

TOWN OF GOLDEN BEACH, FLORIDA

RESOLUTION NO. 1993.09

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF GOLDEN BEACH, FLORIDA, ACCEPTING THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR FISCAL YEAR 2007/2008 ENDING SEPTEMBER 30, 2008 PREPARED BY KEEFE, MCCULLOUGH & CO., LLP; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, certain general purpose financial statements for the fiscal year 2007/2008 have been prepared and submitted to the Town; and

WHEREAS, the Town Council intends to formally recognize and accept these statements.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF GOLDEN BEACH, FLORIDA, AS FOLLOWS:

**Section 1. Financial Statements Accepted.** That the Town hereby accepts the General Purpose Financial Statements for fiscal year 2007/2008 ending September 30, 2008 prepared by Keefe, McCullough & Co., LLP.

**Section 2. Conflict.** That all resolutions or parts of resolutions in conflict with this Resolution are hereby repealed to the extent of such conflict.

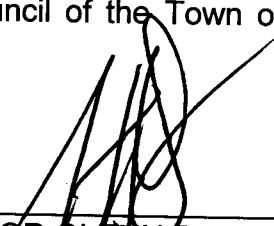
**Section 3. Effective Date.** That this Resolution shall be effective immediately upon adoption.

**Sponsored by Town Administration.**

The Motion to adopt the foregoing resolution was offered by Vice Mayor Lusskin, seconded by Councilmember Rojas, and on roll call the following vote ensued:

Mayor Glenn Singer	<u>Aye</u>
Vice Mayor Judy Lusskin	<u>Aye</u>
Councilmember Ken Bernstein	<u>Aye</u>
Councilmember Ben Einstein	<u>Aye</u>
Councilmember Amy Rojas	<u>Aye</u>


**PASSED AND ADOPTED** by the Town Council of the Town of Golden Beach,  
Florida, this 21<sup>st</sup> day of April, 2009.

  
\_\_\_\_\_  
MAYOR GLENN SINGER

ATTEST:

  
ELIZABETH SEWELL  
TOWN CLERK

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

  
STEPHEN J. HELFMAN  
TOWN ATTORNEY

**TOWN OF GOLDEN BEACH, FLORIDA**  
**BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

TOWN OF GOLDEN BEACH, FLORIDA  
 BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

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TOWN OF GOLDEN BEACH, FLORIDA  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

# BASIC FINANCIAL STATEMENTS

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**OTHER SUPPLEMENTARY  
INFORMATION**

**OTHER REPORTS OF  
INDEPENDENT AUDITORS**

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Councilmembers  
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, 2008, 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 positions of the governmental activities, the business-type activities, each major fund, the cash flows, where applicable, and the aggregate remaining fund information of the Town as of and for the year ended September 30, 2008, 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 April 23, 2009, 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.

Town of Golden Beach, Florida

The Management's Discussion and Analysis on pages 3 through 15 is not a required part of the basic financial statements, but is supplementary information required by the Government Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Town of Golden Beach, Florida taken as a whole. The combining statements, required and other supplementary information, 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. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
April 23, 2009

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2008

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, 2008 and 2007. 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, 2008:

- The Town's net assets, which is total assets less liabilities, were \$ 12,842,794 governmental net assets totaled \$ 10,263,783 and business-type net assets totaled \$ 2,579,011.
- Governmental activities revenues were \$ 8,453,907. The expenses of governmental activities were \$ 5,592,873.
- Business-type activities revenues were \$ 464,066 and business-type expenses amounted to \$ 487,120.
- The total expenses of all Town programs were \$ 6,079,993.
- 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 beach pavilion renovation continues from prior year. Total expenditures on this project as of September 30, 2008 were \$ 730,319. The budgeted amount for this project was \$ 753,650.

The Golden Beach Capital Improvement Plan (CIP) is the ambitious and much-anticipated culmination of planning that began back several years ago. Evaluation and updates in recent years reflect emerging technologies as well as priorities identified by the residents of Golden Beach. The end result is a \$ 22.7 million multi-phase project funded by a voter-approved \$14.5 million General Obligation Bond. Project funds are allocated to improvements in the town's infrastructure and an impressive collection of safety and beautification projects.

Incorporated over 79 years ago, Golden Beach is among the oldest municipalities in Miami-Dade County. Like many county municipalities, the town has grown tremendously in both population and property values. Corresponding growth of infrastructure and management is achieved in accordance with the state's 1985 Growth Management Act. This act requires communities to develop Comprehensive Plans and maintain and update these plans through periodic Evaluation and Appraisal Reports (EAR). This process requires the town to formulate and formally adopt Goals, Objectives and Policies that must meet State Level of Service Guidelines and are intended to guide all further planning, improvements and developments. The Golden Beach Capital Improvement Plan is based on these formally adopted Goals, Objectives and Policies.

In July, 2007, the revised CIP - including costs, management plan, existing funding sources and the proposed Bond Referendum - was presented to the residents in a series of open workshops. On July 17th, 2007 the Town Council unanimously approved the Bond Resolution.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2008

**TOWN HIGHLIGHTS (continued)**

In November 2007, following an aggressive marketing campaign designed to inform and enthuse residents; the community came together and passed the bond with an extraordinary 74% approval rating.

**The Storm Water Utilities Project**

The Stormwater Utilities project is a main factor of the Capital Improvement Project. Details of this component are described under the Stormwater Utility Fund portion of this document; please refer back to that section for further details.

**The Underground Utilities Project**

Utilities undergrounding is one of the major capital improvements earmarked for the future of Golden Beach. Underground electrical power has become the standard of service throughout Florida. Approximately 80% of the Town's residences are connected to the existing aboveground electrical and utilities system. Overhead systems lack reliability are prone to outages and long period of disrupted service, pose severe life safety issues, and have a negative impact on the overall aesthetics and visual appeal of the town.

In direct contrast, underground power systems provide several clear advantages. Underground power is more resistant to wind and weather; significantly less vulnerable to severe weather incidents such as hurricanes, and more reliable than above ground power. Outage duration has been reduced by 20% in other local areas with underground power during major storms, and this reduction may be even greater for Golden Beach since the Town's primary transmission line is also underground. Underground power also offers the reduced likelihood of electrocution due to downed power lines or tree trimming. In addition, underground utilities significantly improve visual appeal and community aesthetics.

Underground power distribution is, in principal, the same as aboveground distribution. As such, transformers remain the primary lines for distribution and service connections will still extend to each residence. However transformers will now be placed on pads on the ground, and all distribution and service lines will now be buried.

**Significant Developments to Date**

- Cost analyses conducted using ballpark pricing from Florida Power and Light, Bell South Telephone and Atlantic Cable. In addition, cost comparisons were conducted with similar projects in the towns of Palm Beach, Jupiter Island and Sunny Isles.
- Undergrounding has begun on portions of Golden Beach Drive and Terracina Avenue south of Verona Avenue. This was done in conjunction with the completed Phase 1 of the Water Way drainage project.
- Underground utilities have been mandated for all new construction in town.
- Golden Beach is working with Florida Power and Light, Bellsouth and Atlantic Broadband to convert to underground all existing overhead facilities within the town's municipal boundaries. This conversion will be conducted by the utilities in three phases.
- The Town has issued an RFP for contractor(s) to install all required underground conduits and pull boxes in the public rights-of-way and perform all planned roadway, landscaping and driveway restoration.

TOWN OF GOLDEN BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2008

**TOWN HIGHLIGHTS** (continued)

**The Water Main Replacement Project**

The Water Main Replacement Project is a main factor of the Capital Improvement Project. Details of this component are described under the Water Main Replacement Fund portion of this document; please refer back to that section for further details.

**Golden Beach Drive Improvement Project**

Improvements to the town's streets are another of the major capital projects approved by the 2007 bond referendum. Golden Beach streets currently do not have sidewalks. Nor do they have curbs, gutters, adequate lighting, irrigated landscaping, or traffic calming measure of any kind.

The absence of these elements severely detracts from the Town's overall aesthetic value and quality of life. Moreover, this absence poses potentially significant life and safety issues. An unsafe, unfriendly and potentially life-threatening environment is created because pedestrians and non-motorized traffic such as baby strollers, cyclists and rollerbladers are forced to share the road with automobile traffic.

The improvements planned by the community are based on standard principals of engineering and urban design. And due to their pervasive lack throughout the town, these improvements are recommended to some degree for every street in Golden Beach.

- Sidewalks

Golden Beach plans to construct a new 8-foot sidewalk along the entire west side of Golden Beach Drive. The west side is recommended due to the presence of the North and South Park along that side. Thus the sidewalk would provide safe and friendly pedestrian use of Golden Beach Drive. As well, it will enhance the community by creating a common space for residents that will increase access to - and subsequently increased use of - these currently underutilized public spaces. Sidewalks are also being added to the west side of A1A; these are fully described in the next section.

