

**Town of Golden Beach, Florida**  
Basic Financial Statements  
For the Year Ended September 30, 2018

DRAFT

**Town of Golden Beach, Florida**  
**Basic Financial Statements**  
**For the Year Ended September 30, 2018**

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**Town of Golden Beach, Florida**  
**Basic Financial Statements**  
**For the Year Ended September 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Golden Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of a Matter

As described in Notes 8 and 13 to the financial statements, the Town changed its method of accounting and financial reporting for other post-employment benefits as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017, which resulted in the Town restating net position for recognition of the Town's other postemployment related activity prior to October 1, 2017. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules related to pensions and other post-employee benefits information on pages 3 through 8 and 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated (DATE), on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
(DATE)

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

(NOT COVERED BY  
INDEPENDENT AUDITORS' REPORT)

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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, 2018 and 2017. 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, 2018:

- The Town's net position, which total assets and deferred outflows less liabilities and deferred inflows, was \$ 21,941,091. Governmental net position totaled \$ 12,219,518 and business-type net position totaled \$ 9,721,563.
- Governmental activities revenues were \$ 10,283,133. The expenses of governmental activities were \$ 10,439,731.
- Business-type activities revenues were \$ 602,821 and business-type expenses amounted to \$ 735,818.

### **Town Highlights**

In 2018 the Town completed the following Capital Improvement Projects:

- The Street Lighting Project to expand and modernize the current street lighting system – funded in part through a \$ 100,000 grant from the Department of Economic Opportunity. The value of the project is in excess of \$ 3 million.
- The Town completed the redesign and rebuild of the police gatehouse.
- The Town completed the redesign of the bathrooms and common area of the Beach Pavilion.
- The Beach Pavilion as a structure was also renovated and upgraded with the resurfacing of columns and resurfacing of the flooring within the structure itself.
- In addition to the rebuild of the police gatehouse, the Town added on a new Capital Improvement Project with the redesign of the entry features as well as the installation of new pavers at the entrance to Town.
- Enhancements were made at Tweddle Park by way of increased amenities and the installation of shade features.

The Mayor and Town Council also commissioned a study to evaluate the relocation of a new Town Hall building and the development of a Civic Center Master Plan. This very exciting project will be the cornerstone of the future of Golden Beach. Building a new Town Hall provides a unique opportunity to repurpose the existing Town Hall as a Residents Only Recreational Facility. As we enter the 90th Anniversary of the incorporation of Golden Beach, this project will be the focus of the community in the years to come and we are all excited about the opportunities it brings.

## Overview of the Financial Statements

In fiscal year 2018, 1,075 applications for permits were received and processed Building & Zoning Department. Within those applications 8 new homes were approved, 3 renovations and additions, 12 seawalls, docks, and boat lifts, and 17 variance requests were received. In addition, 242 building permits were issued and of that 5 were for new homes, 9 for additions and remodels, and 3 permits for demolition of existing homes.

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

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

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

### Statement of activities:

The statement of activities presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 9 through 11 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 12 through 22 of this report.



**Town of Golden Beach, Florida  
Management's Discussion and Analysis  
September 30, 2018**

The *proprietary fund* beginning on page 23 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 26, which is not included in net position and the government-wide financial statements, is presented in this section as the statements of fiduciary net position and changes in fiduciary net position - Retirement Plan for Employees of the Town of Golden Beach. The Town cannot use the assets in the pension plan to finance its operations; therefore the activities of the Plan are excluded from the Town's government-wide financial statements. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to basic financial statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 28 through 51 of this report.

**Required supplementary information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the Town of Golden Beach. Required supplementary information can be found on pages 52 through 56 of this report.

