

TOWN OF GOLDEN BEACH, FLORIDA
BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

TOWN OF GOLDEN BEACH, FLORIDA
 BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11-12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund	17-20
Statement of Net Assets - Proprietary Fund	21
Statement of Revenues, Expenses and Change in Net Assets - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Fiduciary Net Assets - Retirement Plan for Employees of the Town of Golden Beach	24
Statement of Change in Fiduciary Net Assets - Retirement Plan for Employees of the Town of Golden Beach	25
Notes to Basic Financial Statements	26-47

TOWN OF GOLDEN BEACH, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

	<u>PAGES</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Retirement Plan for Employees of the Town of Golden Beach - Schedule of Funding Progress	48
Retirement Plan for Employees of the Town of Golden Beach - Schedule of Contributions from the Employer	49
Schedule of Funding Progress – Other Post-Employment Benefits	50
OTHER SUPPLEMENTARY INFORMATION	
Combining Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Nonmajor Governmental Funds	52



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic 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 year ended September 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2012, 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* and should be considered in assessing the results of our audit.

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 99 and 17 through 20 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2012

MANAGEMENT'S DISCUSSION
AND ANALYSIS
(NOT COVERED BY
INDEPENDENT AUDITORS' REPORT)

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

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, 2011 and 2010. 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, 2011:

- The Town's net assets, which total assets less liabilities, were \$ 21,967,689. Governmental net assets totaled \$ 13,156,809 and business-type net assets totaled \$ 8,810,180.
- Governmental activities revenues were \$ 7,462,505. The expenses of governmental activities were \$ 7,050,887.
- Business-type activities revenues were \$ 2,450,765 of which a significant amount were capital grants and business-type expenses amounted to \$ 480,209.
- The total expenses of all Town programs were \$ 7,531,096.
- The General Fund's expenditures, which accounts for the vast majority of the operations of the government, were under the final budgeted appropriations.

TOWN HIGHLIGHTS

The Town focused most of 2010-2011 in delivering the balance of its original Capital Improvement Plan (CIP), which has been underway since 2008. The original CIP included the installation of a sealed Stormwater System, a Water Main replacement, a Streetscape and Sidewalk component, and an Underground Utilities component; other projects added to the plan included the beautification of A-1-A, redesign and redevelopment of the Town's Open Spaces, and the replacement of both the Strand Avenue Bridge and the Navona Avenue Bridge. The Town Council this past year adopted additional projects recommended by Town Manager, Alexander Diaz. These projects included: designation and redevelopment of 7 parks, a comprehensive Closed Circuit Television System, and the design of a new Marine Patrol Dock which will be constructed in the second quarter of 2012.

Plantification and design of the Navona Avenue and Strand Avenue Bridge Replacement projects began in F/Y 2010-2011. By the middle of the next fiscal year, contracts were awarded to American Bridge Company (construction firm), Eisman & Russo, Inc. (Construction, Engineering, Inspection services), and Corzo, Castella, Carballo, Thompson, Salman, P.A. (C3TS) for post design services. Project amounts respectively are: \$7,207,430, \$725,603 and \$59,500. Groundbreaking commenced in the second quarter of 2012.

Fiscal Year 2010-2011 reflected the political stability of the Town, with the overwhelming re-election of two Councilmembers and the uncontested Mayoral seat. Since the inception of the CIP, the same Council has sat in office and has been re-elected by an overwhelming amount of the populace – reflective of the positive connotation's associated with the CIP.

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town also implemented a regional, national and International media program to further the development of the Town's recent accomplishments. This program, which has been a success, has reintroduced our Town to potential residents, investors and has motivated current residents to invest in their properties. We have seen a substation increase from the 2010 fiscal year. In fiscal year 2010 we generated: four applications for new homes on empty lots, four applications for the demolition of existing homes for redevelopment, and two applications for renovations. In fiscal year 2011 we generated: four applications for new homes on empty lots, eight applications for the demolition of existing homes for redevelopment, and twenty-five applications for renovations.

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 and other 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 Assets:

The statement of net assets presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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 11 through 13 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.

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

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.

The *proprietary fund* beginning on page 21 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 24, which is not included in net assets and the government-wide financial statements, is presented in this section as the statements of fiduciary net assets and changes in fiduciary net assets - 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 26 through 47 of this report.

Required and other 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 and other supplementary information can be found on pages 48 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents condensed statements of net assets as of September 30, 2011 and 2010:

	STATEMENTS OF NET ASSETS					
	September 30, 2011 and 2010					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
CURRENT AND OTHER ASSETS	\$ 8,496,393	\$ 12,045,898	\$ (1,731,891)	\$ (977,622)	\$ 6,764,502	\$ 11,068,276
CAPITAL ASSETS (NET)	22,012,066	18,151,662	13,064,496	10,624,968	35,076,562	28,776,630
Total assets	30,508,459	30,197,560	11,332,605	9,647,346	41,841,064	39,844,906

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

STATEMENTS OF NET ASSETS
September 30, 2011 and 2010
(continued)

CURRENT AND OTHER LIABILITIES	2,402,133	2,102,688	588,825	746,496	2,990,958	2,849,184
LONG-TERM LIABILITIES	<u>14,949,517</u>	<u>15,349,681</u>	<u>1,932,900</u>	<u>2,060,526</u>	<u>16,882,417</u>	<u>17,410,207</u>
Total liabilities	<u>17,351,650</u>	<u>17,452,369</u>	<u>2,521,725</u>	<u>2,807,022</u>	<u>19,873,375</u>	<u>20,259,391</u>
NET ASSETS:						
Invested in capital assets net of related debt	7,351,203	3,236,293	11,005,305	8,440,415	18,356,508	11,676,708
Unrestricted (deficit)	<u>5,805,606</u>	<u>9,508,898</u>	<u>(2,194,425)</u>	<u>(1,600,091)</u>	<u>3,611,181</u>	<u>7,908,807</u>
Total net assets	<u>\$ 13,156,809</u>	<u>\$ 12,745,191</u>	<u>\$ 8,810,880</u>	<u>\$ 6,840,324</u>	<u>\$ 21,967,689</u>	<u>\$ 19,585,515</u>

The following table presents condensed statements of activities for the years ended September 30, 2011 and 2010:

STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
REVENUES:						
Program revenues:						
Charges for services	\$ 1,711,319	\$ 1,101,034	\$ 164,126	\$ 162,569	\$ 1,875,445	\$ 1,263,603
Grants	-	-	2,059,206	1,362,437	2,059,206	1,362,437
General revenues:						
Property taxes	5,306,108	5,800,104	-	-	5,306,108	5,800,104
Other general revenues	269,710	1,450,995	4,080	7,676	273,790	1,458,671
Other taxes and fees	<u>175,368</u>	<u>177,305</u>	<u>223,353</u>	<u>237,417</u>	<u>398,721</u>	<u>414,722</u>
Total revenues	<u>7,462,505</u>	<u>8,529,438</u>	<u>2,450,765</u>	<u>1,770,099</u>	<u>9,913,270</u>	<u>10,299,537</u>
PROGRAM EXPENSES:						
General government	1,839,189	1,686,653	-	-	1,839,189	1,686,653
Public safety	3,010,597	2,899,842	-	-	3,010,597	2,899,842
Physical environment	1,107,939	1,056,838	-	-	1,107,939	1,056,838
Transportation	87,044	40,137	-	-	87,044	40,137
Cultural and recreation	351,476	247,363	-	-	351,476	247,363
Interest expense	654,642	754,979	-	-	654,642	754,979
Stormwater drainage	<u>-</u>	<u>-</u>	<u>480,209</u>	<u>825,739</u>	<u>480,209</u>	<u>825,739</u>
Total expenses	<u>7,050,887</u>	<u>6,685,812</u>	<u>480,209</u>	<u>825,739</u>	<u>7,531,096</u>	<u>7,511,551</u>
Change in net assets	<u>\$ 411,618</u>	<u>\$ 1,843,626</u>	<u>\$ 1,970,556</u>	<u>\$ 944,360</u>	<u>\$ 2,382,174</u>	<u>\$ 2,787,986</u>

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

Business-type activities net assets increased from \$ 6,840,324 to \$ 9,013,284 primarily due to capital grant revenues for stormwater projects.

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

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 2011. 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 not affected, keeping it at 8.50 mills during the 2010-2011 fiscal year. Property values have decreased by approximately 1.01% over the previous year. This decrease is a direct reflection of the current economic climate of the United States, which has caused a lot of turmoil and upheaval in the housing market. During prosperous economic periods, property values generally increase, which correspondingly increases property tax revenue.

General discussion on expenses:

Expenses for governmental activities were \$ 7,050,887 and \$ 480,209 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 \$ 6,362,055, a decrease of \$ 3,672,716. The decrease was primarily due to the spending of monies collected in the past and used this year for capital outlay projects. The unassigned fund balance reported in the governmental funds is \$ 6,198,942.