- Traffic Calming Measures

A number of recommendations have been made that will improve safety concerns and create a pedestrian friendly environment along Golden Beach Drive. Known as "traffic calming" measures, these improvements will reduce vehicle speeds by imposing physical constraints within and around the roadway area. They include:

- Reducing travel lanes from 11 feet to 9 feet and adding an outside valley gutter
- Highlighting intersections with concrete pavers, colored crosswalks, and landscaped medians
- Constructing landscaped splitter islands between intersections
- Constructing valley gutter and curbing to delineate traffic more effectively and force traffic to reduce speed
- Reducing turning radii at corners of all intersections
- Adding a 7-foot green space between the edge of the proposed pavement and the new sidewalk to provide a comfortable and safe separation of vehicles and pedestrians.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2008

**TOWN HIGHLIGHTS (continued)**

- **Lighting and Landscaping**

The current lighting along Golden Beach Drive is sub par both in terms of safety and aesthetics. The plan calls for the installation of a new, more decorative and efficient lighting system to provide an appropriate measure of safety and enhance the aesthetic value of the community.

Likewise, landscaping along Golden Beach Drive is sub par. The plan includes significant improvements to streetscapes that will best reflect the "tropical paradise" image perpetuated by the Town. Newly installed medians, splitter islands, and green spaces within the street right-of-way will all be improved with new or enhanced landscaping. The effects of these landscaping improvements are proven to be significant contributors to improved safety.

- **Green Space Improvements**

The Capital Improvement Plan also calls for improvements to the green spaces at North and South Parkways. These areas will receive additional landscaping, furnishing to include such items as benches and trash receptacles, and perhaps Gazebos or similar structures to provide an aesthetic focal and gathering point. These improvements are recommended to increase use of these currently underutilized, uninviting spaces, and thereby enhancing the Town's sense of community and the residents' quality of life.

- **Additional Street Improvements**

Collector or minor streets in Golden Beach include South Parkway, North Parkway, Verona, The Strand, Navona, Terracina, Ravenna, Palermo, and Massini, Terranova, Riviera, and Avellino Avenues.

These streets have significantly less vehicular and pedestrian traffic than Golden Beach, and, as such do not require the same degree of safety or community enhancement measures. However, in order to provide improved safety and to maintain aesthetic continuity with the rest of the Town, certain improvements will be undertaken.

The changes include construction of new valley gutter curbing, milling and resurfacing of existing pavement, installation of new, more decorative and efficient lighting, and reinforcement of the existing landscape in a manner that is consistent with improvements that will be made along Golden Beach Drive.

**Significant Developments to Date**

- The Town has issued an RFP for contractor(s) to design and provide all recommended streetscape improvements and enhancements.
- The Town has conducted surveys to identify ideal locations for improvements and has conducted over 100 'soft digs' to verify the absence of pipes and other potential impediments.

**Ocean Boulevard/A1A Improvement Project**

Ocean Boulevard/A-1-A is the most fully developed and urban of all Golden Beach streets. This roadway has a landscaped median, cobra-head lighting, and curb and gutter. However, it, too, is missing sidewalks as well as other key landscaping and safety elements that would best serve The Town.



**TOWN OF GOLDEN BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2008**

**TOWN HIGHLIGHTS (continued)**

Because it is an FDOT roadway, Ocean Boulevard/A-1-A must adhere to design, construction, and permitting guidelines that are unique to State highways. Therefore the Town is working in conjunction with the state to improve both safety and aesthetics with the following improvements.

**New Sidewalks and Crosswalks**

New five-foot sidewalks with concrete pavers and crosswalks will be installed to improve pedestrian safety, reinforce the existing landscape, and provide aesthetic continuity with the rest of the Town.

**Improved Lighting and Landscaping**

Since A-1-A is the "gateway" street into Golden Beach, this town entrance will be significantly improved by the installation of majestic Medjool Date Palms and further enhanced by the addition of up lighting. Not only will this provide a dramatic introductory statement for the town, it is an addition that will match existing palm trees in the median at the extreme north and south ends of Golden Beach.

**New Security Measures**

New security measures will be added on the boulevard as well as on the beach side of the Town.

A new security camera system will be added to Golden Beach Boulevard/A1A. The cameras will show the front and license plate of every vehicle entering and exiting the town, and oftentimes provide a photograph of the driver as well.

New infrared beach cameras will be added on the north and south sides of Golden Beach. This installation includes an alert system that will notify the guardhouse of anyone walking on the beach from the north, the south, or the ocean. The guards will notify the police and the police will follow up appropriately. The system will also include signs alerting the presence of the cameras.

**Significant Developments to Date**

The Town is working with officials from the Florida Department of Transportation on the design and delivery of all recommended enhancements to Ocean Boulevard/A1A.

**The Golden Beach Pavilion Renovation Project**

The renovation of the Town's historic Beach Pavilion was an impressive accomplishment for the Town in 2008. Discussed for years, it was never acted upon by the residents. Finally, under the direction of the Mayor, Town Council and the Town Manager, the Administration was finally able to get the approvals required to move forward with the project, and incorporate it into the Capital Improvement Project already underway.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2008

**TOWN HIGHLIGHTS (continued)**

The Beach Pavilion has been a staple of the Town almost since its incorporation in the late 1920's. Many of its original features have been maintained, including a marble floor and protective awnings. The focus of the renovation was to add all manner of necessary upgrades called for by modern times and structures. Thanks to the coordinated efforts of the Administration, the project was completed well within the established budget.

The newly completed Beach Pavilion now offers residents all the amenities of a private resort. There are private bathrooms with showers, beach attendants, beach chairs and tables, and a private lifeguard on duty. The Pavilion features beautiful landscaping and lovely outdoor spaces. The residents have also incorporated this community space as part of their family histories. Wedding ceremonies, bar mitzvahs, and birthdays are all routinely scheduled within the walls of the newly remodeled Beach Pavilion of Golden Beach.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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 16 through 18 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

TOWN OF GOLDEN BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)  
September 30, 2008

Fund financial statements (continued):

inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The governmental fund financial statements can be found on pages 19 through 26 of this report.

The *proprietary fund* beginning on page 27 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 30, 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 32 through 49 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 50 through 53 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents condensed statements of net assets as of September 30, 2008 and 2007:

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)  
September 30, 2008

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**STATEMENTS OF NET ASSETS**  
September 30, 2008 and 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>Primary Government</u>	<u>2007</u>
CURRENT AND OTHER ASSETS	\$ 21,887,010	\$ 5,564,412	\$ (983,120)	\$ 385,714	\$ 20,903,890	\$ 5,950,126
CAPITAL ASSETS (NET)	<u>5,874,626</u>	<u>4,868,721</u>	<u>4,898,270</u>	<u>4,280,076</u>	<u>10,772,896</u>	<u>9,148,797</u>
Total assets	<u>27,761,636</u>	<u>10,433,133</u>	<u>3,915,150</u>	<u>4,665,790</u>	<u>31,676,786</u>	<u>15,098,923</u>
CURRENT AND OTHER LIABILITIES	2,250,664	598,951	157,319	739,565	2,407,983	1,338,516
LONG-TERM LIABILITIES	<u>15,247,189</u>	<u>2,431,433</u>	<u>1,178,820</u>	<u>1,324,160</u>	<u>16,426,009</u>	<u>3,755,593</u>
Total liabilities	<u>17,497,853</u>	<u>3,030,384</u>	<u>1,336,139</u>	<u>2,063,725</u>	<u>18,833,992</u>	<u>5,094,109</u>
NET ASSETS:						
Invested in capital assets net of related debt	3,864,090	2,847,529	3,648,137	2,885,975	7,512,227	5,733,504
Unrestricted (deficit)	<u>6,399,693</u>	<u>4,555,220</u>	<u>(1,069,126)</u>	<u>(283,910)</u>	<u>5,330,567</u>	<u>4,271,310</u>
Total net assets	\$ <u>10,263,783</u>	\$ <u>7,402,749</u>	\$ <u>2,579,011</u>	\$ <u>2,602,065</u>	\$ <u>12,842,794</u>	\$ <u>10,004,814</u>

The following table presents condensed statements of activities for the years ended September 30, 2008 and 2007:

**STATEMENTS OF ACTIVITIES**  
For the Years Ended September 30, 2008 and 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>Primary Government</u>	<u>2007</u>
REVENUES:						
Program Revenues:						
Charges for services	\$ 1,337,865	\$ 768,615	\$ 162,122	\$ 163,707	\$ 1,499,987	\$ 932,322
Grants	--	--	65,500	120,347	65,500	120,347
General Revenues:						
Property taxes	5,434,517	5,087,002	--	--	5,434,517	5,087,002
Other general revenues	1,520,735	361,762	9,254	14,190	1,529,989	375,952
Other taxes and fees	<u>160,790</u>	<u>156,884</u>	<u>227,190</u>	<u>253,424</u>	<u>387,980</u>	<u>410,308</u>
Total revenues	<u>8,453,907</u>	<u>6,374,263</u>	<u>464,066</u>	<u>551,668</u>	<u>8,917,973</u>	<u>6,935,231</u>
PROGRAM EXPENSES:						
General government	1,543,955	1,562,075	--	--	1,543,955	1,562,075
Public safety	2,657,262	2,510,896	--	--	2,657,262	2,510,896
Physical environment	1,075,233	1,030,929	--	--	1,075,233	1,030,929
Transportation	36,938	40,344	--	--	36,938	40,344
Cultural and recreation	188,503	161,427	--	--	188,503	161,427
Interest expense	90,982	91,648	--	--	90,982	91,648
Stormwater drainage	--	--	487,120	423,479	487,120	423,479
Total expenses	<u>5,592,873</u>	<u>5,397,319</u>	<u>487,120</u>	<u>423,479</u>	<u>6,079,993</u>	<u>5,820,798</u>
Change in net assets	\$ <u>2,861,034</u>	\$ <u>976,944</u>	\$ <u>(23,054)</u>	\$ <u>128,189</u>	\$ <u>2,837,980</u>	\$ <u>1,114,433</u>

TOWN OF GOLDEN BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)  
September 30, 2008

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Unrestricted net assets of \$ 5,330,567 is that portion of net assets that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Tax revenues have been moderately increasing as property assessed values continue to rise in most sections of the Town. Total intergovernmental revenues from nongrant sources, which includes state revenue sharing, and the half-cent sales tax, have increased over 2007.