**Government-Wide Financial Analysis**

The table below presents condensed statements of net position as of September 30, 2018 and 2017:

Statements of Net Position  
September 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Current and Other Assets</b>	\$ 4,056,462	\$ 4,920,158	\$ 567,621	\$ 385,681	\$ 4,624,083	\$ 5,305,839
<b>Capital Assets (NET)</b>	26,201,892	25,918,932	12,060,352	12,422,015	38,262,244	38,340,947
Total assets	30,258,354	30,839,090	12,627,973	12,807,696	42,886,327	43,646,786
<b>Total deferred outflows of resources</b>	702,311	814,549	-	-	702,311	814,549
<b>Current and Other Liabilities</b>	1,250,670	1,423,954	1,848,620	1,755,207	3,099,290	3,179,161
<b>Long-Term Liabilities</b>	17,485,194	14,729,316	1,057,790	1,197,929	18,542,984	15,927,245
Total liabilities	18,735,864	16,153,270	2,906,410	2,953,136	21,642,274	19,106,406
<b>Total deferred inflows of resources</b>	571,811	731,546	-	-	571,811	731,546
<b>Net Position:</b>						
Net investment in capital assets	14,413,623	25,752,650	10,862,423	11,086,539	25,276,046	36,839,189
Unrestricted (deficit)	(2,194,095)	(13,376,524)	(1,140,860)	(1,231,979)	(3,334,955)	(14,608,503)
Total net position	\$ 12,219,528	\$ 12,376,126	\$ 9,721,563	\$ 9,854,560	\$ 21,941,091	\$ 22,230,686

**Town of Golden Beach, Florida  
Management's Discussion and Analysis  
September 30, 2018**

The following table presents condensed statements of activities for the years ended September 30, 2018 and 2017:

**Statements of Activities  
For the Years Ended September 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,252,696	\$ 957,577	\$ 329,062	\$ 223,652	\$ 1,581,758	\$ 1,181,229
Grants	119,167	425,423	-	-	119,167	425,423
General revenues:						
Property taxes	8,313,764	7,651,389	-	-	8,313,764	7,651,389
Other general revenues	423,644	294,765	867	182	424,511	294,947
Other taxes and fees	173,862	170,326	272,892	260,784	446,754	431,110
<b>Total revenues</b>	<b>10,283,133</b>	<b>9,499,480</b>	<b>602,821</b>	<b>484,618</b>	<b>10,885,954</b>	<b>9,984,098</b>
<b>Program Expenses:</b>						
General government	2,733,962	2,766,780	-	-	2,733,962	2,766,780
Public safety	4,127,111	4,379,231	-	-	4,127,111	4,379,231
Physical environment	1,396,877	1,394,746	-	-	1,396,877	1,394,746
Transportation	668,082	550,702	-	-	668,082	550,702
Cultural and recreation	776,363	719,005	-	-	776,363	719,005
Special events	238,370	116,772	-	-	238,370	116,772
Interest expense	498,966	563,440	-	-	498,966	563,440
Stormwater drainage	-	-	735,818	657,764	735,818.00	657,764
<b>Total expenses</b>	<b>10,439,731</b>	<b>10,490,676</b>	<b>735,818</b>	<b>657,764</b>	<b>11,175,549</b>	<b>11,148,440</b>
Change in net position	\$ (156,598)	\$ (991,196)	\$ (132,997)	\$ (173,146)	\$ (289,595)	\$ (1,164,342)

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

Business-type activities net position decreased from \$ 9,584,560 to \$ 9,721,563 primarily due to increased repairs and maintenance for stormwater projects during the year.

**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 81% of all governmental activities revenue during fiscal year 2018. The millage rate established by the Town Council during the budget process determines how much property tax revenue is generated. One mill of tax equals one dollar for each one thousand dollars of assessed property value as determined by the Miami-Dade County Property Assessor. The ad valorem (property tax) rate was at 7.48000 mills for general government services and \$.9200 for bond debt service during the 2017-2018 fiscal year. Property values have increased by approximately 14% over the previous year. This increase is a direct reflection of the current economic climate of the United States. During prosperous economic periods, property values generally increase, which correspondingly increases property tax revenue.

**General discussion on expenses:** Expenses for governmental activities were \$ 10,439,731 and \$ 735,818 for business-type activities. The Town is predominantly a service provider and, therefore, its major expense is salaries and benefits. The salaries are specifically affected by cost of living, merit adjustments, and collective bargaining agreements while benefit costs are closely linked to health insurance rates.

### Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$ 2,238,164, a decrease of \$ 821,160. The decrease was primarily due to increased capital outlay expenditures.

The General Fund balance increased to \$ 5,102,047 during the current fiscal year, an increase of \$ 525,928.

**Proprietary fund:** The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the Stormwater Utility Fund amounted to \$ 9,721,563 at the end of FY2018, a decrease of \$ 132,997 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 \$ 367,222 less than the final budget projections and total expenditures were \$ 893,150 less than final budget projections. Major variances between budgeted and actual amounts in the General Fund are as follows:

- a. Building permit revenues were \$ 525,069 above budgeted amounts due to new construction during the year.
- b.
- c. General governmental operating expenditures were \$ 1,199,485 less than budgeted amounts due to new projects funded for the Capitol Improvement Fund.
- c. General fund budget was amended for primarily capital outlay not provided for in the original budget.

### Capital Assets and Debt Administration

**Capital assets:** The Town had capital assets of \$ 38,262,244 and \$ 38,340,947, net of depreciation, as of September 30, 2018 and 2017, respectively.

**Town of Golden Beach, Florida  
Management's Discussion and Analysis  
September 30, 2018**

The following schedule summarizes net capital assets as of those dates:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,878,598	\$ 1,878,598	\$ -	\$ -	\$ 1,878,598	\$ 1,878,598
Construction in progress	1,282,054	-	-	-	1,282,054	-
Buildings	1,084,975	1,135,580	-	-	1,084,975	1,135,580
Equipment and vehicles	981,957	1,065,629	-	-	981,957	1,065,629
Infrastructure	20,267,805	21,033,676	-	-	20,267,805	21,033,676
Improvements other than buildings	706,503	805,449	12,060,352	12,422,015	12,766,855	13,227,464
	<u>\$ 26,201,892</u>	<u>\$ 25,918,932</u>	<u>\$ 12,060,352</u>	<u>\$ 12,422,015</u>	<u>\$ 38,262,244</u>	<u>\$ 38,340,947</u>

**Debt:** The Town had debt of approximately \$ 13.92 million at September 30, 2018. Total debt outstanding at the end of the prior fiscal year was approximately \$ 14.32 million. The following schedule summarizes long-term debt for the year ended September 30, 2018:

	October 1, 2017	Additions	Deletions	September 30, 2018	Within One Year
<b>Governmental activities:</b>					
General Obligation Refunding					
Bonds, Series 2016	\$ 12,390,000	\$ -	\$ 190,000	\$ 12,200,000	\$ 195,000
Bond premium	428,799	-	20,419	408,380	-
Capital lease	169,060	-	54,211	114,849	56,326
Total governmental activities	<u>12,987,859</u>	<u>-</u>	<u>264,630</u>	<u>12,723,229</u>	<u>251,326</u>
<b>Business-type activities:</b>					
Department of Environmental Protection, Revolving Loan	1,335,476	-	137,547	1,197,929	140,139
Total business-type activities	<u>1,335,476</u>	<u>-</u>	<u>137,547</u>	<u>1,197,929</u>	<u>140,139</u>
Total governmental and business-type activities	<u>\$ 14,323,335</u>	<u>\$ -</u>	<u>\$ 402,177</u>	<u>\$ 13,921,158</u>	<u>\$ 391,465</u>

