established by the state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The Town has opted to not fund the net OPEB obligation of the resulting unfunded actuarial accrued liability on an annual basis.

Annual OPEB and Net OPEB Obligation: The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB for the year, the amount actually contributed to the OPEB Plan, and changes in the Town’s OPEB obligation to the OPEB Plan based on the most recent actuarial valuation dated October 1, 2012:

Annual required contribution	\$ 20,700
Interest on prior net OPEB obligation	3,900
Prior net OPEB obligation adjustment	<u>(4,000)</u>
Annual OPEB cost	20,600
Employer contributions	<u>(8,600)</u>
Increase in net OPEB obligation	12,000
Net OPEB obligation, beginning of year	<u>97,000</u>
Net OPEB obligation, end of year	<u><u>\$ 109,000</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015 was as follows:

Annual OPEB cost	\$ 20,600
Employer contributions	\$ 8,600
Percentage of OPEB cost contributed	42%
Net OPEB obligation	\$ 109,000

Note 8 – Other Post-Employment Benefits (continued)

Funded Status and Funding Progress: The schedule of funding progress, presented as 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 actuarial accrued liability for benefits. An analysis of funding progress (the last plan year valuation date) is as follows:

Actuarial Valuation Date	Plan Assets	Accrued Liability	Unfunded Liability	Funded Ratio %	Expected Covered Payroll	Unfunded % of Payroll
10/1/2012	\$ -	\$ 101,600	\$ 101,600	0.000%	\$ 1,802,000	5.64%

Actuarial Methods and Assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial liabilities and cost are determined using the projected unit credit cost method. There are no assets held in trust for this plan. Items subject to deferred recognition are amortized with a 2.5% annual increase over a period of 30 years.

Note 9 - Interfund Balances and Transfers

Interfund receivables and payables at September 30, 2015 were as follows:

Due from:	Due to:					Total
	General Fund	Debt Service Fund	Special Assessment II Fund	Stormwater Fund		
Capital Project Improvement Fund	\$ 1,769,817	\$ -	\$ -	\$ -		\$ 1,769,817
Law Enforcement Trust Fund	310,555	-	-	-		310,555
Bridge Fund	305,738	-	-	-		305,738
Stormwater Fund	1,804,068	-	-	-		1,804,068
General Fund	-	10,784	43	191,767		202,594
Total	\$ 4,190,178	\$ 10,784	\$ 43	\$ 191,767		\$ 4,392,772

Note 9 - Interfund Balances and Transfers (continued)

One of the major reasons for the interfund balances is the fact that the Town’s vendors may send one invoice that includes work for more than one project and the projects are assigned in more than one fund. For example, a check is cut from the General Fund and the items billed may include Stormwater Fund project costs therefore increasing the interfund balances.

Transfers to and from individual funds were as follows:

<u>Transfers in:</u>	<u>General Fund</u>
Law Enforcement Trust Fund	\$ 60,000
Total	\$ 60,000

During the year ended September 30, 2014, the Law Enforcement Trust Fund transferred \$ 60,000 to the General Fund as an administrative fee.

Note 10 - Risk Management

For the year ended September 30, 2015, the Town participated in the Florida League of Cities (“FLC”) risk pool. This is a statewide pool with several hundred governmental members. FLC provided the Town with general liability and property coverages. The FLC pool is nonassessable. There is no self-insured retention for the Town excluding a \$ 250 per occurrence deductible. FLC also provided the Town with \$ 2,000,000 in general liability coverage.

Note 11 - Contingencies

The Town is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities, including employee discrimination claims. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Town.

Note 12 – Individual Fund Disclosures

At September 30, 2015, the Capital Improvement Project Fund and Bridge Fund have deficit fund balances of \$ 1,564,875 and \$ 312,298. The Town expects to reduce this deficit through transfers from the General Fund in Fiscal Year 2015-2016.

Note 13 – Restatement of Beginning Net Position

During the year ended September 30, 2015, the Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intension of this statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension asset or liability and a more comprehensive measure of pension expense. The implementation of the above Statement required the Town to make a prior period adjustment. As a result, the beginning net position of the governmental activities was reduced \$ 497,337 as detailed in the table below:

	<u>Government- Wide Statement of Net Postion</u>
Eliminate the net pension asset, as previously reported	\$ (15,338)
Record the net pension asset (liability), at September 30, 2014	(481,999)
Record deferred outflows, at September 30, 2014	<u>-</u>
Net effect of adjustments as a result of GASB No. 68	<u>(497,337)</u>
Net position, as previously reported	<u>16,001,970</u>
Net position, as restated	<u><u>\$ 15,504,633</u></u>

INCOMPLETE

REQUIRED SUPPLEMENTARY
INFORMATION

DRAFT

**Retirement Plan for Employees of the Town of Golden Beach
Required Supplementary Information
Schedule of Changes in Net Position Liability and Related Ratios**