Business-type activities net assets decreased slightly from \$ 2,602,065 to \$ 2,579,011 due to increases in operating revenues and investment income offset by legal fees associated with the stormwater project, and interest expense.

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 64% of all governmental activities revenue during fiscal year 2008. 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 8.50 from 8.59 during the 2007-2008 fiscal year. Property values have increased approximately 15% over the previous year. Preliminary indications are that property values will increase 2% during the 2007-2008 year. This increase is indicative of demographic changes taking place in the Town and the development of large, private enterprise projects.

Property values are also affected by economic conditions. During prosperous economic periods, property values generally increase, which correspondingly increases property tax revenue. One other contributing factor leading to increased property values is the amount of land available for development in Miami-Dade County. As the County continues development, property values continue to rise. Miami-Dade County has imposed a building moratorium to curb any threat to wetland development. The Town of Golden Beach has led most of Miami-Dade County in increased property values as a percentage over the previous year, despite the fact that it has been substantially built-out since the early 1970s.

Recent tax reform:

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. Amendment 1 became effective on October 1, 2008, with the exception of the 10% assessment cap on non-homestead property, which becomes effective on January 1, 2009.

Amendment 1 increases the current \$ 25,000 homestead exemption by an additional exemption. This additional exemption:

- a. does not apply to homesteads having an assessed value less than \$ 50,000 in amount;
- b. for homesteads which are assessed in value at an amount that is between \$ 50,000 and \$ 75,000, the additional exemption amount is equal to the assessed value less \$ 50,000; and
- c. for homesteads greater than \$ 75,000 in amount, the additional exemption is \$ 25,000.

TOWN OF GOLDEN BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)  
September 30, 2008

Amendment 1 also allows property owners to transfer (make portable) up to \$ 500,000 of their "Save Our Homes" benefits to their next homestead when they move. "Save Our Homes" became effective in 1995 and limits the annual increase in assessed value for homestead property to 3% or the percentage change in the Consumer Price Index, whichever is less. This feature of the reform may overcome the financial impacts of Amendment 1's increased homestead exemptions (as explained above) if homesteads are more willing to sell and buy homesteaded property.

Amendment 1 also limits (caps) the annual increase in assessed value from non-homestead property (business, industrial property, rental property, second homes, etc.) to 10%. Given macro-economic trends, it is unclear whether these kinds of properties will increase in value more than Amendment 1's assessment cap, and so the effect of this reform feature in the near future is not yet ascertainable.

General discussion on expenses:

Expenses for governmental activities were \$ 5,592,873 and \$ 487,120 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.

The number of personnel has increased by adding part-time personnel to meet the necessary demands of the residents for increased services. The Town administration will be able to increase future-year services without increasing the number of full-time personnel employed.

**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 \$ 20,803,056, an increase of approximately 344% over 2007. A total of \$ 7,274,081 of this fund balance is available for spending at the Town's discretion. The remainder of the fund balance of \$ 13,528,975, is reserved for encumbrances, prepaid expenditures, capital projects, and other specifics. The General Fund is the chief operating fund of the Town of Golden Beach.

The General Fund fund balance increased to \$ 7,533,133 during the current fiscal year, an increase of approximately 73%. The increase is primarily due to a significant increase in miscellaneous income, which included litigation settlements and other settlements. Non-major fund balances also increased over 2007.

The deficit of the Debt Service Fund increased due to an increase in interest payments on long-term debt. Transfers from the related Special Assessments II Fund are made to pay the debt service when due. No other transaction activity occurs in these two funds.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)  
September 30, 2008

**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 \$ 2,579,011 at the end of 2008, a decrease of \$ 23,054 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 \$ 1,653,536 more than the final budget projections and total expenditures were \$ 1,677,348 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 \$ 241,558 above budgeted amounts due to new construction during the year.
- b. Investment income received exceeded budgeted amounts by \$ 4,316 due to investing excess cash during the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets:**

The Town had capital assets of \$ 10,772,896 and \$ 9,148,797, net of depreciation, as of September 30, 2008 and 2007, respectively. The following schedule summarizes net capital assets as of those dates:

Capital Assets (Net)  
September 30, 2008 and 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 1,878,598	\$ 1,878,598	\$ --	\$ --	\$ 1,878,598	\$ 1,878,598
Buildings	774,467	794,534	--	--	774,467	794,534
Equipment and vehicles	768,970	707,607	--	--	768,970	707,607
Infrastructure	572,596	607,772	--	--	572,596	607,772
Improvements other than buildings	485,884	516,914	1,678,890	1,735,019	2,164,774	2,251,933
Construction in progress	<u>1,394,111</u>	<u>363,296</u>	<u>3,219,380</u>	<u>2,545,057</u>	<u>4,613,491</u>	<u>2,908,353</u>
Total	\$ <u>5,874,626</u>	\$ <u>4,868,721</u>	\$ <u>4,898,270</u>	\$ <u>4,280,076</u>	\$ <u>10,772,896</u>	\$ <u>9,148,797</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.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)  
September 30, 2008

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

Debt:

The Town had debt of approximately \$ 17.758 million at September 30, 2008. Total debt outstanding at the end of the prior fiscal year was approximately \$ 3.415 million. The net increase of approximately \$ 14.342 million is attributable to the addition of a special assessment general obligation bond incurred for the purpose of significant capital improvements through the Town, and a new capital lease offset by principal payments on the special assessment improvement refunding bonds, Department of Environmental Protection revolving loan, capital leases, and stormwater capital improvement revenue bonds.

**Outstanding Debt**  
**September 30, 2008 and 2007**

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Special assessment general obligation bonds, series 2008	\$ --	\$ 14,497,080	\$ --	\$ 14,497,080	\$ 85,000
Capital Improvement Revenue Notes, Series 2006 and 2006A	1,550,000	--	--	1,550,000	1,550,000
Special Assessment Improvement Refunding Bonds, Series 1994B	391,814	--	(70,626)	321,188	74,298
Capital Leases	<u>79,379</u>	<u>105,076</u>	<u>(45,107)</u>	<u>139,348</u>	<u>71,114</u>
Total governmental activities	<u>2,021,193</u>	<u>14,602,156</u>	<u>(115,733)</u>	<u>16,507,616</u>	<u>1,780,412</u>
<b>Business-type activities:</b>					
Department of Environmental Protection, Revolving Loan	1,320,242	--	(70,109)	1,250,133	71,313
Stormwater Capital Improvement Revenue Bonds, Series 1998	<u>73,858</u>	--	<u>(73,858)</u>	--	--
Total business-type activities	<u>1,394,100</u>	--	<u>(143,967)</u>	<u>1,250,133</u>	<u>71,313</u>
Total governmental and business-type activities	\$ <u>3,415,293</u>	\$ <u>14,602,156</u>	\$ <u>(259,700)</u>	\$ <u>17,757,749</u>	\$ <u>1,851,725</u>



**TOWN OF GOLDEN BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)  
September 30, 2008**

**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.

TOWN OF GOLDEN BEACH, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 13,459,050	\$ 92,023	\$ 13,551,073
Investments	6,285,136	85,301	6,370,437
Accounts receivable	553,193	55,281	608,474
Prepaid expenses	91,237	--	91,237
Net pension asset	19,159	--	19,159
Other assets	2,495	--	2,495
Capital assets, non-depreciable	3,272,709	3,219,380	6,492,087
Capital assets, depreciable	2,601,917	1,678,890	4,280,809
Unamortized bond issue costs	261,015	--	261,015
Internal balance	<u>1,215,725</u>	<u>(1,215,725)</u>	<u>--</u>
Total assets	<u>27,761,636</u>	<u>3,915,150</u>	<u>31,676,786</u>
<b>LIABILITIES:</b>			
Accounts payable	374,598	82,451	457,049
Accrued interest payable	34,941	3,555	38,496
Accrued expenses	44,305	--	44,305
Due within one year:			
Compensated absences payable	16,408	--	16,408
Current portion of capital leases payable	71,114	--	71,114
Current portion of debt	1,709,298	71,313	1,780,611
Due in more than one year:			
Builder bond deposits	360,500	--	360,500
Other deposits	24,377	--	24,377
Compensated absences payable	135,108	--	135,108
Capital leases payable	68,233	--	68,233
Long-term debt	<u>14,658,971</u>	<u>1,178,820</u>	<u>15,837,791</u>
Total liabilities	<u>17,497,853</u>	<u>1,336,139</u>	<u>18,833,992</u>
<b>NET ASSETS:</b>			
Invested in capital assets (net of related debt)	3,864,090	3,648,137	7,512,227
Unrestricted (deficit)	<u>6,399,693</u>	<u>(1,069,126)</u>	<u>5,330,567</u>
Total net assets	<u>\$ 10,263,783</u>	<u>\$ 2,579,011</u>	<u>\$ 12,842,794</u>