**Economic Factors and Next Year's Budgets and Rates**

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

**Requests for Information**

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

BASIC  
FINANCIAL STATEMENTS

DRAFT

**Town of Golden Beach, Florida**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 894,369	\$ 225,949	\$ 1,120,318
Investments	1,130,568	115,905	1,246,473
Accounts receivable	227,168	225,767	452,935
Prepaid expenses	60,764	-	60,764
Other assets	51,316	-	51,316
Capital assets, non-depreciable	3,160,652	-	3,160,652
Capital assets, depreciable	23,041,240	12,060,352	35,101,592
Internal balance	1,692,277	(1,692,277)	-
<b>Total assets</b>	<b>30,258,354</b>	<b>10,935,696</b>	<b>41,194,050</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	566,538	-	566,538
Deferred outflows relating to pensions	702,311	-	702,311
<b>Total deferred outflows of resources</b>	<b>1,268,849</b>	<b>-</b>	<b>1,268,849</b>
<b>Liabilities:</b>			
Accounts payable	378,627	8,117	386,744
Accrued interest payable	121,870	8,087	129,957
Accrued expenses	451,134	-	451,134
Due within one year:			
Compensated absences payable	47,713	-	47,713
Bonds and capital leases payable	251,326	140,139	391,465
Due in more than one year:			
Builder bond deposits	763,650	-	763,650
Other deposits	224,887	-	224,887
Compensated absences payable	365,720	-	365,720
Net pension liability	447,922	-	447,922
Bonds and capital leases payable	12,471,903	1,057,790	13,529,693
Other post-employment benefit liability	3,211,112	-	3,211,112
<b>Total liabilities</b>	<b>18,735,864</b>	<b>1,214,133</b>	<b>19,949,997</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows relating to pensions	571,811	-	571,811
<b>Total deferred inflows of resources</b>	<b>571,811</b>	<b>-</b>	<b>571,811</b>
<b>Net Position:</b>			
Net investment in capital assets	14,413,623	10,862,423	25,276,046
Unrestricted (deficit)	(2,194,095)	(1,140,860)	(3,334,955)
<b>Total net position</b>	<b>\$ 12,219,528</b>	<b>\$ 9,721,563</b>	<b>\$ 21,941,091</b>

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, 2018

	<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	\$ 2,733,962	\$ 1,241,071	\$ -
Public safety	4,127,111	-	119,167
Physical environment	1,396,877	9,350	-
Transportation	668,082	-	-
Cultural and recreation	776,363	2,275	-
Special events	238,370	-	-
Interest expense and other financing costs	498,966	-	-
Total governmental activities	<u>10,439,731</u>	<u>1,252,696</u>	<u>119,167</u>
Business-type activities:			
Stormwater drainage	<u>735,818</u>	<u>329,062</u>	<u>-</u>
Total business-type activities	<u>735,818</u>	<u>329,062</u>	<u>-</u>
Total primary government	<u>\$ 11,175,549</u>	<u>\$ 1,581,758</u>	<u>\$ 119,167</u>
General revenues:			
Taxes:			
Ad valorem taxes			
Utility service taxes			
Franchise fees			
Sales, use and fuel taxes			
Other:			
Miscellaneous			
State shared revenues			
Investment income			
Total general revenues			
Change in net position			
Net position, beginning of year, as restate (Note 13)			
Net position, end of year			

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,492,891)	\$ -	\$ (1,492,891)
(4,007,944)	-	(4,007,944)
(1,387,527)	-	(1,387,527)
(668,082)	-	(668,082)
(774,088)	-	(774,088)
(238,370)	-	(238,370)
(498,966)	-	(498,966)
<u>(9,067,868)</u>	<u>-</u>	<u>(9,067,868)</u>
-	(406,756)	(406,756)
-	(406,756)	(406,756)
<u>(9,067,868)</u>	<u>(406,756)</u>	<u>(9,474,624)</u>
8,313,764	-	8,313,764
26,826	125,761	152,587
11,343	147,131	158,474
135,693	-	135,693
258,081	-	258,081
140,477	-	140,477
25,086	867	25,953
<u>8,911,270</u>	<u>273,759</u>	<u>9,185,029</u>
(156,598)	(132,997)	(289,595)
<u>12,376,126</u>	<u>9,854,560</u>	<u>22,230,686</u>
<u>\$ 12,219,528</u>	<u>\$ 9,721,563</u>	<u>\$ 21,941,091</u>

