

**TOWN OF GOLDEN BEACH, FLORIDA**

**COMPLIANCE SECTION**

For the Year Ended September 30, 2012

# TOWN OF GOLDEN BEACH, FLORIDA

## COMPLIANCE SECTION

For the Year Ended September 30, 2012

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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, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 17, 2013. 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

The management of the Town is responsible for establishing and maintaining effective 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 a combination of deficiencies, in internal control 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 was not designed to 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 recommendations to improve the Town's accounting system that we reported to management of the Town in the Summary Schedule of Prior Audit Findings on pages 11 and 12.

The Town's responses to the matters identified in our audit are described in the accompanying Summary Schedule of Prior Audit Findings. 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  
May 17, 2013



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, 2012. 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 of 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 Questioned 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 of the Town's compliance with those requirements.

In our opinion, the Town of Golden Beach, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2012.

## Internal Control over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to its major Federal programs. 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 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 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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. 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, 2012, and have issued our report thereon dated May 17, 2013, 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  
May 17, 2013



## 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, 2012, and have issued our report thereon dated May 17, 2013.

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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, 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, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated May 17, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs 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 findings and recommendations made in the preceding annual financial audit report, except as noted in the Summary Schedule of Prior Audit Findings on pages 11 and 12.

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 recommendation to improve financial management is included in the Summary Schedule of Prior Audit Findings on pages 11 and 12.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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, 2012, 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, 2012. 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  
May 17, 2013

TOWN OF GOLDEN BEACH, FLORIDA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended September 30, 2012

Federal Agency, Pass-through Entity Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
Direct Programs:				
Department of Justice				
Equitable Sharing Program	16.922	-	\$ 868,838	-
Indirect Programs:				
Passed through Florida Department of Community Affairs		10HM-06-11-23-02-006		
Hazard Mitigation Grant Program	*97.039	10HM-06-11-23-02-008	851,363	-
Passed through Florida Department of Transportation				
Highway Planning and Construction	*20.205	430408-1	<u>1,317,226</u>	<u>                    </u>
Total Federal Awards			<u>\$ 3,037,427</u>	<u>\$ -</u>

\* Denotes a major program

**TOWN OF GOLDEN BEACH, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
September 30, 2012

**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.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS**  
For the Year Ended September 30, 2012

**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. No significant deficiencies in internal control relating to the audit of the major Federal awards programs is reported in the 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 and Chapter 10.550, Rules of the Auditor General.
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:

<b>Federal Program</b>	<b>Federal CFDA No.</b>
United States Department of Transportation Highway Planning and Construction	20.205
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, 2012

**B. FINDINGS- FINANCIAL STATEMENT AUDIT**

**NONE FOR THE CURRENT YEAR**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS**

**NONE FOR THE CURRENT YEAR**

**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.

TOWN OF GOLDEN BEACH, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT  
FINDINGS AND QUESTIONED COSTS  
September 30, 2012

**PRIOR YEAR FINDINGS**

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
2010-02 Grant accounting		X

**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 \$ 269,872 in fiscal year 2011 has been reported to the agency and adjusted in 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 no longer relevant for the year ended September 30, 2012.

**PRIOR YEAR INTERNAL CONTROL COMMENTS AND RESPONSES**

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
2009-03 Upgrade accounting software, including accounts payable software	X	
2011-01 Interfund balances		X
2011-02 Adjusting journal entries		X
2011-03 Implement formal monthly closing procedures		X

TOWN OF GOLDEN BEACH, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT  
FINDINGS  
For the Year Ended September 30, 2012

**PRIOR YEAR INTERNAL CONTROL COMMENTS AND RESPONSES (continued)**

**2009-03 Upgrade accounting software, including accounts payable software:**

We have noted that the Town does accounting system in incapable of producing an accounts payable detailed schedule that is date sensitive in order to document the amounts due to vendors as of the fiscal year-end. The Town's current accounting system vendor has been contacted and has not the capability to produce an accounts payable and has not indicated that it will in the future. The inability of the Town's accounting system to produce an accounts payable detailed schedule requires the Town to prepare the schedule manually which is inefficient, time consuming and restricts the flow of information to management regarding amounts due to vendors.

In addition we also noted that the system appears to have restriction in printing directly to electronic versions of documents (PDF's, TXT's)

We recommend that the Town make the necessary upgrade to its accounting system and accounts payable software to be able to produce an accounts payable detailed schedule.

**Management's response:**

Denali, a more robust system is in its pilot phase and we hope to transition to this system for the 2013-2014 fiscal year.