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, 2008

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS:</b>			
Primary government:			
Governmental activities:			
General government	\$ 1,543,955	\$ 811,914	\$ --
Public safety	2,657,262	506,601	--
Physical environment	1,075,233	17,462	--
Transportation	36,938	--	--
Cultural and recreation	188,503	1,888	--
Interest expense	90,982	--	--
Total governmental activities	<u>5,592,873</u>	<u>1,337,865</u>	<u>--</u>
Business-type activities:			
Stormwater drainage	487,120	162,122	65,500
Total business-type activities	<u>487,120</u>	<u>162,122</u>	<u>65,500</u>
Total primary government	<u>\$ 6,079,993</u>	<u>\$ 1,499,987</u>	<u>\$ 65,500</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

Total general revenues

Change in net assets

Net assets at beginning of year (as restated, Note 12)

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</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (732,041)	\$ --	\$ (732,041)
(2,150,661)	--	(2,150,661)
(1,057,771)	--	(1,057,771)
(36,938)	--	(36,938)
(186,615)	--	(186,615)
<u>(90,982)</u>	<u>--</u>	<u>(90,982)</u>
<u>(4,255,008)</u>	<u>--</u>	<u>(4,255,008)</u>
<u>--</u>	<u>(259,498)</u>	<u>(259,498)</u>
<u>--</u>	<u>(259,498)</u>	<u>(259,498)</u>
<u>(4,255,008)</u>	<u>(259,498)</u>	<u>(4,514,506)</u>
5,434,517	--	5,434,517
30,905	106,070	136,975
6,368	121,120	127,488
86,622	--	86,622
36,895	--	36,895
134,622	9,254	143,876
1,322,217	--	1,322,217
<u>63,896</u>	<u>--</u>	<u>63,896</u>
<u>7,116,042</u>	<u>236,444</u>	<u>7,352,486</u>
2,861,034	(23,054)	2,837,980
<u>7,402,749</u>	<u>2,602,065</u>	<u>10,004,814</u>
\$ <u>10,263,783</u>	\$ <u>2,579,011</u>	\$ <u>12,842,794</u>

TOWN OF GOLDEN BEACH, FLORIDA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
September 30, 2008

	<u>General Fund</u>	<u>Town Hall Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,015,195	\$ 10,128,540	\$ 315,315	\$ 13,459,050
Investments	6,035,810	--	249,326	6,285,136
Accounts receivable	553,193	--	--	553,193
Prepaid expenditures	91,237	--	--	91,237
Due from other funds	3,220,347	4,311,212	106,052	7,637,611
Other assets	<u>--</u>	<u>--</u>	<u>2,495</u>	<u>2,495</u>
Total assets	\$ <u>12,915,782</u>	\$ <u>14,439,752</u>	\$ <u>673,188</u>	\$ <u>28,028,722</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 252,014	\$ 122,584	\$ --	\$ 374,598
Accrued liabilities	44,305	--	--	44,305
Due to other funds	4,701,453	1,274,202	446,231	6,421,886
Builder bond deposits	360,500	--	--	360,500
Other deposits	<u>24,377</u>	<u>--</u>	<u>--</u>	<u>24,377</u>
Total liabilities	<u>5,382,649</u>	<u>1,396,786</u>	<u>446,231</u>	<u>7,225,666</u>
<b>Reserved for:</b>				
Encumbrances	167,815	--	--	167,815
Prepaid expenditures	91,237	--	--	91,237
<b>Unreserved:</b>				
General Fund	7,274,081	--	--	7,274,081
Special Revenue Funds	--	--	--	376,105
Debt Service Fund (deficit)	--	--	(149,148)	(149,148)
Town Hall Capital Projects Fund	<u>--</u>	<u>13,042,966</u>	<u>--</u>	<u>13,042,966</u>
Total fund balances (deficit)	<u>7,533,133</u>	<u>13,042,966</u>	<u>226,957</u>	<u>20,803,056</u>
Total liabilities and fund balances (deficit)	\$ <u>12,915,782</u>	\$ <u>14,439,752</u>	\$ <u>673,188</u>	\$ <u>28,028,722</u>

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

TOWN OF GOLDEN BEACH, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
September 30, 2008

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS  
IN THE BALANCE SHEET, PAGE 19 \$ 20,803,056

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	\$ 7,879,092	
Accumulated depreciation is	<u>(2,004,466)</u>	5,874,626

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

Net pension assets		19,159
Deferred charge on bond issuance costs (to be amortized over the life of the debt)		261,742
Less accumulated amortization		<u>(727)</u>

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	(34,941)	
Capital leases	(139,347)	
Compensated absences	(151,516)	
Debt	<u>(16,368,269)</u>	<u>(16,694,073)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 16 \$ 10,263,783

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, 2008

	General Fund	Town Hall Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Ad valorem taxes	\$ 5,434,517	\$ --	\$ --	\$ 5,434,517
Miscellaneous	1,322,217	--	--	1,322,217
Licenses and permits	614,708	--	--	614,708
Fines and forfeitures	498,493	--	--	498,493
Stormwater administration fees	197,206	--	8,108	506,601
Investment income	99,316	--	--	99,316
Sales, use and fuel taxes	86,622	21,919	13,387	134,622
State shared revenues	20,766	--	--	20,766
Special assessments	--	--	43,130	43,130
Utility service taxes	30,905	--	36,895	67,800
Physical environment	17,462	--	--	17,462
Franchise fees	6,368	--	--	6,368
Cultural and recreation	1,888	--	--	1,888
	<u>8,330,468</u>	<u>21,919</u>	<u>101,520</u>	<u>8,453,907</u>
<b>Total revenues</b>				
<b>EXPENDITURES:</b>				
Current:				
Public safety	2,450,380	--	2,760	2,453,140
General government	1,337,852	--	10	1,337,862
Physical environment	982,269	--	--	982,269
Cultural and recreation	159,393	--	--	159,393
Transportation	36,908	--	--	36,908
Capital outlay	232,609	1,137,863	133,968	1,504,440
Bond issuance costs	--	261,742	--	261,742
Debt service:				
Principal	45,107	--	70,626	115,733
Interest	173	--	82,891	83,064
	<u>5,244,691</u>	<u>1,399,605</u>	<u>290,255</u>	<u>6,934,551</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>3,085,777</u>	<u>(1,377,686)</u>	<u>(188,735)</u>	<u>1,519,356</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	--	--	111,441	111,441
Transfers out	--	--	(111,441)	(111,441)
Debt proceeds	--	14,497,080	--	14,497,080
Capital lease proceeds	105,076	--	--	105,076
	<u>105,076</u>	<u>14,497,080</u>	<u>--</u>	<u>14,602,156</u>
<b>Total other financing sources (uses)</b>				
Changes in fund balances	3,190,853	13,119,394	(188,735)	16,121,512
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>4,342,280</u>	<u>(76,428)</u>	<u>415,692</u>	<u>4,681,544</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 7,553,133</u>	<u>\$ 13,042,966</u>	<u>\$ 226,957</u>	<u>\$ 20,803,056</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, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 21

\$ 16,121,512

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	\$ 1,274,472	
Less current year depreciation	<u>(268,567)</u>	1,005,905

The issuance of long-term debt provides current financial resources to governmental funds; however, has no effect on net assets:

Bond issue costs		261,742
Debt proceeds		(14,445,000)
Original issue premium		(52,080)
Capital lease payments		45,107
Principal payments on debt		70,626
Capital lease proceeds		<u>(105,076)</u>

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 accrued interest payable		(7,918)
Change in net pension obligation		(2,252)
Change in compensation absences payable		(30,805)
Provision for amortization of bond issuance costs		<u>(727)</u>