The General Fund balance increased to \$ 8,907,571 during the current fiscal year, an increase of \$ 719,066.

The deficit of the Debt Service Fund, Town Hall Capital Projects Fund and nonmajor special revenue funds will be covered in the following year by transfers from the General fund. These decreases were due primarily to projects included in the CIP.

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

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 assets of the Stormwater Utility Fund amounted to \$ 8,810,880 at the end of 2011, an increase of \$ 1,970,556 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 \$ 664,735 more than the final budget projections and total expenditures were \$ 249,331 less 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 \$ 372,783 above budgeted amounts due to new construction during the year.
- b. Personal services related to public safety were lower than expected due to new enforcement initiatives; police operations have been able to fund personnel for traffic enforcement and assign a detective to the newly created Internal Revenue Service Task Force. This was supported through the use of the Law Enforcement Trust Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets:

The Town had capital assets of \$ 35,076,562 and \$ 28,776,630, net of depreciation, as of September 30, 2011 and 2010, respectively. The following schedule summarizes net capital assets as of those dates:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,878,598	\$ 1,878,598	\$ -	\$ -	\$ 1,878,598	\$ 1,878,598
Buildings	716,995	734,332	-	-	716,995	734,332
Equipment and vehicles	918,582	665,445	-	-	918,582	665,445
Infrastructure	474,674	502,245	-	-	474,674	502,245
Improvements other than buildings	397,978	423,824	1,557,506	1,566,634	1,955,484	1,990,458
Construction in progress	17,625,239	13,947,218	11,506,990	9,058,334	29,132,229	23,005,552
	<u>\$ 22,012,066</u>	<u>\$ 18,151,662</u>	<u>\$ 13,064,496</u>	<u>\$ 10,624,968</u>	<u>\$ 35,076,562</u>	<u>\$ 28,776,630</u>

The Town continues its capital outlay efforts with improvements to the stormwater system. Wastewater line improvements are a constant process and the amount spent on these infrastructure improvements will remain fairly consistent from year-to-year.

Debt:

The Town had debt of approximately \$ 16.812 million at September 30, 2011. Total debt outstanding at the end of the prior fiscal year was approximately \$ 17.494 million. The net decrease of approximately \$ 681,300 was a result of the payment of principal on debt.

TOWN OF GOLDEN BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

	October 1, 2010	Additions	Deletions	September 30, 2011	Within One Year
Governmental activities:					
Special assessment general obligation bonds, Series 2008 Capital Refunding Revenue Note, Series 2010 (formerly 2009)	\$ 14,133,608	\$ -	\$ 285,000	\$ 13,848,608	\$ 295,000
Special Assessment Improvement Refunding Bonds, Series 1994B	900,000	-	120,000	780,000	120,000
Capital leases	168,728	-	85,307	83,421	83,421
	107,135	-	65,672	41,463	33,471
Total governmental activities	15,309,471	-	555,979	14,753,492	531,892
Business-type activities:					
Department of Environmental Protection, Revolving Loan	2,184,553	-	125,362	2,059,191	126,291
Total business-type activities	2,184,553	-	125,362	2,059,191	126,291
Total governmental and business-type activities	\$ 17,494,024	\$ -	\$ 681,341	\$ 16,812,683	\$ 658,183

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. Miami-Dade County's total population continues to grow at a staggering rate.

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.

BASIC FINANCIAL STATEMENTS

TOWN OF GOLDEN BEACH, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,589,160	\$ 499,574	\$ 3,088,734
Investments	2,398,942	89,453	2,488,395
Accounts receivable	229,804	648,931	878,735
Prepaid expenses	58,006	-	58,006
Other assets	15,792	-	15,792
Capital assets, non-depreciable	19,503,837	11,506,990	31,010,827
Capital assets, depreciable	2,508,229	1,557,506	4,065,735
Unamortized bond issue costs	234,840	-	234,840
Internal balance	2,969,849	(2,969,849)	-
	<u>30,508,459</u>	<u>11,332,605</u>	<u>41,841,064</u>
Total assets			
LIABILITIES:			
Accounts payable	1,027,891	455,914	1,483,805
Accrued interest payable	160,470	6,620	167,090
Accrued expenses	415,957	-	415,957
Due within one year:			
Compensated absences payable	-	-	-
Current portion of capital leases payable	33,471	-	33,471
Current portion of debt	498,421	126,291	624,712
Due in more than one year:			
Net pension obligation	265,923	-	265,923
Builder bond deposits	403,150	-	403,150
Other deposits	52,500	-	52,500
Compensated absences payable	226,167	-	226,167
Capital leases payable	7,992	-	7,992
Long-term debt	14,213,608	1,932,900	16,146,508
Other postemployment benefit liability	46,100	-	46,100
	<u>17,351,650</u>	<u>2,521,725</u>	<u>19,873,375</u>
Total liabilities			
NET ASSETS:			
Invested in capital assets (net of related debt)	7,351,203	11,005,305	18,356,508
Unrestricted (deficit)	5,805,606	(2,194,425)	3,611,181
	<u>13,156,809</u>	<u>8,810,880</u>	<u>21,967,689</u>
Total net assets	\$	\$	\$

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, 2011

		Program Revenues	
	Expenses	Charges for Services	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:			
Primary government:			
Governmental activities:			
General government	\$ 1,839,189	\$ 1,016,367	\$ -
Public safety	3,010,597	682,475	-
Physical environment	1,107,939	10,477	-
Transportation	87,044	-	-
Cultural and recreation	351,476	2,000	-
Interest expense and other financing costs	654,642	-	-
	<u>7,050,887</u>	<u>1,711,319</u>	<u>-</u>
Total governmental activities			
Business-type activities:			
Stormwater drainage	480,209	164,126	2,059,206
	<u>480,209</u>	<u>164,126</u>	<u>2,059,206</u>
Total business-type activities			
	<u>480,209</u>	<u>164,126</u>	<u>2,059,206</u>
Total primary government	\$ <u><u>7,531,096</u></u>	\$ <u><u>1,875,445</u></u>	\$ <u><u>2,059,206</u></u>

General revenues:

Taxes:

- Ad valorem taxes
- Utility service taxes
- Franchise fees
- Sales, use and fuel taxes
- Special assessments

Other:

- Investment income
- Miscellaneous
- State shared revenues
- Loss on disposition of capital assets

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

Net (Expenses) Revenues and
Changes in Net Assets
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(822,822)	\$ -	\$ (822,822)
(2,328,122)	-	(2,328,122)
(1,097,462)	-	(1,097,462)
(87,044)	-	(87,044)
(349,476)	-	(349,476)
(654,642)	-	(654,642)
<u>(5,339,568)</u>	<u>-</u>	<u>(5,339,568)</u>
<u>-</u>	<u>1,743,123</u>	<u>1,743,123</u>
<u>-</u>	<u>1,743,123</u>	<u>1,743,123</u>
<u>(5,339,568)</u>	<u>1,743,123</u>	<u>(3,596,445)</u>
5,306,108	-	5,306,108
29,621	110,673	140,294
7,093	112,680	119,773
111,569	-	111,569
27,085	-	27,085
36,641	4,080	40,721
114,402	-	114,402
125,300	-	125,300
(6,633)	-	(6,633)
<u>5,751,186</u>	<u>227,433</u>	<u>5,978,619</u>
411,618	1,970,556	2,382,174
<u>12,745,191</u>	<u>6,840,324</u>	<u>19,585,515</u>
<u>13,156,809</u>	<u>\$ 8,810,880</u>	<u>\$ 21,967,689</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, 2011

	General Fund	Town Hall Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 2,124,783	\$ 44,021	\$ -	\$ 420,356	\$ 2,589,160
Investments	2,132,194	-	-	266,748	2,398,942
Accounts receivable	118,729	90,597	6,026	14,452	229,804
Prepaid expenditures	58,006	-	-	-	58,006
Due from other funds	5,524,883	276,179	64,766	-	5,865,828
Other assets	7,938	-	-	7,854	15,792
Total assets	\$ 9,966,533	\$ 410,797	\$ 70,792	\$ 709,410	\$ 11,157,532
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 187,355	\$ 589,728	\$ -	\$ 250,808	\$ 1,027,891
Accrued liabilities	415,957	-	-	-	415,957
Due to other funds	-	774,354	280,021	1,841,604	2,895,979
Builder bond deposits	403,150	-	-	-	403,150
Other deposits	52,500	-	-	-	52,500
Total liabilities	1,058,962	1,364,082	280,021	2,092,412	4,795,477
Fund balances:					
Nonspendable					
Prepaid expenditures	58,006	-	-	-	58,006
Restricted for:					
Debt service	-	-	-	105,107	105,107
Assigned:					
Surplus appropriated for					
following fiscal year	550,000	-	-	-	550,000
Building department	350,000	-	-	-	350,000
Unassigned:					
General Fund	7,949,565	-	-	-	7,949,565
Special Revenue Funds (deficit)	-	-	-	(1,488,109)	(1,488,109)
Debt Service Fund (deficit)	-	-	(209,229)	-	(209,229)
Town Hall Capital Projects Fund (deficit)	-	(953,285)	-	-	(953,285)
Total fund balances (deficit)	8,907,571	(953,285)	(209,229)	(1,383,002)	6,362,055
Total liabilities and fund balances (deficit)	\$ 9,966,533	\$ 410,797	\$ 70,792	\$ 709,410	\$ 11,157,532