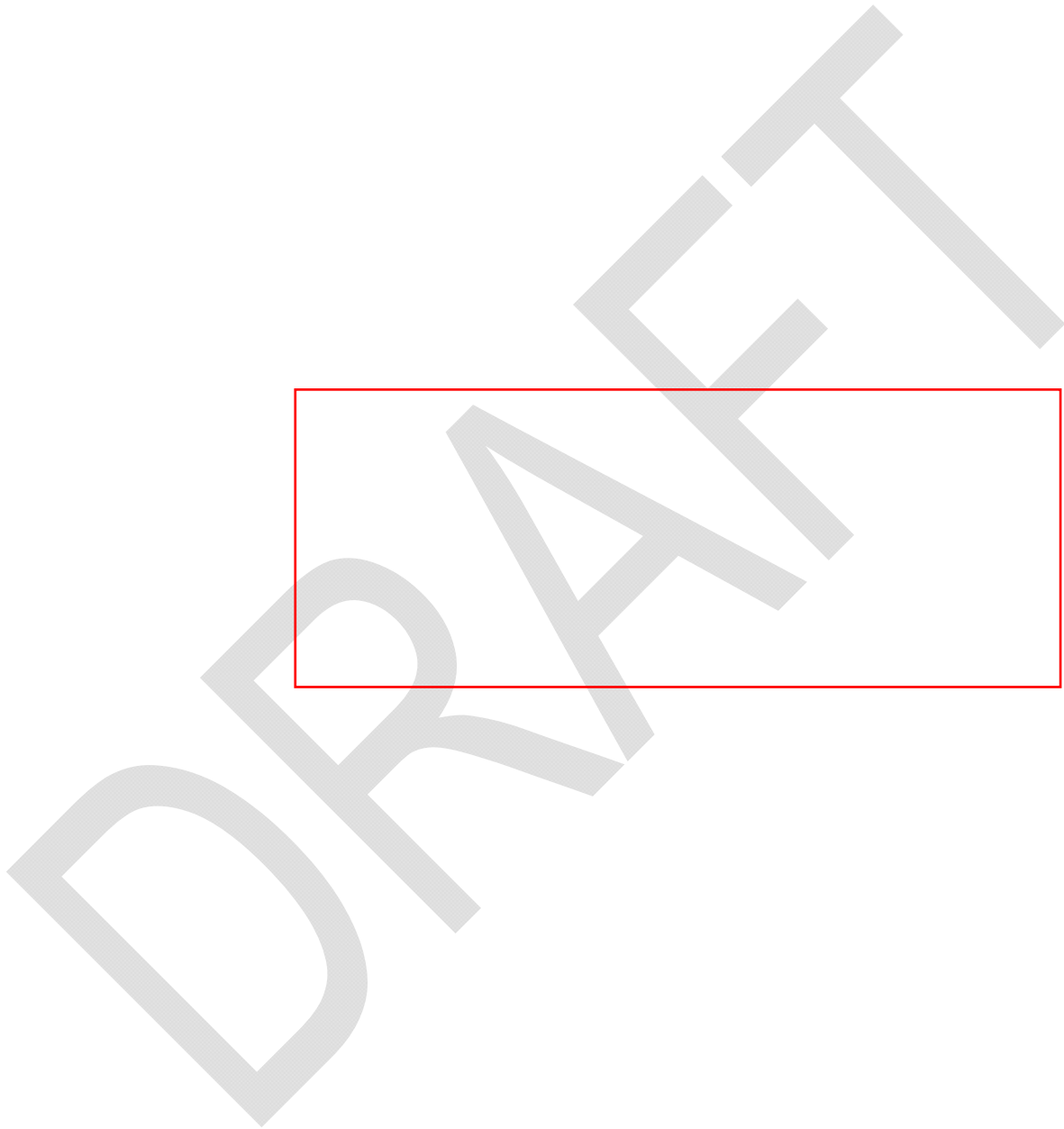
	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 412,422	\$ 405,759
Expected interest growth	586,106	539,583
Differences between expected and actual experience	(141,114)	254
Benefit payments, including refunds of member contributions	<u>(347,335)</u>	<u>(314,790)</u>
Net change in total pension liability	510,079	630,806
Total pension liability - beginning	7,577,416	6,946,610
Total pension liability - ending (A)	<u>\$ 8,087,495</u>	<u>\$ 7,577,416</u>
Plan fiduciary net position		
Contributions - employer	\$ 427,817	\$ 427,817
Contributions - member	101,778	100,150
Net investment income	(57,081)	522,164
Benefit payments, including refunds of member contributions	(347,335)	(314,790)
Administrative expenses	<u>(32,246)</u>	<u>(46,956)</u>
Net change in plan fiduciary net position	92,933	688,385
Plan fiduciary net position - beginning	7,995,417	6,407,032
Plan fiduciary net position - ending (B)	<u>\$ 8,088,350</u>	<u>\$ 7,095,417</u>
Town's net pension liability (asset)- ending (A) - (B)	<u>\$ 899,145</u>	<u>\$ 481,999</u>
Plan fiduciary net position as a percentage of the total pension liability	88.88%	93.64%
Covered-employee payroll	\$ 2,159,806	\$ 2,027,209
Town's net pension liability (asset) as percentage of covered-employee payroll	41.63%	23.78%

INCOMPLETE

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

**Retirement Plan for Employees of the Town of Golden Beach
Required Supplementary Information
Schedule of Town Contributions**

DRAFT



**Retirement Plan for Employees of the Town of Golden Beach
Required Supplementary Information
Schedule of Investment Returns**

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-0.80%	9.20%

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

INCOMPLETE

Town of Golden Beach, Florida
Schedule of Funding Progress
Other Post Employment Benefits

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio %</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2009	\$ -	\$ 105,900	\$ 105,900	0.00%	\$ 1,813,000	5.84%
10/1/2012	\$ -	\$ 101,600	\$ 101,600	0.00%	\$ 1,802,000	5.64%

NOTE: The most recent actuarial valuation available is as of October 1, 2012.

DRAFT

Town of Golden Beach, Florida
Schedule of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual -
Bridge Fund
For the Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
General government	-	-	-	-
Capital outlay	-	-	32,593	32,593
Debt service	-	-	525,657	525,657
Total expenditures	-	-	558,250	558,250
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	235,730	235,730
Total other financing sources (uses)	-	-	235,730	235,730
Change in fund balance	\$ -	\$ -	(322,520)	\$ (322,520)
Fund Balance, beginning of year			10,222	
Fund Balance (Deficit), end of year			\$ (312,298)	