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 18

\$ 2,861,034

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, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Ad valorem taxes	\$ 4,751,243	\$ 4,796,003	\$ 44,760
Dedicated capital (ad valorem)	<u>944,888</u>	<u>638,514</u>	<u>(306,374)</u>
	<u>5,696,131</u>	<u>5,434,517</u>	<u>(261,614)</u>
Licenses and permits:			
Building permits	256,950	358,871	101,921
Other licenses and permits	108,200	247,074	138,874
Occupational licenses	<u>8,000</u>	<u>8,763</u>	<u>763</u>
	<u>373,150</u>	<u>614,708</u>	<u>241,558</u>
Investment income	<u>95,000</u>	<u>99,316</u>	<u>4,316</u>
Stormwater administration fee	<u>197,206</u>	<u>197,206</u>	<u>--</u>
Sales, use and fuel taxes:			
State sales tax	64,751	59,905	(4,846)
Local option gas tax	28,548	26,717	(1,831)
Local sales tax	<u>31,783</u>	<u>--</u>	<u>(31,783)</u>
	<u>125,082</u>	<u>86,622</u>	<u>(38,460)</u>
Miscellaneous:			
Miscellaneous revenue	22,500	1,315,390	1,292,890
Transponders	1,500	2,650	1,150
Tax lien letter income	4,000	2,480	(1,520)
Public records requests	<u>3,000</u>	<u>1,697</u>	<u>(1,303)</u>
	<u>31,000</u>	<u>1,322,217</u>	<u>1,291,217</u>
Fines and forfeitures:			
Code enforcement	5,000	393,794	388,794
Proceeds from SFMLTF	60,000	52,522	(7,478)
Fines and forfeits	22,000	50,088	28,088
Law enforcement trust fund	<u>1,000</u>	<u>2,089</u>	<u>1,089</u>
	<u>88,000</u>	<u>498,493</u>	<u>410,493</u>
Utility service taxes:			
Communication service tax	20,335	26,615	6,280
Gas service tax	<u>4,000</u>	<u>4,290</u>	<u>290</u>
	<u>24,335</u>	<u>30,905</u>	<u>6,570</u>

This statement continued on next page

**TOWN OF GOLDEN BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
(continued)

For the Year Ended September 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
State shared revenues:			
State revenue sharing	19,809	17,675	(2,134)
Motor fuel tax rebate	<u>2,250</u>	<u>3,091</u>	<u>841</u>
	<u>22,059</u>	<u>20,766</u>	<u>(1,293)</u>
Physical environment:			
Reimbursements	13,969	17,462	3,493
Other charges	<u>1,000</u>	<u>--</u>	<u>(1,000)</u>
	<u>14,969</u>	<u>17,462</u>	<u>2,493</u>
Franchise fees:			
Gas	<u>5,000</u>	<u>6,368</u>	<u>1,368</u>
Cultural and recreation:			
Recreation fees	<u>5,000</u>	<u>1,888</u>	<u>(3,112)</u>
Total revenues	<u>6,676,932</u>	<u>8,330,468</u>	<u>1,653,536</u>
<b>EXPENDITURES:</b>			
General and legislative:			
Personal services	3	--	3
Operating expenditures	1,759,806	509,990	1,249,816
Capital outlay	10,000	53,582	(43,582)
Contingency	<u>376,142</u>	<u>812</u>	<u>375,330</u>
	<u>2,145,951</u>	<u>564,384</u>	<u>1,581,567</u>
Executive:			
Personal services	327,726	376,615	(48,889)
Operating expenditures	105,248	101,074	4,174
Capital outlay	<u>3,790</u>	<u>2,854</u>	<u>936</u>
	<u>436,764</u>	<u>480,543</u>	<u>(43,779)</u>
Town legal counsel:			
Operating expenditures	<u>329,024</u>	<u>138,969</u>	<u>190,055</u>

This statement continued on next page

**TOWN OF GOLDEN BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**

(continued)

For the Year Ended September 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Finance:			
Personal services	150,507	155,058	(4,551)
Operating expenditures	67,512	55,334	12,178
Capital outlay	<u>1,200</u>	<u>--</u>	<u>1,200</u>
	<u>219,219</u>	<u>210,392</u>	<u>8,827</u>
Total general government	<u>3,130,958</u>	<u>1,394,288</u>	<u>1,736,670</u>
Public safety:			
Law enforcement:			
Personal services	1,677,416	1,763,735	(86,319)
Operating expenditures	344,376	382,593	(38,217)
Capital outlay	<u>14,000</u>	<u>128,673</u>	<u>(114,673)</u>
	<u>2,035,792</u>	<u>2,275,001</u>	<u>(239,209)</u>
Protective inspections:			
Personal services	224,536	204,678	19,858
Operating expenditures	141,307	99,547	41,760
Capital outlay	<u>2,000</u>	<u>--</u>	<u>2,000</u>
	<u>367,843</u>	<u>304,225</u>	<u>63,618</u>
Total public safety	<u>2,403,635</u>	<u>2,624,333</u>	<u>(220,698)</u>
Physical environment:			
Personal services	669,284	669,531	(247)
Operating expenditures	361,879	312,738	49,141
Capital outlay	<u>24,250</u>	<u>42,612</u>	<u>(18,362)</u>
Total physical environment	<u>1,055,413</u>	<u>1,024,881</u>	<u>30,532</u>
Transportation:			
Personal services	34,842	32,970	1,872
Operating expenditures	<u>28,000</u>	<u>3,938</u>	<u>24,062</u>
Total transportation	<u>62,842</u>	<u>36,908</u>	<u>25,934</u>
Cultural and recreation:			
Personal services	86,008	87,911	(1,903)
Operating expenditures	130,316	71,482	58,834
Capital outlay	<u>7,760</u>	<u>4,888</u>	<u>2,872</u>
Total cultural and recreation	<u>224,084</u>	<u>164,281</u>	<u>59,803</u>
Total expenditures	<u>6,876,932</u>	<u>5,199,584</u>	<u>1,677,348</u>

This statement continued on next page

**TOWN OF GOLDEN BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**

(continued)

For the Year Ended September 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(200,000)</u>	<u>3,130,884</u>	<u>3,330,884</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	200,000	--	(200,000)
Debt principal paid	--	(45,107)	(45,107)
Capital lease proceeds	<u>--</u>	<u>105,076</u>	<u>105,076</u>
Total other financing sources (uses)	<u>200,000</u>	<u>59,969</u>	<u>(140,031)</u>
Change in fund balance	--	3,190,853	3,190,853
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>4,342,280</u>	<u>4,342,280</u>	<u>--</u>
<b>FUND BALANCE AT END OF YEAR</b>	\$ <u>4,342,280</u>	\$ <u>7,533,133</u>	\$ <u>3,190,853</u>

This statement continued from previous page

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, 2008

	<u>Stormwater Utility Fund</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 92,023
Investments	85,301
Accounts receivable	<u>55,281</u>
Total current assets	<u>232,605</u>
Noncurrent assets:	
Capital assets, net	<u>4,898,270</u>
Total noncurrent assets	<u>4,898,270</u>
Total assets	<u>5,130,875</u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	82,451
Accrued interest payable	3,555
Current portion of bonds payable	71,313
Due to other funds	<u>1,215,725</u>
Total current liabilities	<u>1,373,044</u>
Noncurrent liabilities:	
Loans payable	<u>1,178,820</u>
Total noncurrent liabilities	<u>1,178,820</u>
Total liabilities	<u>2,551,864</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	3,648,137
Unrestricted (deficit)	<u>(1,069,126)</u>
Total net assets	\$ <u>2,579,011</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**  
For the Year Ended September 30, 2008

	<u>Stormwater Utility Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 162,122
Franchise fees	121,120
Tax revenue	<u>106,070</u>
Total operating revenues	<u>389,312</u>
<b>OPERATING AND GENERAL EXPENSES:</b>	
Administration fee	197,206
Professional fees	174,757
Depreciation expense	56,129
Maintenance and repair	13,686
General expenses	<u>16,550</u>
Total operating and general expenses	<u>458,328</u>
Operating loss	<u>(69,016)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Grant revenues	65,500
Investment income	9,254
Interest expense	<u>(28,792)</u>
Total nonoperating revenues (expenses)	<u>45,962</u>
Change in net assets	(23,054)
<b>NET ASSETS AT BEGINNING OF YEAR, (as restated, Note 12)</b>	<u>2,602,065</u>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ <u>2,579,011</u></b>

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

**TOWN OF GOLDEN BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUND**  
For the Year Ended September 30, 2008

	<u>Stormwater Utility Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers and users	\$ 390,053
Cash paid for goods and services	<u>(401,178)</u>
Net cash used in operating activities	<u>(11,125)</u>
<b>CASH FLOWS FROM NONOPERATING ACTIVITIES:</b>	
Cash received from grants	<u>65,500</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Interest paid	(28,990)
Bond principal payments	<u>(143,967)</u>
Net cash used in financing activities	<u>(172,957)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income received	9,254
Purchase of investments	(2,784)
Purchase of capital assets	<u>(43,040)</u>
Net cash used in investing activities	<u>(36,570)</u>
Net decrease in cash and cash equivalents	(155,152)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>247,175</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 92,023</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating loss	\$ <u>(69,016)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	56,129
(Increase) decrease in accounts receivable	740
Increase (decrease) in due to other funds	<u>1,022</u>
Total adjustments	<u>57,891</u>
Net cash used in operating activities	<u>\$ (11,125)</u>
<b>NONCASH INVESTING ACTIVITIES:</b>	
Payables and increase in due to other funds for purchases of capital assets	<u>\$ 631,283</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, 2008