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

TOWN OF GOLDEN BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
September 30, 2011

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS IN THE BALANCE SHEET, PAGE 13 \$ 6,362,055

Amounts reported for governmental activities in the statement of net assets 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	\$ 24,752,872	
Accumulated depreciation in	<u>(2,740,806)</u>	22,012,066

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

Net pension obligation		(265,923)
Deferred charge on bond issuance costs (to be amortized over the life of the debt)	261,015	
Less accumulated amortization	<u>(26,175)</u>	234,840

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	(160,470)	
Capital leases	(41,463)	
Compensated absences	(226,167)	
Debt	(14,712,029)	
Other postemployment benefit obligation (OPEB)	<u>(46,100)</u>	<u>(15,186,229)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGES 11 and 12 \$ 13,156,809

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, 2011

	General Fund	Town Hall Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Ad valorem taxes	\$ 4,401,636	\$ -	\$ 904,472	\$ -	\$ 5,306,108
Franchise fees	7,093	-	-	-	7,093
Utility service taxes	29,621	-	-	-	29,621
Licenses and permits	816,286	-	-	-	816,286
Sales, use and fuel taxes	111,569	-	-	-	111,569
State shared revenues	16,560	-	-	108,740	125,300
Physical environment	10,477	-	-	-	10,477
Special assessments	790	-	-	26,295	27,085
Cultural and recreation	2,000	-	-	-	2,000
Stormwater administration fees	200,081	-	-	-	200,081
Fines and forfeitures	648,822	-	-	33,653	682,475
Investment income	32,563	847	-	3,231	36,641
Miscellaneous	76,852	-	-	37,550	114,402
Total revenues	6,354,350	847	904,472	209,469	7,469,138
EXPENDITURES:					
Current:					
General government	1,429,514	6,523	-	164,596	1,600,633
Public safety	2,625,777	-	-	10,137	2,635,914
Physical environment	1,005,526	-	-	364	1,005,890
Transportation	87,044	-	-	-	87,044
Cultural and recreation	324,868	-	-	-	324,868
Capital outlay	162,555	3,636,453	-	486,438	4,285,446
Debt service:					
Principal	-	120,000	353,605	82,226	555,831
Interest	-	11,260	626,210	8,758	646,228
Total expenditures	5,635,284	3,774,236	979,815	752,519	11,141,854
Changes in fund balances	719,066	(3,773,389)	(75,343)	(543,050)	(3,672,716)
FUND BALANCES,					
at beginning of year	8,188,505	2,820,104	(133,886)	(839,952)	10,034,771
FUND BALANCES,					
at end of year	<u>\$ 8,907,571</u>	<u>\$ (953,285)</u>	<u>\$ (209,229)</u>	<u>\$ (1,383,002)</u>	<u>\$ 6,362,055</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 OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS, PAGE 16 \$ (3,672,716)

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	\$ 4,162,817	
Less current year depreciation	<u>(295,780)</u>	3,867,037
 Loss on disposition of capital assets		 (6,633)

The issuance of debt provides current financial resources
to governmental funds and increases liabilities in the
statement of net assets. Repayment of debt principal is
an expenditure in the governmental funds, but the
repayment reduces liabilities in the statement of net assets:

Principal payments on debt	490,307
Capital lease payments	65,672
Amortization of bond premium	-

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 obligation	(288,899)
Change in accrued interest payable	163
Change in compensated absences payable	(10,687)
Change in other postemployment benefit obligation (OPEB)	(23,900)
Provision for amortization of bond issuance costs	<u>(8,726)</u>

CHANGES IN NET ASSETS OF GOVERNMENTAL
ACTIVITIES, PAGE 12 \$ 411,618

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Ad valorem taxes	\$ 4,292,749	\$ 4,292,749	\$ 4,401,636	\$ 108,887
	<u>4,292,749</u>	<u>4,292,749</u>	<u>4,401,636</u>	<u>108,887</u>
Franchise fees:				
Gas	<u>5,000</u>	<u>5,000</u>	<u>6,732</u>	<u>1,732</u>
Total franchise fees	<u>5,000</u>	<u>5,000</u>	<u>6,732</u>	<u>1,732</u>
Utility service taxes:				
Communication service tax	26,973	26,973	24,175	(2,798)
Gas service tax	<u>4,000</u>	<u>4,000</u>	<u>5,446</u>	<u>1,446</u>
Total utility service taxes	<u>30,973</u>	<u>30,973</u>	<u>29,621</u>	<u>(1,352)</u>
Licenses and permits:				
Building permits	213,225	213,225	586,008	372,783
Other licenses and permits	83,200	83,200	219,557	136,357
Occupational licenses	<u>6,000</u>	<u>6,000</u>	<u>11,082</u>	<u>5,082</u>
Total licenses and permits	<u>302,425</u>	<u>302,425</u>	<u>816,647</u>	<u>514,222</u>
Sales, use and fuel taxes:				
State sales tax	56,129	56,129	57,579	1,450
Local option gas tax	24,023	24,023	24,304	281
Local sales tax	<u>9,449</u>	<u>9,449</u>	<u>29,686</u>	<u>20,237</u>
Total sales, use and fuel taxes	<u>89,601</u>	<u>89,601</u>	<u>111,569</u>	<u>21,968</u>
State shared revenues:				
State revenue sharing	16,398	16,398	16,560	162
Motor fuel tax rebate	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total state shared revenues	<u>17,398</u>	<u>17,398</u>	<u>16,560</u>	<u>(838)</u>
Physical environment:				
Reimbursements	13,969	13,969	10,477	(3,492)
Other charges	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total physical environment	<u>14,969</u>	<u>14,969</u>	<u>10,477</u>	<u>(4,492)</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, 2011
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Special assessments	<u>-</u>	<u>-</u>	<u>790</u>	<u>790</u>
Culture and recreation:				
Recreation fees	<u>1,500</u>	<u>1,500</u>	<u>2,000</u>	<u>500</u>
Total culture and recreation	<u>1,500</u>	<u>1,500</u>	<u>2,000</u>	<u>500</u>
Stormwater administration fee	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Fines and forfeitures:				
Code enforcement	10,000	560,000	620,560	60,560
Fines and forfeits	23,000	23,000	26,464	3,464
Law enforcement trust fund	<u>1,500</u>	<u>1,500</u>	<u>1,798</u>	<u>298</u>
Total fines and forfeitures	<u>34,500</u>	<u>584,500</u>	<u>648,822</u>	<u>64,322</u>
Investment income	<u>45,000</u>	<u>45,000</u>	<u>32,563</u>	<u>(12,437)</u>
Miscellaneous:				
Miscellaneous revenue	99,500	99,500	59,455	(40,045)
Transponders	1,000	1,000	1,825	825
Tax lien letter income	4,000	4,000	14,815	10,815
Public records requests	<u>1,000</u>	<u>1,000</u>	<u>838</u>	<u>(162)</u>
Total miscellaneous	<u>105,500</u>	<u>105,500</u>	<u>76,933</u>	<u>(28,567)</u>
Allocation of Fund Balance	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,689,615</u>	<u>5,689,615</u>	<u>6,354,350</u>	<u>664,735</u>
EXPENDITURES:				
General government:				
General and legislative:				
Personal services	5	5	5	-
Operating expenditures	440,700	440,700	445,333	(4,633)
Capital outlay	5,000	5,000	19,289	(14,289)
Contingency	<u>340,162</u>	<u>282,812</u>	<u>-</u>	<u>282,812</u>
Total general and legislative	<u>785,867</u>	<u>728,517</u>	<u>464,627</u>	<u>263,890</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, 2011
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Executive:				
Personal services	386,009	413,709	367,823	45,886
Operating expenditures	86,000	86,000	141,080	(55,080)
Capital outlay	<u>3,600</u>	<u>3,600</u>	<u>14,184</u>	<u>(10,584)</u>
Total executive	<u>475,609</u>	<u>503,309</u>	<u>523,087</u>	<u>(19,778)</u>
Town legal counsel:				
Operating expenditures	<u>279,500</u>	<u>279,500</u>	<u>237,965</u>	<u>41,535</u>
Total Town legal counsel	<u>279,500</u>	<u>279,500</u>	<u>237,965</u>	<u>41,535</u>
Finance:				
Personal services	161,122	163,422	169,905	(6,483)
Operating expenditures	56,900	56,900	67,403	(10,503)
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>13,480</u>	<u>(12,480)</u>
Total finance	<u>219,022</u>	<u>221,322</u>	<u>250,788</u>	<u>(29,466)</u>
Total general government	<u>1,759,998</u>	<u>1,732,648</u>	<u>1,476,467</u>	<u>256,181</u>
Public safety:				
Law enforcement:				
Personal services	2,052,551	2,064,401	1,837,159	227,242
Operating expenditures	334,200	334,200	471,092	(136,892)
Capital outlay	<u>44,000</u>	<u>44,000</u>	<u>25,360</u>	<u>18,640</u>
Total law enforcement	<u>2,430,751</u>	<u>2,442,601</u>	<u>2,333,611</u>	<u>108,990</u>
Protective inspections:				
Personal services	217,527	221,427	206,443	14,984
Operating expenditures	100,920	100,920	111,083	(10,163)
Capital outlay	<u>-</u>	<u>-</u>	<u>11,821</u>	<u>(11,821)</u>
Total protective inspections	<u>318,447</u>	<u>322,347</u>	<u>329,347</u>	<u>(7,000)</u>
Total public safety	<u>2,749,198</u>	<u>2,764,948</u>	<u>2,662,958</u>	<u>101,990</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, 2011
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Physical environment:				
Personal services	675,904	685,554	679,066	6,488
Operating expenditures	328,500	328,500	326,460	2,040
Capital outlay	-	-	32,170	(32,170)
Total physical environment	<u>1,004,404</u>	<u>1,014,054</u>	<u>1,037,696</u>	<u>(23,642)</u>
Transportation:				
Personal services	34,956	34,956	35,197	(241)
Operating expenditures	44,074	44,074	51,847	(7,773)
Total transportation	<u>79,030</u>	<u>79,030</u>	<u>87,044</u>	<u>(8,014)</u>
Cultural and recreation:				
Personal services	132,485	134,435	128,520	5,915
Operating expenditures	152,500	152,500	196,348	(43,848)
Capital outlay	7,000	7,000	46,251	(39,251)
Total cultural and recreation	<u>291,985</u>	<u>293,935</u>	<u>371,119</u>	<u>(77,184)</u>
Total expenditures	<u>5,884,615</u>	<u>5,884,615</u>	<u>5,635,284</u>	<u>249,331</u>
Excess of revenues over expenditures before other financing sources	<u>(195,000)</u>	<u>(195,000)</u>	<u>719,066</u>	<u>914,066</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>(195,000)</u>
Total other financing sources (uses)	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>(195,000)</u>
Change in fund balance	-	-	719,066	719,066
FUND BALANCE, at beginning of year	<u>8,188,505</u>	<u>8,188,505</u>	<u>8,188,505</u>	<u>-</u>
FUND BALANCE, at end of year	<u>\$ 8,188,505</u>	<u>\$ 8,188,505</u>	<u>\$ 8,907,571</u>	<u>\$ 719,066</u>