A S S E T S

ASSETS:		
Cash and cash equivalents		\$ 375,177
Receivables:		
Employer	\$ 8,139	
Employee	7,359	
Interest receivable	<u>16,288</u>	31,786
Investments		<u>2,966,217</u>
Total assets		<u>3,373,180</u>

L I A B I L I T I E S   A N D   N E T   A S S E T S

LIABILITIES:		
Accounts payable		8,155
Accrued expenses		6,505
Due to police pension fund		<u>393</u>
Total liabilities		<u>15,052</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		 \$ <u>3,358,128</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**  
For the Year Ended September 30, 2008

<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 365,538
Employees	<u>90,628</u>
Total contributions	<u>456,166</u>
Investment income (loss):	
Interest and dividend income	103,533
Net depreciation in fair value of investments	<u>(533,874)</u>
Total investment loss	<u>(430,340)</u>
Total additions	<u>25,825</u>
<b>DEDUCTIONS:</b>	
Benefits paid	233,206
Refund of contributions	34,527
Consulting and advisory fees	33,932
Professional fees	21,927
Other	<u>9,180</u>
Total deductions	<u>332,772</u>
Net decrease	(306,947)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b> <b>AT BEGINNING OF YEAR</b>	<u>3,665,075</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b> <b>AT END OF YEAR</b>	<u>\$ 3,358,128</u>

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, 2008

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, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Fund financial statements (continued)*

The Town reports the following major governmental fund:

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 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.

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

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.

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, 2008

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, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting (continued):

*Fund financial statements* (continued):

- a. Prior to July 1, the Town Manager submits to the Town Council, the budget estimates of expenditures and revenues of all Town departments for the fiscal year commencing the following October 1.
- b. Upon receipt of the annual budget estimates, the Town Council prepares an appropriation ordinance using the Town Manager's estimates as a basis.
- c. Public hearings are conducted at the Town Hall to obtain taxpayer's comments.
- d. Prior to October 1, the budget is legally enacted through passage of a resolution.
- e. The Town may not legally expend or contract to expend amounts in excess of the total amount of appropriated expenditures of any of the funds for the year. The Town Manager can transfer funds among departmental expenditure categories, but may not increase total departmental expenditures without Council approval. Therefore, the legal level of control is at the departmental level.
- f. Formal budgetary integration is employed as a control device during the year for the General Fund, Special Assessment 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 Assessment 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 2008 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

Executive	\$ 43,779
Law enforcement	\$ 239,209

Supplemental appropriations:

For fiscal year 2008, revenues in excess of the original budgeted amounts were available and the Town Council made supplemental appropriations for the above items.

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.

TOWN OF GOLDEN BEACH, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2008

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, 2008

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*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

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.

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, 2008

**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.

Investments:

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

**NOTE 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, 2008, 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 150.110, 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. During the year, 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, 2008

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

**Governmental and Proprietary Funds (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.

The year-end balances are as follows:

	Fair Value
LGIP	\$ 238,811
Fund B	84,534
Certificates of deposit	6,047,092
	\$ 6,370,437

*Interest rate risk:* The Town 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.

*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.

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

Investment	Maturities	Fair Value
Common stock	Not applicable	\$ 1,689,762
Corporate bonds	October 1, 2008 through September 30, 2009	93,506
Corporate bonds	October 1, 2009 through September 30, 2010	243,529
Corporate bonds	October 1, 2010 through September 30, 2011	92,337

TOWN OF GOLDEN BEACH, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

**Fiduciary Fund** (continued)

Corporate bonds	October 1, 2011 through September 30, 2012	101,206
Corporate bonds	October 1, 2012 through September 30, 2013	65,864
Corporate bonds	October 1, 2014 through September 30, 2015	69,780
Corporate bonds	October 1, 2017 through September 30, 2018	78,769
Government bonds	October 1, 2008 through September 30, 2009	25,404
Government bonds	October 1, 2009 through September 30, 2010	81,186
Government bonds	October 1, 2010 through September 30, 2011	85,172
Government bonds	October 1, 2011 through September 30, 2012	98,221
Government bonds	October 1, 2012 through September 30, 2013	150,509
Government bonds	October 1, 2014 through September 30, 2015	76,219
Government bonds	October 1, 2016 through September 30, 2017	<u>14,754</u>
	Total investments	\$ <u>2,966,217</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.

*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, 2008, the Plan's corporate bonds were rated between A1 and AAA by Standard & Poor's and between AA- and AAA by Moody's Investor Services. 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 October 1, 2007, the most recent actuarial valuation available, investments held in one fund consisting of United States Treasury notes in the amount of \$ 476,302 exceeded 5% of Plan net assets.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2008

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

*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, 2008 was as follows:

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,878,598	\$ --	\$ --	\$ 1,878,598
Construction in progress	<u>363,296</u>	<u>1,030,815</u>		<u>1,394,111</u>
Total capital assets, not being depreciated	<u>2,241,894</u>	<u>1,030,815</u>		<u>3,272,709</u>
Capital assets, being depreciated:				
Equipment and vehicles	1,814,220	243,657	--	2,057,877
Buildings	943,661	--	--	943,661
Infrastructure	908,969	--	--	908,969
Improvements other than buildings	<u>695,8876</u>	<u>--</u>	<u>--</u>	<u>695,876</u>
Total capital assets being depreciated	<u>4,362,726</u>	<u>243,657</u>	<u>--</u>	<u>4,606,383</u>
Total capital assets	<u>6,604,620</u>	<u>1,274,472</u>	<u>--</u>	<u>7,879,092</u>
Less accumulated depreciation for:				
Equipment and vehicles	1,106,613	182,294	--	1,288,907
Buildings	149,127	20,067	--	169,194
Infrastructure	301,197	35,176	--	336,373
Improvements other than buildings	<u>178,962</u>	<u>31,030</u>	<u>--</u>	<u>209,992</u>
Total accumulated depreciation	<u>1,735,899</u>	<u>268,567</u>	<u>--</u>	<u>2,004,466</u>
Total capital assets, being depreciated, net	<u>2,626,827</u>	<u>(24,910)</u>	<u>--</u>	<u>2,601,917</u>
Governmental activities capital assets, net	\$ <u>4,868,721</u>	\$ <u>1,005,905</u>	\$ <u>--</u>	\$ <u>5,874,626</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ <u>2,545,057</u>	\$ <u>674,323</u>	\$ <u>--</u>	\$ <u>3,219,380</u>
Total capital assets, not being depreciated	<u>2,545,057</u>	<u>674,323</u>	<u>--</u>	<u>3,219,380</u>

**TOWN OF GOLDEN BEACH, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2008

**NOTE 4 - CAPITAL ASSETS (continued)**

Capital assets, being depreciated:				
Improvements other than buildings	<u>2,104,814</u>	--	--	<u>2,104,814</u>
Total capital assets being depreciated	<u>2,104,814</u>	--	--	<u>2,104,814</u>
Total capital assets	<u>4,649,871</u>	<u>674,323</u>	--	<u>5,324,194</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>369,795</u>	<u>56,129</u>	--	<u>425,924</u>
Total accumulated depreciation	<u>369,795</u>	<u>56,129</u>	--	<u>425,924</u>
Total capital assets, being depreciated, net	<u>1,735,019</u>	<u>(56,129)</u>	--	<u>1,678,890</u>
Business-type activities capital assets, net	\$ <u>4,280,076</u>	\$ <u>618,194</u>	\$ --	\$ <u>4,898,270</u>

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

Governmental activities:	
General government	\$ 46,344
Public safety	118,562
Physical environment	81,984
Cultural and recreation	<u>21,677</u>
Total depreciation expense - governmental activities	\$ <u>268,567</u>
Business-type activities:	
Stormwater drainage	\$ <u>56,129</u>

**NOTE 5 - LONG-TERM DEBT**

a. Summary of long-term debt

Long-term debt at September 30, 2008 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 \$ 52,080).	\$ 14,497,080
Capital Improvement Revenue Note, Series 2006A; interest payable in quarterly installments at 3.95%, with principal due on January 9, 2009. The note is collateralized by non-ad valorem taxes.	800,000

**TOWN OF GOLDEN BEACH, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2008

**NOTE 5 - LONG-TERM DEBT (continued)**

Capital Improvement Revenue Note, Series 2006; interest payable in quarterly installments at 3.95%, with principal due on October 16, 2008. The note is collateralized by non-ad valorem taxes.	750,000
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.	321,188
Capital lease for four vehicles at 3.5% interest, payable in monthly installments of \$ 3,081 including interest, through August 2011.	102,169
Capital leases for garbage and trash trucks at 3.37% interest, payable in annual installments of \$ 36,081, including interest, through October 2008.	35,006
Capital lease for twenty firearms at 8.25% interest, payable in quarterly installments of \$ 1,120, including interest, through February 2009.	<u>2,173</u>
	<u>\$ 16,507,616</u>