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

TOWN OF GOLDEN BEACH, FLORIDA
STATEMENT OF NET ASSETS -
PROPRIETARY FUND
September 30, 2011

	<u>Stormwater Utility Fund</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 499,574
Investments	89,453
Accounts receivable	<u>648,931</u>
Total current assets	<u>1,237,958</u>
Noncurrent assets:	
Capital assets, net	<u>13,064,496</u>
Total noncurrent assets	<u>13,064,496</u>
Total assets	<u>14,302,454</u>
 LIABILITIES:	
Current liabilities:	
Accounts payable	455,914
Accrued interest payable	6,620
Current portion of debt	126,291
Due to other funds	<u>2,969,849</u>
Total current liabilities	<u>3,558,674</u>
Noncurrent liabilities:	
Debt	<u>1,932,900</u>
Total noncurrent liabilities	<u>1,932,900</u>
Total liabilities	<u>5,491,574</u>
 NET ASSETS:	
Invested in capital assets, net of related debt	11,005,305
Unrestricted (deficit)	<u>(2,194,425)</u>
Total net assets	<u>\$ 8,810,880</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 ASSETS -
PROPRIETARY FUND
September 30, 2011

	<u>Stormwater Utility Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 164,126
Franchise fees	112,680
Tax revenue	<u>110,673</u>
Total operating revenues	<u>387,479</u>
 OPERATING AND GENERAL EXPENSES:	
Administration fee	200,000
Professional fees	49,332
Depreciation expense	56,128
General expenses	133,694
Maintenance and repair	<u>6,023</u>
Total operating and general expenses	<u>445,177</u>
Operating loss	<u>(57,698)</u>
 NONOPERATING REVENUES (EXPENSES):	
Grant revenues	2,059,206
Investment income	4,080
Interest expense	<u>(35,032)</u>
Total nonoperating revenues (expenses)	<u>2,028,254</u>
Change in net assets	1,970,556
 NET ASSETS, at beginning of year	 <u>6,840,324</u>
 NET ASSETS, at end of year	 \$ <u><u>8,810,880</u></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
September 30, 2011

	<u>Stormwater Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 380,318
Cash paid for goods and services	<u>(546,222)</u>
Net cash used in operating activities	<u>(165,904)</u>
CASH FLOWS FROM NONOPERATING ACTIVITIES:	
Cash received from grants	<u>2,894,265</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Change in due to/from balances	(1,017,904)
Interest paid	(37,794)
Bond principal payments	<u>(125,362)</u>
Net cash used in financing activities	<u>(1,181,060)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income received	4,080
Purchase of investments	(842)
Purchase of capital assets	<u>(2,495,656)</u>
Net cash used in investing activities	<u>(2,492,418)</u>
Net decrease in cash and cash equivalents	(945,117)
CASH AND CASH EQUIVALENTS, at beginning of year	<u>1,444,691</u>
CASH AND CASH EQUIVALENTS, at end of year	\$ <u><u>499,574</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (57,698)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Provision for depreciation	56,128
(Increase) decrease in accounts receivable	(7,161)
Increase (decrease) in accounts payable	<u>(157,173)</u>
Total adjustments	<u>(108,206)</u>
Net cash used in operating activities	\$ <u><u>(165,904)</u></u>

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

TOWN OF GOLDEN BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS -
RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF GOLDEN BEACH
September 30, 2011

ASSETS:		
Cash and cash equivalents		\$ 189,617
Receivables:		
Employee contribution	\$ 12,447	
Interest	<u>18,652</u>	31,099
Investments		<u>3,960,546</u>
Total assets		<u>4,181,262</u>
LIABILITIES:		
Accrued expenses		<u>22,943</u>
Total liabilities		<u>22,943</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		\$ <u><u>4,158,319</u></u>

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 ASSETS -
RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF GOLDEN BEACH
September 30, 2011

ADDITIONS:

Contributions:

Employer	\$	95,942
Employees		<u>99,412</u>

Total contributions		<u>195,354</u>
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Investment income:

Net depreciation in fair value of Plan investments		(111,937)
Interest and dividend income		<u>105,515</u>

Total investment income		<u>(6,422)</u>
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Total additions		<u>188,932</u>
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DEDUCTIONS:

Benefits paid		216,884
Consulting and advisory fees		45,673
Professional fees		22,707
Other		6,712
Refund of contributions		<u>42,144</u>

Total deductions		<u>334,120</u>
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Net decrease		(145,188)
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, at beginning of year		<u>4,303,507</u>
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, at end of year	\$	<u><u>4,158,319</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

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 assets 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 assets, revenues and expenditures. An emphasis is placed on major funds within the governmental category.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

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 Town Hall Capital Projects 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 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 fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of 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.

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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting (continued):

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.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private sector guidance.

Budgets:

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

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

TOWN OF GOLDEN BEACH, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets:

- 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, Town Hall Capital Projects Fund and the Debt Service Fund. Budget appropriations lapse at year end.
- g. The budgets for the General, Special Revenue, Town Hall Capital Projects 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 2011 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

Finance	\$	(29,466)
Physical Environment		(23,642)
Transportation		(8,014)
Culture and recreation		(77,184)

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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

Accounts receivable:

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

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity classifications:

Government-wide statements

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

- a. Invested in capital assets net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets net of related debt."

Fund statements

During the year, the City 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 City 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.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City 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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Assigned: This classification includes amounts that are constrained by the City'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 City 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.

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, 2010, upon which the 2010-2011 levy was based, was approximately \$ 644,200,000. The Miami-Dade County Tax Collector bills and collects all property taxes for the Town.

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, 2011 was \$ 7.0140 per \$ 1,000 and \$ 1.4860 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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 assets, 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 through August 17, 2012, 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, 2011, 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.

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 (the “State Pool”). The State Pool is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight. Previously, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (“LGIP” and “Fund B”).

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

Total governmental and proprietary investments at September 30, 2011 were as follows:

	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
LGIP	\$ 45,094	\$ -	\$ -	\$ 45,094
LGIP - Fund B	34,516	-	-	34,516
Non-negotiable certificates of deposit	<u>2,408,785</u>	<u>2,408,785</u>	<u>-</u>	<u>-</u>
	\$ <u>2,488,395</u>	\$ <u>2,408,785</u>	\$ <u>-</u>	\$ <u>79,610</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 LGIP is rated AAAM by Standard and Poor's and Fund B is not rated by any nationally recognized statistical rating agency.

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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

Investment	Maturities	Fair Value
Common stock	Not applicable	\$ 2,242,867
Corporate bonds	October 1, 2011 through September 30, 2012	136,685
Corporate bonds	October 1, 2012 through September 30, 2013	71,530
Corporate bonds	October 1, 2013 through September 30, 2014	120,691
Corporate bonds	October 1, 2014 through September 30, 2015	142,178
Corporate bonds	October 1, 2016 through September 30, 2017	45,696
Corporate bonds	October 1, 2017 through September 30, 2018	188,762
Corporate bonds	October 1, 2018 through September 30, 2019	59,176
Government bonds	October 2011 through September 30, 2012	259,572
Government bonds	October 1, 2012 through September 30, 2013	321,935
Government bonds	October 1, 2013 through September 30, 2014	77,608
Government bonds	October 1, 2014 through September 30, 2015	83,866
Government bonds	October 1, 2015 through September 30, 2016	11,588
Government bonds	October 1, 2016 through September 30, 2017	71,133
Government bonds	October 1, 2018 through September 30, 2019	26,737
Government bonds	October 1, 2019 through September 30, 2020	100,522
	Total investments	\$ <u>3,960,546</u>

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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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, 2011, the Plan's corporate bonds were rated between A3 and AA2 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, 2011, investments held in one fund consisting of United States Treasury notes in the amount of \$ 788,582 exceeded 5% of Plan net assets.

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, 2011 was as follows:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,878,598	\$ -	\$ -	\$ 1,878,598
Construction in progress	<u>13,947,218</u>	<u>3,678,021</u>	<u>-</u>	<u>17,625,239</u>
Total capital assets, not being depreciated	<u>15,825,816</u>	<u>3,678,021</u>	<u>-</u>	<u>19,503,837</u>
Capital assets, being depreciated:				
Equipment and vehicles	2,340,490	469,151	124,757	2,684,884
Buildings	943,661	2,640	-	946,301
Infrastructure	908,969	7,569	-	916,538
Improvements other than buildings	<u>695,876</u>	<u>5,436</u>	<u>-</u>	<u>701,312</u>
Total capital assets, being depreciated	<u>4,888,996</u>	<u>484,796</u>	<u>124,757</u>	<u>5,249,035</u>
Total capital assets	<u>20,714,812</u>	<u>4,162,817</u>	<u>124,757</u>	<u>24,752,872</u>
Less accumulated depreciation for:				
Equipment and vehicles	1,675,045	209,381	118,124	1,766,302
Buildings	209,329	19,977	-	229,306
Infrastructure	406,724	35,140	-	441,864
Improvements other than buildings	<u>272,052</u>	<u>31,282</u>	<u>-</u>	<u>303,334</u>
Total accumulated depreciation	<u>2,563,150</u>	<u>295,780</u>	<u>118,124</u>	<u>2,740,806</u>

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 - CAPITAL ASSETS (continued)

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Total capital assets, being depreciated, net	<u>2,325,846</u>	<u>189,016</u>	<u>6,633</u>	<u>2,508,229</u>
Governmental activities capital assets, net	\$ <u>18,151,662</u>	\$ <u>3,867,037</u>	\$ <u>6,633</u>	\$ <u>22,012,066</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ <u>9,058,334</u>	\$ <u>2,448,656</u>	\$ <u>-</u>	\$ <u>11,506,990</u>
Total capital assets, not being depreciated	<u>9,058,334</u>	<u>2,448,656</u>	<u>-</u>	<u>11,506,990</u>
Capital assets, being depreciated:				
Equipment and vehicles	-	47,000	-	47,000
Improvements other than buildings	<u>2,104,814</u>	<u>-</u>	<u>-</u>	<u>2,104,814</u>
Total capital assets, being depreciated	<u>2,104,814</u>	<u>47,000</u>	<u>-</u>	<u>2,151,814</u>
Total capital assets	<u>11,163,148</u>	<u>2,448,656</u>	<u>-</u>	<u>13,611,804</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>538,180</u>	<u>56,128</u>	<u>-</u>	<u>594,308</u>
Total accumulated depreciation	<u>538,180</u>	<u>56,128</u>	<u>-</u>	<u>594,308</u>
Total capital assets, being depreciated, net	<u>1,566,634</u>	<u>(9,128)</u>	<u>-</u>	<u>1,557,506</u>
Business-type activities capital assets, net	\$ <u>10,624,968</u>	\$ <u>2,439,528</u>	\$ <u>-</u>	\$ <u>13,064,496</u>

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

Governmental activities:	
General government	\$ 55,310
Public safety	125,411
Physical environment	91,988
Cultural and recreation	<u>23,071</u>
Total depreciation expense - governmental activities	\$ <u>295,780</u>
Business-type activities:	
Stormwater drainage	\$ <u>56,128</u>

TOWN OF GOLDEN BEACH, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2011

NOTE 5 - LONG-TERM DEBT

a. Summary of long-term debt

Long-term debt at September 30, 2011 is comprised of the following:

Governmental activities:

\$ 14,445,000 Special Assessment General Obligation Bonds, Series 2008; due in annual installments through January 2038; interest payable semi-annually at rates ranging from 3.0% to 5.0% (net of unamortized premium of \$ 48,608).	\$ 13,848,608
Capital Improvement Refunding Revenue Note, Series 2010 (formerly 2009); interest payable in quarterly installments at 2.00%. The note is collateralized by non-ad valorem taxes. This note was renewed during the current year ended September 30, 2011.	780,000
Special Assessment Improvement Refunding Bonds, Series 1994B; payable in annual installments through May 2012; interest payable annually on May 1 at 5.25%. The bonds are collateralized by real property.	83,421
Capital lease for five vehicles at 3.25% interest, payable in quarterly installments of \$ 8,609 including interest, through November 2012.	<u>41,463</u>
	\$ <u><u>14,753,492</u></u>

Business-type activities:

Department of Environmental Protection, Revolving Loan, payable in semiannual installments of \$ 81,578 including interest at 1.81%, every June 15th and December 15th, until June 2026, when all remaining principal and interest is due. Loan payments are collateralized by electric franchise fees.	\$ <u>2,059,191</u>
	\$ <u><u>2,059,191</u></u>

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 5 - LONG-TERM DEBT (continued)

The following is a summary of changes in long-term debt for the year ended September 30, 2011:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011	Due Within One Year
Governmental activities:					
Special Assessment General Obligation Bonds, Series 2008	\$ 14,133,608	\$ -	\$ 285,000	\$ 13,848,608	\$ 295,000
Capital Refunding Revenue Note, Series 2010	900,000	-	120,000	780,000	120,000
Special Assessment Improvement Refunding Bonds, Series 1994B	168,728	-	85,307	83,421	83,421
Capital leases: Five vehicles	73,905	-	32,442	41,463	33,471
Four vehicles	33,230	-	33,230	-	-
Total governmental activities	15,309,471	-	555,979	14,753,492	531,892
Business-type activities:					
Department of Environmental Protection, Revolving Loans	2,184,553	-	125,362	2,059,191	126,291
Total business-type activities	2,184,553	-	125,362	2,059,191	126,291
Total governmental and business-type activities	\$ 17,494,024	\$ -	\$ 681,341	\$ 16,812,683	\$ 658,183

b. **Summary of significant debt terms:**

Governmental activities:

\$ 14,445,000 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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 5 - LONG-TERM DEBT (continued)

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.

\$ 1,339,912 Capital Improvement Refunding Revenue Note Series 2010 previously known as Capital Refunding Revenue Note, Series 2009 – In 2009 the Town obtained \$ 1,339,912 from a Capital Refunding Revenue Note, Series 2009 at a stated interest rate of 3.75% per annum. During the current year the note was renewed and the renewed note calls for quarterly installments of interest only payments at 2.00% through October 2012 with principal due October 2011 of \$ 120,000 and all remaining principal due October 2012. The notes are secured by non-ad valorem tax revenues.

\$ 1,018,400 special assessment improvement refunding bonds, Series 1994B - The Town previously issued \$ 1,018,400 of Special Assessment Improvement Refunding Bonds, Series 1994B. The bonds have a stated interest rate of 5.25%. The Series 1994 Bonds were issued to provide funds, together with other funds of the Town, to 1) refund and retire the Town's then outstanding Special Assessment Improvement Bonds, Series 1989, 2) refund and retire the Town's then obligation under the loan made pursuant to an interlocal agreement between the Town and Miami-Dade County, Florida, 3) fund the reserve account, and 4) pay certain costs incidental to the issuance of the Series 1994 Bonds. The payment of the principal and interest on the Series 1994 Bonds are secured equally and ratably by a lien on and pledge of special assessments.