**Business-type activities:**

Department of Environmental Protection, Revolving Loan, payable in semiannual installments of \$ 47,692 plus interest at 1.94%, every June 15 <sup>th</sup> and December 15 <sup>th</sup> , until December 2025, when all principal and interest is due. Loan payments are collateralized by electric franchise fees.	\$ <u>1,250,133</u>
	\$ <u>1,250,133</u>

2008: The following is a summary of changes in long-term debt for the year ended September 30,

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Special Assessment General Obligation Bonds, Series 2008	\$ --	\$ 14,497,080	\$ --	\$ 14,497,080	\$ 85,000

**TOWN OF GOLDEN BEACH, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2008

**NOTE 5 - LONG-TERM DEBT (continued)**

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital Improvement Revenue Notes, Series 2006A	800,000	--	--	800,000	800,000
Capital Improvement Revenue Notes, Series 2006	750,000	--	--	750,000	750,000
Special Assessment Improvement Refunding Bonds, Series 1994B	391,814	--	(70,626)	321,188	74,298
Capital Leases: Six vehicles	73,118	105,076	(41,019)	137,175	68,941
Firearms	<u>6,261</u>	<u>--</u>	<u>(4,088)</u>	<u>2,173</u>	<u>2,173</u>
Total governmental activities	<u>2,021,193</u>	<u>14,602,156</u>	<u>(115,733)</u>	<u>16,507,616</u>	<u>1,780,412</u>
<b>Business-type activities:</b>					
Department of Environmental Protection, Revolving Loan	1,320,242	--	(70,109)	1,250,133	71,313
Stormwater Capital Improvement Revenue Bonds, Series 1998	<u>73,858</u>	<u>--</u>	<u>(73,858)</u>	<u>--</u>	<u>--</u>
Total business-type activities	<u>1,394,100</u>	<u>--</u>	<u>(143,967)</u>	<u>1,250,133</u>	<u>71,313</u>
Total governmental and business-type activities	<u>\$ 3,415,293</u>	<u>\$ 14,602,156</u>	<u>\$ (259,700)</u>	<u>\$ 17,757,749</u>	<u>\$ 1,851,725</u>

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, 2008

**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.

~~The \$1,400,000 special assessment for \$1,400,000 of Special Assessment Bonds, Series 1994B 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.

**\$1,550,000 Capital Improvement Revenue Notes, Series 2006 and 2006A** - The Town previously obtained \$ 1,550,000 from two Capital Improvement Revenue Notes, Series 2006, and 2006A for \$ 750,000 and \$ 800,000 at a stated interest rate of 3.95% per annum. The notes proceeds were to provide funds for the purchase of two vacant lots. Interest is payable in quarterly installments with principal due in October 2008 and January 2009, respectively. The notes are secured by non-ad valorem tax revenues. (Subsequent to year end these notes were refinanced, Note 13).

c. Annual debt service requirements:

**Governmental activities:**

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 159,298	\$ 534,167	\$ 693,465
2010	353,162	645,191	998,353
2011	367,226	632,334	999,560
2012	381,502	619,305	1,000,807
2013	300,000	605,824	905,824
2014-2018	1,660,000	2,869,944	4,529,944
2019-2023	2,005,000	2,515,059	4,520,059
2024-2028	2,480,000	2,023,341	4,503,341
2029-2033	3,115,000	1,370,174	4,485,174
2034-2038	<u>3,997,080</u>	<u>510,892</u>	<u>4,507,972</u>
	<b>\$ <u>14,818,268</u></b>	<b>\$ <u>12,326,231</u></b>	<b>\$ <u>27,144,499</u></b>

**TOWN OF GOLDEN BEACH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2008

NOTE 5 - LONG-TERM DEBT (continued)

The aggregate annual debt service requirements for the Capital Improvement Revenue Notes, Series 2006 and 2006A are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,550,000	\$ 30,800	\$ 1,580,800
Thereafter	NONE	NONE	NONE
	<u>\$ 1,550,000</u>	<u>\$ 30,800</u>	<u>\$ 1,580,800</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>
2009	\$ 71,114	\$ 4,298	\$ 75,412
2010	35,142	1,833	36,975
2011	33,092	583	33,675
Thereafter	NONE	NONE	NONE
	<u>\$ 139,348</u>	<u>\$ 6,714</u>	<u>\$ 146,062</u>

**Business-type activities:**

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 71,313	\$ 24,071	\$ 95,384
2010	72,713	22,671	95,384
2011	74,140	21,244	95,384
2012	75,595	19,789	95,384
2013	77,078	18,306	95,384
Thereafter	<u>879,294</u>	<u>109,387</u>	<u>988,681</u>
	<u>\$ 1,250,133</u>	<u>\$ 215,468</u>	<u>\$ 1,465,601</u>

NOTE 6 - 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.

TOWN OF GOLDEN BEACH, FLORIDA



NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2008

NOTE 6 - RETIREMENT PLANS (continued)

Assets:

The Town utilizes the frozen entry age actuarial cost method. The asset valuation method is a five year moving average.

Additional information as of the latest actuarial valuation includes:

An assumed annual inflation rate of 4.0%; an annual investment rate of return of 8.00%; projected annual salary increases of 7.0%; no post retirement benefit increases; the amortization method is level dollar, closed; the amortization period is 26 year, closed.

On October 1, 2007 (the last plan year valuation date), Plan membership consisted of:

	<u>General</u>	<u>Police</u>
Retirees and beneficiaries receiving benefits and terminated members entitled to benefits, but not yet receiving them	6	8
Active plan members	23	19
Total	29	27

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.

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, 2008 and the two preceding years were as follows:

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Annual required contributions	\$ 365,538	\$ 343,970	\$ 285,813
Interest on net pension obligation	(1,673)	(1,713)	(1,754)
Adjustment to annual required contribution	3,423	2,215	(2,268)
Annual pension cost	367,288	344,472	286,327
Contribution made	365,538	343,970	285,813
Increase (decrease) in net pension obligation	1,750	502	514
Net pension obligation (asset) beginning	(20,909)	(21,411)	(21,925)
Net pension obligation (asset) ending	(19,159)	(20,909)	(21,411)

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.

TOWN OF GOLDEN BEACH, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2008

NOTE 7 - INDIVIDUAL FUND DISCLOSURES

At September 30, 2008, the following Debt Service Fund had a deficit fund balance. The Town expects to reduce this deficit through funding by the General Fund.

		<u>Deficit Fund Balance</u>
Debt Service Fund	\$	149,148

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at September 30, 2008 were as follows:

	<u>Receivables</u>		<u>Payables</u>
General Fund	\$ 3,220,347	\$	(4,701,453)
Nonmajor governmental funds	<u>4,417,264</u>		<u>(1,720,433)</u>
Total governmental funds	7,637,611		(6,421,886)
Proprietary Fund	<u>---</u>		<u>(1,215,725)</u>
Totals	\$ <u>7,637,611</u>	\$	<u>(7,637,611)</u>

These balances resulted from a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are actually made.

During the course of normal operations, it is necessary for the Town to enter into transactions between the Special Revenue Special Assessment II Fund and the Debt Service Fund to transfer monies collected on special assessments to the Debt Service Fund for the payment of principal and interest on the Special Assessment Improvement Refunding Bonds, Series 1994B. Transfers between these two funds during 2008 are as follows:

	<u>Transfers In</u>		<u>Transfers Out</u>
Nonmajor governmental funds	\$ <u>111,441</u>	\$	<u>(111,441)</u>

NOTE 9 - RISK MANAGEMENT

For the year ended September 30, 2008, 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, 2008

**NOTE 10 - 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 11 - COMMITMENTS**

The Town has an active construction project as of September 30, 2008. The project is for the renovation of the stormwater drainage system. 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	\$ 3,153,604	\$ 4,284,919

**NOTE 12 - PRIOR PERIOD ADJUSTMENT**

The Town's proprietary financial statements as of September 30, 2007, contained an understatement of accounts receivable by \$ 31,628. Net assets as of October 1, 2007 have been increased by \$ 31,628 to correct the effect of the error.

**NOTE 13 - SUBSEQUENT EVENT**

Subsequent to year end, the Town renewed and consolidated the Capital Improvement Revenue Notes Series 2006 and 2006A. The note calls for monthly installments of interest only payments (fixed rate of 3.75% through October 2009, at which time the principal balance will be due. The renewal/consolidation required a \$ 150,000 pay down prior to the execution of the note.