The special assessment collections are recorded as revenue in the Special Revenue Fund. Funds are transferred to the Debt Service Fund to cover the required principal and interest payments. Because the Town is obligated in some manner under the 1994 Bonds, the bonds are identified as "Special Assessment Debt with Governmental Commitment" and are recorded as long-term debt of the Town.

c. Annual debt service requirements:

Governmental activities:

The aggregate annual debt service requirements for the Special Assessment Bonds, Series 1994B and Series 2008 are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 378,421	\$ 623,745	\$ 1,002,166
2013	300,000	610,324	910,324
2014	310,000	601,324	911,324
2015	320,000	591,249	911,249
2016	330,000	580,849	910,849
2017-2021	1,855,000	2,709,421	4,564,421
2022-2026	2,275,000	2,288,104	4,563,104
2027-2031	2,835,000	1,720,296	4,555,296
2032-2036	3,585,000	970,580	4,555,580
2037-2038	1,695,000	128,250	1,823,250
	<u>\$ 13,883,421</u>	<u>\$ 10,824,142</u>	<u>\$ 24,707,563</u>

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 5 - LONG-TERM DEBT (continued)

The aggregate annual debt service requirements for the Capital Refunding Revenue Note, Series 2010 is as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 120,000	\$ 13,823	\$ 133,823
2013	660,000	3,306	663,306
Thereafter	-	-	-
	<u>\$ 780,000</u>	<u>\$ 17,129</u>	<u>\$ 797,129</u>

The annual debt service requirements for the capital leases are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 33,471	\$ 964	\$ 34,435
2013	7,992	616	8,608
Thereafter	-	-	-
	<u>\$ 41,463</u>	<u>\$ 1,580</u>	<u>\$ 43,043</u>

Business-type activities:

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

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 126,291	\$ 36,865	\$ 163,156
2013	128,596	34,560	163,156
2014	130,942	32,214	163,156
2015	133,332	29,824	163,156
2016	135,766	27,390	163,156
2017-2021	716,913	98,867	815,780
2022-2026	687,351	31,144	718,495
Thereafter	-	-	-
	<u>\$ 2,059,191</u>	<u>\$ 290,864</u>	<u>\$ 2,350,055</u>

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at September 30, 2011 were as follows:

	<u>Vendors</u>	<u>Subcontractors</u>	<u>Total Accounts Payable</u>
Governmental activities:			
General Fund	\$ 187,355	\$ -	\$ 187,355
Town Hall Capital Projects Fund	422,400	167,328	589,728
Special Revenue Funds	<u>121,392</u>	<u>129,416</u>	<u>250,808</u>
Total governmental activities	<u>\$ 731,147</u>	<u>\$ 296,744</u>	<u>\$ 1,027,891</u>
Proprietary Fund	<u>\$ 53,478</u>	<u>\$ 402,436</u>	<u>\$ 455,914</u>

NOTE 7 - RETIREMENT PLANS

Description:

The Town has two defined benefit plans: 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”). Both the Plan and the Fund are single-employer defined benefit plans. The Town of Golden Beach Police Officer’s Retirement 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.

Assets:

Plan membership consisted of the following at September 30, 2011:

	<u>General</u>	<u>Police</u>
Retirees and beneficiaries receiving benefits and terminated members entitled to benefits, but not yet receiving them	6	10
Active plan members	<u>19</u>	<u>17</u>
	<u>25</u>	<u>27</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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 7 - RETIREMENT PLANS

Administrative costs of the Plan are financed through current or prior investment earnings. The contribution requirements for the Plan for the covered payroll and actual contributions made for the fiscal year ended September 30, 2011 and the two preceding years were as follows:

	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
Annual required contributions	\$ 383,027	\$ 367,275	\$ 345,017
Interest on net pension obligation	(1,437)	(1,437)	-
Adjustment to annual required contribution	<u>3,251</u>	<u>3,114</u>	<u>15,736</u>
Annual pension cost	384,841	368,952	360,753
Contribution made	95,942	372,769	360,753
Increase (decrease) in net pension obligation	288,899	(3,817)	-
Net pension obligation (asset) beginning	(22,976)	(19,159)	(19,159)
Net pension obligation (asset) ending	265,923	(22,976)	(19,159)

Three-Year Trend Information

<u>Year Ending September 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2009	\$ 360,753	101%	\$ (19,159)
2010	368,952	101%	(22,976)
2011	384,841	25%	265,923

Schedule of Funding Progress:

The funded status of the Plan as of the most recent actuarial valuation was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Frozen Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Frozen Actuarial Accrued Liability</u>	<u>Funded Ratio %</u>	<u>Annual Covered Payroll</u>	<u>Unfunded (Overfunded) Frozen Actuarial Accrued Liability as % of Annual Covered Payroll</u>
10/01/10	\$ 4,188,963	\$ 5,521,326	\$ 1,332,363	75.9	\$ 1,920,856	69.4

The actuarial accrued liability is determined using a frozen entry age actuarial cost method. The actuarial value of Plan assets was determined using the market value less unrecognized capital appreciation at the rate of 20% per year. The amortization method is level dollar – closed, with a remaining amortization period of 30 years. Actuarial assumptions include (a) 7.5% investment rate of return, and (b) projected salary increases of 5.0% per year.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 7 - RETIREMENT PLANS (continued)

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the basic financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the frozen actuarial accrued liability for benefits.

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 retiree that is no greater than the cost at which coverage is available for active employees. 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, 2009:

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (continued)

Annual required contribution	\$	23,900
Interest on prior net OPEB obligation		900
Prior net OPEB obligation adjustment		<u>(900)</u>
Annual OPEB cost		<u>23,900</u>
Contribution made		-
Increase in net OPEB obligation		<u>23,900</u>
Net OPEB obligation, beginning of year		<u>22,200</u>
Net OPEB obligation, end of year	\$	<u><u>46,100</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, 2011 was as follows:

Annual OPEB cost	\$	23,900
Contribution made	\$	-
Percentage of OPEB cost contributed		-
Net OPEB obligation	\$	46,100

Funded Status and Funding Progress:

Actuarial Valuation Date	Plan Assets	Accrued Liability	Unfunded Liability	Funded Ratio %	Expected Covered Payroll	Unfunded % of Payroll
10/01/09	\$ -	\$ 105,900	\$ 105,900	0.0	\$ 1,813,000	5.8

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 schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the basic financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 - INDIVIDUAL FUND DISCLOSURES

At September 30, 2011, the following funds had a deficit fund balance. The Town expects to reduce these deficits through funding by the General Fund.

			<u>Deficit Fund Balance</u>
Town Hall Capital Projects Fund	\$		(953,285)
Debt Service Fund			(209,229)
Bridge Fund			(200,513)
Law Enforcement Fund			(47,248)
Water Distribution Fund			(1,240,348)

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at September 30, 2011 were as follows:

		<u>Receivables</u>		<u>Payables</u>
General Fund	\$	5,524,883	\$	-
Town Hall Capital Projects Fund		276,179		(774,354)
Debt Service Fund		64,766		(280,021)
Bridge Fund		-		(190,262)
Special Assessment II Fund		-		(233,391)
Law Enforcement Trust Fund		-		(416,527)
Water Distribution Fund		-		(1,001,424)
		<u>5,865,828</u>		<u>(2,895,979)</u>
Total governmental funds		5,865,828		(2,895,979)
Proprietary Fund		<u>-</u>		<u>(2,969,849)</u>
Total	\$	<u><u>5,865,828</u></u>	\$	<u><u>(5,865,828)</u></u>

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.

NOTE 11 - RISK MANAGEMENT

For the year ended September 30, 2011, 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.

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 12 - 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 13 - COMMITMENTS

The Town has an active construction project as September 30, 2011. The project is for the renovation of the Stormwater drainage system. On August 12, 2008 a contract was awarded by the Town to continue construction in one phase rather than six phases as originally designed. Construction commenced in October 28, 2008. At year end the Town's commitment with the contractor is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Stormwater drainage system	\$ 10,869,470	\$ 1,738,985

NOTE 14 - SUBSEQUENT EVENT

In February 2012 the Town awarded Iron Sky the Closed Circuit TV (CCTV) Town wide video surveillance for the purpose of added security to residents.

In May of 2012, the Town awarded American Bridge the Bridge replacement project which include The Stand and Navonna Avenue bridges in the amount of approximately \$ 7,900,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF GOLDEN BEACH, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES
OF THE TOWN OF GOLDEN BEACH-
SCHEDULE OF FUNDING PROGRESS
For the Last Six Fiscal Years

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Frozen Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Frozen Actuarial Accrued Liability</u>	<u>Funded Ratio %</u>	<u>Annual Covered Payroll</u>	<u>Unfunded (Overfunded) Frozen Actuarial Accrued Liability as % of Annual Covered Payroll</u>
10/01/03	\$ 2,278,052	\$ 2,936,301	\$ 658,249	77.6	\$ 1,511,657	43.5
10/01/05	\$ 2,539,972	\$ 3,558,590	\$ 1,018,618	71.4	\$ 1,661,440	61.3
10/01/07	\$ 3,287,528	\$ 4,220,357	\$ 932,829	77.9	\$ 1,878,920	49.6
10/01/08	\$ 3,531,854	\$ 4,490,321	\$ 958,467	78.7	\$ 1,811,913	52.9
10/01/09	\$ 3,855,187	\$ 5,183,295	\$ 1,328,108	74.4	\$ 1,813,079	73.3
10/01/10	\$ 4,188,963	\$ 5,521,326	\$ 1,332,363	75.9	\$ 1,920,856	69.4

NOTE: The most recent actuarial valuation available is as of October 1, 2010.

TOWN OF GOLDEN BEACH, FLORIDA
 RETIREMENT PLAN FOR EMPLOYEES OF
 THE TOWN OF GOLDEN BEACH -
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
 For The Last Six Fiscal Years

Year Year Ended <u>September 30.</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2006	285,813	285,813	100%
2007	343,970	343,970	100%
2008	365,538	357,389	98%
2009	345,017	360,753	105%
2010	367,275	372,769	101%
2011	383,027	95,942	25%

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>
10/01/10	\$ -	\$ 105,900	\$ 105,900	0.0	\$ 1,813,000	5.8

**OTHER SUPPLEMENTARY
INFORMATION**

TOWN OF GOLDEN BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2011

	Special Revenue Funds				Total
	Bridge Fund	Special Assessment II Fund	Law Enforcement Fund	Water Distribution Fund	
ASSETS:					
Cash and cash equivalents	\$ -	\$ 316,508	\$ 103,848	\$ -	\$ 420,356
Investments	-	7,538	259,210	-	266,748
Accounts receivable	-	14,452	-	-	14,452
Other assets	-	-	7,854	-	7,854
	-	-	7,854	-	7,854
Total assets	\$ -	\$ 338,498	\$ 370,912	\$ -	\$ 709,410
LIABILITIES AND FUND BALANCE DEFICIT:					
Liabilities:					
Accounts payable	\$ 10,251	\$ -	\$ 1,633	\$ 238,924	\$ 250,808
Due to other funds	190,262	233,391	416,527	1,001,424	1,841,604
Total liabilities	200,513	233,391	418,160	1,240,348	2,092,412
Fund balances (deficit):					
Restricted for:					
Debt service	-	105,107	-	-	105,107
Unassigned (deficit)	(200,513)	-	(47,248)	(1,240,348)	(1,488,109)
Total fund balance (deficit)	(200,513)	105,107	(47,248)	(1,240,348)	(1,383,002)
Total liabilities and fund balances (deficit)	\$ -	\$ 338,498	\$ 370,912	\$ -	\$ 709,410

TOWN OF GOLDEN BEACH, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	Special Revenue Funds				Total
	Bridge Fund	Special Assessment II Fund	Law Enforcement Fund	Water Distribution Fund	
REVENUES:					
State shared revenues	\$ -	\$ -	\$ 108,740	\$ -	\$ 108,740
Fines/forfeitures	-	-	33,653	-	33,653
Special assessments	-	26,295	-	-	26,295
Investment income	-	632	2,599	-	3,231
Miscellaneous	-	-	-	37,550	37,550
Total revenues	<u>-</u>	<u>26,927</u>	<u>144,992</u>	<u>37,550</u>	<u>209,469</u>
EXPENDITURES:					
Current:					
General government	139,587	-	25,009	-	164,596
Public safety	-	-	10,137	-	10,137
Physical environment	364	-	-	-	364
Capital outlay	-	-	326,151	160,287	486,438
Debt service:					
Principal	-	82,226	-	-	82,226
Interest	-	8,758	-	-	8,758
Total expenditures	<u>139,951</u>	<u>90,984</u>	<u>361,297</u>	<u>160,287</u>	<u>752,519</u>
Changes in fund balances	<u>(139,951)</u>	<u>(64,057)</u>	<u>(216,305)</u>	<u>(122,737)</u>	<u>(543,050)</u>
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>(60,562)</u>	<u>169,164</u>	<u>169,057</u>	<u>(1,117,611)</u>	<u>(839,952)</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ (200,513)</u>	<u>\$ 105,107</u>	<u>\$ (47,248)</u>	<u>\$ (1,240,348)</u>	<u>\$ (1,383,002)</u>

TOWN OF GOLDEN BEACH, FLORIDA

COMPLIANCE SECTION

For the Year Ended September 30, 2011

TOWN OF GOLDEN BEACH, FLORIDA

COMPLIANCE SECTION

For the Year Ended September 30, 2011

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Independent Auditors' Report to Town Management	5-6
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs – Federal Programs	9-10
Summary Schedule of Prior Audit Findings and Questioned Costs	11
Summary Schedule of Audit Findings	12-13
Auditee Corrective Action Plan	



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Golden Beach, Florida (the "Town") as of and for the year ended September 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Town in the schedule of audit findings on pages 12 and 13.

The Town's responses to the matters identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of Town management, members of the Town Council, the State of Florida Auditor General, Federal and state awarding agencies and other grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2012



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Golden Beach, Florida (the "Town") with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major Federal programs for the year ended September 30, 2011. The Town's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements laws, regulations, contracts and grants applicable to its major Federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program identified in the accompanying schedule of findings and questions costs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town of Golden Beach, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs identified in the accompanying schedule of findings and questioned costs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those compliance requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-02.

Internal Control over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the 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, as of and for the year ended September 30, 2011, and have issued our report thereon dated August 17, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of Town management, members of the Town Council, the State of Florida Auditor General, Federal and state awarding agencies and other grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2012



INDEPENDENT AUDITORS' REPORT TO TOWN MANAGEMENT

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

We have audited the financial statements of the Town of Golden Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated August 17, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance that could have a Direct and Material Effect on each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 17, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report, except as noted in the Summary Schedule of Audit Findings on pages 12 and 13.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Golden Beach, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations to improve financial management are included in the Summary Schedule of Audit Findings on pages 12 and 13.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Town of Golden Beach, Florida

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Golden Beach, Florida was established as authorized in Chapter 29446 of Special Acts of Florida, as amended.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2012

TOWN OF GOLDEN BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2011

Federal Agency, Pass-through Entity Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
Direct Programs:				
Department of Justice Federal Forfeitures	*16.XXX	-	\$ 325,717	-
Indirect Programs:				
Passed through Florida Department of Community Affairs Hazard Mitigation Grant Program	*97.039	10HM-06-11-23-02-008	<u>2,059,206</u>	<u>-</u>
Total Federal Awards			\$ <u><u>2,384,923</u></u>	\$ <u><u>-</u></u>

* Denotes a major program

TOWN OF GOLDEN BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the Town and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would be a liability of the Town of Golden Beach, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and state laws and regulations.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Complete Catalog of Federal Domestic Assistance (“CFDA”) numbers are presented for those programs for which such numbers were available. CFDA prefixes are presented for programs for which a complete CFDA number is not available.

TOWN OF GOLDEN BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
For the Year Ended September 30, 2011

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of Town of Golden Beach, Florida were disclosed during the audit.
4. One significant deficiency in internal control relating to the audit of the major Federal award program is reported in the Independent Auditors' Report on Compliance with requirements that could have a Direct and Material Effect on each Major Federal Program on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. This deficiency is not reported as a material weakness.
5. The auditors' report on compliance for the major Federal programs for Town of Golden Beach, Florida expresses an unqualified opinion.
6. No audit findings relative to the major Federal programs for Town of Golden Beach, Florida are reported in Part C of this schedule.
7. The programs/projects tested as a major program/project are as follows:

Federal Program	Federal CFDA No.
Department of Justice Federal Forfeitures	16.XXX
United States Department of Homeland Security - Community Development Block Grants/ Hazard Mitigation Grant Program	97.039

8. The threshold for distinguishing Types A and B programs was \$ 300,000 for the major programs.
9. The Town of Golden Beach, Florida was not determined to be a low-risk auditee pursuant to OMB Circular A-133.

TOWN OF GOLDEN BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
September 30, 2011

B. FINDINGS- FINANCIAL STATEMENT AUDIT

NONE FOR THE CURRENT YEAR

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

See comment 2010-02 Grant Accounting on the Summary Schedule of Prior Audit Findings and Questioned Costs.

D. OTHER ISSUES

No separate management letter is presented because there were no findings required to be reported in the management letter.

A schedule of prior audit findings is required because there was a prior audit finding related to Federal programs.

A corrective action plan is required because there was an audit finding reported under the Federal Single Audit Act in the current year.