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>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>
10/1/99	1,815,607	1,772,239	(43,368)	102.4	1,053,979	(4.1)
10/1/00	2,022,601	2,240,666	218,065	90.3	1,189,244	18.3
10/1/02	2,176,340	2,451,202	274,862	88.8	1,324,717	20.7
10/1/03	2,278,052	2,936,301	658,249	77.6	1,511,657	43.5
10/1/05	2,539,972	3,558,590	1,018,618	71.4	1,661,440	61.3
10/1/07	3,287,528	4,220,357	932,829	77.9	1,878,920	49.6

**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

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 167,462	100%
2004	185,160	102
2005	243,184	100
2006	285,813	100
2007	343,970	100
2008	365,538	100

TOWN OF GOLDEN BEACH, FLORIDA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2008

	Special Revenue Funds				
	Special Assessment I Fund	Special Assessment II Fund	Law Enforcement Fund	Debt Service Fund	Total
ASSETS:					
Cash and cash equivalents	\$ --	\$ 273,188	\$ 42,127	\$ --	\$ 315,315
Investments	--	1,169	248,157	--	249,326
Due from other funds	--	51,109	54,943	--	106,052
Other assets	--	--	2,495	--	2,495
Total assets	\$ --	\$ 325,466	\$ 347,722	\$ --	\$ 673,188
LIABILITIES AND FUND BALANCE (DEFICIT):					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --
Due to other funds	--	25,000	272,083	149,148	446,231
Total liabilities	--	25,000	272,083	149,148	446,231
Fund balances (deficit):					
Undesignated (deficit)	--	300,466	75,639	(149,148)	226,957
Total fund balance (deficit)	--	300,466	75,639	(149,148)	226,957
Total liabilities and fund balances (deficit)	\$ --	\$ 325,466	\$ 347,722	\$ --	\$ 673,188

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) -  
TOWN OF GOLDEN BEACH, FLORIDA  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2008**

	Special Revenue Funds				
	Special Assessment I Fund	Special Assessment II Fund	Law Enforcement Fund	Debt Service Fund	Total
<b>REVENUES:</b>					
Investment income	--	\$ 7,269	\$ 6,118	--	\$ 13,387
State shared revenues	--	--	43,130	--	43,130
Fines/forfeitures	--	--	8,108	--	8,108
Special assessments	--	36,895	--	--	36,895
<b>Total revenues</b>		<u>44,164</u>	<u>57,356</u>	<u>--</u>	<u>101,520</u>
<b>EXPENDITURES:</b>					
Current:					
General government	--	10	--	--	10
Public safety	--	--	2,760	--	2,760
Capital outlay	--	--	133,968	--	133,968
Debt service:					
Principal	--	--	--	70,626	70,626
Interest	--	--	--	82,891	82,891
<b>Total expenditures</b>		<u>10</u>	<u>136,728</u>	<u>153,517</u>	<u>290,255</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	--	<u>44,154</u>	<u>(79,372)</u>	<u>(153,517)</u>	<u>(188,735)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	--	20,256	--	91,185	111,441
Transfers out	(20,256)	(91,185)	--	--	(111,441)
Debt proceeds	--	--	--	--	--
Debt premium	--	--	--	--	--
<b>Total other financing sources (uses)</b>	<u>(20,256)</u>	<u>(70,929)</u>	<u>--</u>	<u>91,186</u>	<u>--</u>
Changes in fund balances	(20,256)	(26,775)	(79,372)	(62,332)	(188,735)
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>20,256</u>	<u>327,241</u>	<u>155,011</u>	<u>(86,816)</u>	<u>415,692</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>--</u>	<u>\$ 300,466</u>	<u>\$ 75,639</u>	<u>\$ (149,148)</u>	<u>\$ 226,957</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 GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Councilmembers  
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 Town of Golden Beach, Florida (the "Town") as of and for the year ended September 30, 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 23, 2009. 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 Governmental Auditing Standards, issued by the Comptroller 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 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.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.



Town of Golden Beach, Florida

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weaknesses.

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.

In addition, we noted certain other matters that we reported to the management of the Town in a separate letter dated April 23, 2009.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 the Town's management, members of the Town's Council and the Auditor General of the State of Florida 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  
April 23, 2009

## INDEPENDENT AUDITORS' REPORT TO TOWN MANAGEMENT

To the Honorable Mayor and Councilmembers  
Town of Golden Beach, Florida  
Golden Beach, Florida

We have audited the basic financial statements of Town of Golden Beach, Florida (the "Town") as of and for the year ended September 30, 2008, and have issued our report thereon dated April 23, 2009.

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. We have issued our Independent Auditor's 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. Disclosures in that report, which is dated April 23, 2009, should be considered in conjunction with this report to Town management.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information:

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 significant findings and recommendations made in the preceding annual financial audit report. The status of prior year findings or recommendations is documented in the schedule of findings and responses on page 60 and in a separate letter to management on pages 56 and 61.

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 complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the report to Town management any recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, our recommendations to improve financial management are included in the schedule of findings and responses on page 60 and in a separate letter to management on pages 56 and 61.

Town of Golden Beach, Florida

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse 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.

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statement; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. 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 report to Town management, unless disclosed in the notes to the financial statements. Town of Golden Beach, Florida was established in 1929 under the laws of the State of Florida. The Town does not have any component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires that 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, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.

Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information of Town management, members of the Town Council and the Auditor General of the State of Florida, 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  
April 23, 2009

TOWN OF GOLDEN BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2008

**STATUS OF PRIOR YEAR FINDINGS**

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
Reconcile account detail to the general ledger		X
Maintain current and update personnel files		X

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
COMMENTS AND RECOMMENDATIONS

To the Honorable Mayor and Councilmembers  
Town of Golden Beach, Florida  
Golden Beach, Florida

In planning and performing our audit of the financial statements of Town of Golden Beach, Florida (the "Town") as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly we did not express an opinion on the effectiveness of the Town's internal control.

However, during our audit, we became aware of several matters that represent opportunities for strengthening internal controls and operating efficiency. The listing that accompanies this letter summarizes our comments and recommendations regarding those matters. (A separate report dated April 23, 2009 contains our report on significant deficiencies in the Town's internal control.) This letter does not affect our report dated April 23, 2009 on the financial statements of Town of Golden Beach, Florida.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
April 23, 2009

TOWN OF GOLDEN BEACH, FLORIDA  
INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS  
September 30, 2008

**PRIOR YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS**

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
Update accounting procedures manual	X	
Update employee policies and procedures manual		X
Require employees to take vacations	X	
Strengthen controls over check signing		X

**Updated accounting procedures manual:**

We noted that the Town does not have an updated accounting procedures manual. There may be an assumption that because the Town's accounting system is relatively simple and accounting personnel have direct access to the Finance Director when questions arise, there is no need for a manual. However, written procedures, instructions, and assignments of daily, monthly, and annual closing responsibilities will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management currently performs. Additionally, the timing of specific schedules and procedures for year-end audit could be coordinated with the timing of the auditors' need for the information.

We understand it will take some time and effort for Town management to develop a manual; however, we believe this time will more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved upon to make the system more efficient and effective.

**Management's response:**

The Town recognizes the importance of an accounting manual and is in the process of working with a professional to assist in compiling current accounting procedures within a newly created, more up-to-date manual. We will present a draft of the accounting procedures manual at the April 2009 regular Town Council meeting for review/revision.

**TOWN OF GOLDEN BEACH, FLORIDA**  
**INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS**  
(continued)  
September 30, 2008

**Require employees to take vacations:**

During our audit, we noted that employees are not required to take an annual, uninterrupted one week or longer vacation. In addition to improving employee morale and preventing burnout, vacations help ensure that job tasks are being performed according to Town policies. This helps maintain internal controls and reduces the risk of fraudulent activities being undetected. The occasional temporary disassociation of persons in trust from their regular duties to permit other persons to perform their duties for a period of several days while the regular employee is on vacation is a desirable element of a system of internal checks and controls. Internal control is strengthened when employees do not maintain continuous control over their particular areas of responsibility. Also, this policy encourages the desirable practice of cross-training of duties.

**Management's response:**

The Town Council and administration recognize the concern being raised. To mitigate these concerns, the administration has created employee morale related events and is aggressively cross-training employees so that they can be rotated. However, given the size of the Town, it is difficult to fully implement due to internal controls already in place. For example, the Town requires three signatures for purchase orders or check requests (the department heads, finance director, and the town manager). Prior to a purchase, the Town requires two signatures on all checks; however, the finance director does not have the authority to sign checks.

**CURRENT YEAR INTERNAL CONTROL COMMENT AND RECOMMENDATION**

**Stale reconciling items:**

During our audit of cash, we noted that the outstanding checklist for the operating account at September 30, 2008 contained items dating back over a year. We recommend that stale checks be researched and a disposition of their status be properly assessed as items that should "escheat" to the State of Florida, be voided or other appropriate treatment. Deposits not clearing in the subsequent month should be researched immediately and their disposition addressed.

**Management's response:**

The Town administration has taken steps to clear out the checklist of all outstanding items and understands the importance of this function.

**Reconcile account detail to the general ledger:**

During our audit, we noted that various general ledger accounts were not reconciled timely to the detail contained in those accounts. To improve the accuracy of monthly financial statements on a timely basis, reconciliations should be performed to identify errors and adjustments needed in the month they occur. Reconciling differences should be corrected prior to closing the books at month end.

**Management's response:**

During this year's audit, the Town administration had all schedules and all accounts reconciled to the general ledger. Some of the reconciliations made by the Town administration were done after the trial balance was given to the auditors. The Town recognizes the importance of this function and has worked diligently to meet the requirements.