TOWN OF GOLDEN BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT
FINDINGS AND QUESTIONED COSTS
September 30, 2011

PRIOR YEAR FINDINGS

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
2010-01 Record capital asset additions and deletions in subsidiary ledger and perform inventory observation on capital assets		X
2010-02 Grant accounting	X	

2010-01 Record all transactions in the fixed asset listing and inventory fixed assets:

During our audit, the Town disposed of certain assets. However, the items were not removed from the fixed asset listing. We believe that the fixed asset listing should be monitored and maintained on a regular basis. As new assets are acquired they should be added to the listing. As assets are disposed of they should be removed from the listing.

The Town should take a physical inventory of its fixed assets on a regular basis (such as every two to three years) to ensure that only active, in-service equipment is included on the Town's financial statements. This will ensure that fixed assets are properly stated and that depreciation is being calculated from a reliable listing.

Current Status: The Town is well aware of the importance of monitoring fixed assets. The Town has acquired a new system that will assist in monitoring and tracking of the new assets. It will also assist in the disposition of the old assets.

2010-02 Grant Accounting:

Condition and Criteria: The Town inadvertently invoiced and was reimbursed for invoices submitted as part of a cost-reimbursement hazard mitigation grant.

Cause and Effect: It appears that the invoices submitted for reimbursement to the funding agency were due to clerical errors during high volume construction project activity where costs were being invoiced and tracked which exceeded the ability of the internal controls of the Town. The finding of \$ 75,027 in fiscal year 2010 has been reported to the agency and adjusted in addition to the Town records being corrected. The finding of \$ 269,872 in fiscal year 2011 has not been reported to the agency, but is adjusted on the Town's records.

Auditors' Recommendation: The Town should develop additional monitoring controls that will track each grant's compliance requirements, reporting requirements, and revenues and expenditures during high volume project activity periods.

Current status: This comment was still applicable for the year ended September 30, 2011.

**TOWN OF GOLDEN BEACH, FLORIDA
SUMMARY SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2011**

PRIOR YEAR INTERNAL CONTROL COMMENTS AND RESPONSES

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
2009-03 Upgrade accounts payable software	X	
2010-03 Record depreciation in the proprietary funds		X
2010-04 Improve bank reconciliation procedures		X

2009-03 Upgrade accounts payable software:

During our audit, we noted that the Town does not currently have an accounts payable detailed schedule showing the amounts due to vendors as of the fiscal year-end. The Town's current accounting system does not have the capability to produce an accounts payable detailed schedule as of the fiscal year-end. The inability of the Town's accounting system to produce an accounts payable detailed schedule leaves the Town with the option of preparing the schedule manually which is inefficient and much more susceptible to error. We recommend that the Town make the necessary upgrade to its accounting system to be able to produce an accounts payable detailed schedule.

Management's response:

The Town understands the importance of an accounts payable detailed schedule that shows what is due to the vendor as of year-end. The Town is still working with the current accounting software to create a report that will suffice the requirement. In the meantime, the Town is also looking at other options with regards to updating the current accounting software, and staff will continue to compile reports for fiscal year end close outs.

CURRENT YEAR INTERNAL CONTROL COMMENTS AND RESPONSES

2011-01 Interfund balances:

During the current fiscal year ended it was necessary to record entries to balance the amounts representing interfund transactions between the various funds. The accounting system used by the Town does not properly record interfund transactions and manual entries need to be recorded to reflect the amounts recorded on behalf of other funds. This caused a variety of interfund balances to not agree with one another.

We recommend that the Town, along with their monthly closing procedures, include a step to properly record and balance these entries so the transactions are reconciled on a monthly basis.

Management's response:

Interfund balances were not processed as the Town's CIP Project was on gong. Management will close out all interfund balances prior to the start of fiscal year 2012-2013 budget.

TOWN OF GOLDEN BEACH, FLORIDA
SUMMARY SCHEDULE OF AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2011

CURRENT YEAR INTERNAL CONTROL COMMENTS AND RESPONSES (CONTINUED)

2011-02 Adjusting journal entries:

The Town's financial audit required numerous material adjusting journal entries in order to prepare financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") and related standards. The financial statements are required to be a product of an internal financial reporting system that offers reasonable assurance that management is able to produce financial statements in accordance with GAAP. We recommend that the Town reviews interim financial data to ensure that the time necessary to research the composition of year-end general ledger balances is minimal.

Management's response:

We will work to develop a program to ensure implementation and timely delivery of year end close-out.

2011-03 Implement formal monthly closing procedures:

As discussed in item 2011-02, we recommended numerous adjusting journal entries during our audit; however, we believe that the Town would benefit from developing a formal monthly closing process. We believe that the year-end closing could proceed more quickly by developing a 1) closing schedule that indicates who will perform each procedure, 2) when completion is due and 3) designate an individual responsible for monitoring and overseeing the procedures and general ledger maintenance.

The procedures should include but are not limited to ensuring that:

- Subsidiary ledgers (accounts payable and receivables) are reconciled and agreed
- Debt service expenditures are properly identified between principal and interest.
- Proper identification of capital outlay and related in-progress projects.
- Ensure proper revenue recognition and cutoff.
- Settlement of monthly due to/from balances.

This process will also assist in the timely preparation of financial statements.

Management's response:

Management has taken steps to ensure proper close out and a process in place and implemented prior to the fiscal year 2011-2012 close out. The Town has begun a new process that includes but not limited to:

- Monthly closing schedules of subsidiary ledgers (accounts payable and receivable)
- Debt service expenditures schedules
- Capital Outlay and related in-progress project schedules
- Monthly logs of settled due to/from balances

Management understands the importance of timely reconciliations and will ensure that the monthly closing process will in fact include a sign off check list and designate the responsible individual for each task. This will ensure the designee will monitor and oversee the procedures and general ledger maintenance.



TOWN OF GOLDEN BEACH

One Golden Beach Drive, Golden Beach, FL 33160
Office (305) 932-0744 • Fax (305) 933-3825

Glenn Singer
Mayor

July 17, 2012

Amy Isackson-Rojas, Esq.
Vice Mayor

*Oversight Agency for Audit:
U.S. Health and Human Services Department*

Kenneth Bernstein, Esq.
Councilmember

To Whom it May Concern:

Bernard Einstein, Esq.
Councilmember

The Town of Golden Beach, Florida respectfully submits the following corrective action plan for the year ended September 30, 2011.

Judy Lusskin
Councilmember

Name and address of independent public account firm:

Alexander Diaz
Town Manager

Keefe, McCullough & Co., LLP
6550 North Federal Highway, Suite 410
Fort Lauderdale, FL 33308

Stephen Helfman, Esq.
Town Attorney

Audit Period: October 1, 2010 through September 30, 2011

Lissette Perez
Interim Town Clerk

The findings reported in the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS– FINANCIAL STATEMENT AUDIT

2010-01 Record all transactions in the fixed asset listing and inventory fixed assets

During our audit, the Town disposed of certain assets. However, the items were not removed from the fixed asset listing. We believe that the fixed asset listing should be monitored and maintained on a regular basis. As new assets are acquired they should be added to the listing. As assets are disposed of they should be removed from the listing.

The Town should take a physical inventory of its fixed assets on a regular basis (such as every two to three years) to ensure that only active, in-service equipment is included on the Town's financial statements. This will ensure that fixed assets are properly stated and that depreciation is being calculated from a reliable listing.

Management's response:

The Town is well aware of the importance of monitoring fixed assets. The Town has acquired a new system that will assist in monitoring and tracking of the new assets. It will also assist in the disposition of the old assets. There is currently an antiquated system to track fixed assets that although not very formal, ensures that Town fixed assets are accounted for.

FINDINGS - FEDERAL AWARDS PROGRAM AUDITS

Hazard Mitigation Grant Program – CFDA number 97.039

2010-02: Grant No. 10HM-06-11-23-02-008

Condition and Criteria: The Town inadvertently invoiced and was reimbursed for invoices submitted as part of a cost-reimbursement hazard mitigation grant.

Cause and Effect: It appears that the invoices submitted for reimbursement to the funding agency were due to clerical errors during high volume construction project activity where costs were being invoiced and tracked which exceeded the ability of the internal controls of the Town. The finding of \$ 75,027 in fiscal year 2010 has been reported to the agency and adjusted in addition to the Town records being corrected. The findings of \$269,872 in fiscal year 2011 has not been reported to the agency and adjusted, but the Town's records are adjusted.

Auditors' Recommendation: The Town should develop additional monitoring controls that will track each grant's compliance requirements, reporting requirements, and revenues and expenditures during high volume project activity periods.

Management's Response: The Town has placed rigorous steps in order to avoid duplication of invoices. The request is processed in three parts. The process starts with the clerical side and then the monitoring side and finally the approval side to avoid duplication. The Town has developed additional monitoring controls the will track each grant's compliance requirements.

If the *U.S. Health and Human Services Department* has questions regarding this plan, please call Ms. Maria D. Camacho at 305-932-0744

Sincerely yours,



Ms. Maria D. Camacho
Finance Director