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



**Town of Golden Beach, Florida**  
**Balance Sheet - Governmental Funds**  
**September 30, 2018**

	<b>Major Governmental Funds</b>			
	<b>General Fund</b>	<b>Capital Improvement Project Fund</b>	<b>Bridge Fund</b>	<b>Law Enforcement Trust Fund</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 664,219	\$ 118,200	\$ -	\$ 111,950
Investments	752,949	-	-	377,619
Accounts receivable	10,916	179,473	-	36,779
Prepaid expenditures	58,701	-	-	2,063
Due from other funds	8,603,508	-	1,500,000	-
Other assets	51,316	-	-	-
Total assets	<u>\$ 10,141,609</u>	<u>\$ 297,673</u>	<u>\$ 1,500,000</u>	<u>\$ 528,411</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 362,999	\$ 13,358	\$ -	\$ 2,270
Accrued liabilities	451,134	-	-	-
Due to other funds	3,236,892	2,872,336	2,062,697	765,707
Builder bond deposits	763,650	-	-	-
Other deposits	224,887	-	-	-
Total liabilities	<u>5,039,562</u>	<u>2,885,694</u>	<u>2,062,697</u>	<u>767,977</u>
<b>Fund balances:</b>				
Nonspendable				
Prepaid expenditures	58,701	-	-	2,063
Long-term stormwater interfund receivable	1,692,277	-	-	-
Restricted for:				
Debt service	-	-	-	-
Assigned:				
Building department	400,000	-	-	-
Unassigned (deficit)	2,951,069	(2,588,021)	(562,697)	(241,629)
Total fund balances	<u>5,102,047</u>	<u>(2,588,021)</u>	<u>(562,697)</u>	<u>(239,566)</u>
Total liabilities and fund balances	<u>\$ 10,141,609</u>	<u>\$ 297,673</u>	<u>\$ 1,500,000</u>	<u>\$ 528,411</u>

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

**Nonmajor  
Governmental Funds**

<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 894,369
-	1,130,568
-	227,168
-	60,764
3,477,194	13,580,702
<u>-</u>	<u>51,316</u>
<u>\$ 3,477,194</u>	<u>\$ 15,944,887</u>
\$ -	\$ 378,627
-	451,134
2,950,793	11,888,425
-	763,650
-	224,887
<u>2,950,793</u>	<u>13,706,723</u>
-	60,764
-	1,692,277
526,401	526,401
-	400,000
<u>-</u>	<u>(441,278)</u>
<u>526,401</u>	<u>2,238,164</u>
<u>\$ 3,477,194</u>	<u>\$ 15,944,887</u>

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

**Town of Golden Beach, Florida**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2018**

---

Fund balances - total governmental funds \$ 2,238,164

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

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

The cost of capital assets is	\$ 35,274,818	
Accumulated depreciation is	<u>(9,072,926)</u>	26,201,892

Certain liabilities and related deferred outflows and inflows are not due and payable in the current period and, therefore, are not reported in the funds:

Deferred charge on refunding	566,538	
Deferred outflows relating to pensions	702,311	
Deferred inflows relating to pensions	(571,811)	
Accrued interest	(121,870)	
Compensated absences	(413,433)	
Net pension liability	(447,922)	
Debt	(12,723,229)	
Other post-employment benefit obligation (OPEB)	<u>(3,211,112)</u>	<u>(16,220,528)</u>

Net position of governmental activities \$ 12,219,528

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, 2018**

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvement Project Fund	Bridge Fund	Law Enforcement Trust Fund	Debt Service Fund	
<b>Revenues:</b>						
Ad valorem taxes	\$ 7,402,229	\$ -	\$ -	\$ -	911,535	\$ 8,313,764
Franchise fees	11,343	-	-	-	-	11,343
Utility service taxes	26,826	-	-	-	-	26,826
Licenses and permits	1,241,071	-	-	-	-	1,241,071
Sales, use and fuel taxes	135,693	-	-	-	-	135,693
State shared revenues	140,477	-	-	-	-	140,477
Physical environment	9,350	-	-	-	-	9,350
Cultural and recreation	2,275	-	-	-	-	2,275
Fines and forfeitures	36,590	-	-	82,577	-	119,167
Investment income	19,284	13	-	5,789	-	25,086
Miscellaneous	358,598	190	-	-	-	358,788
<b>Total revenues</b>	<b>9,383,736</b>	<b>203</b>	<b>-</b>	<b>88,366</b>	<b>911,535</b>	<b>10,383,840</b>
<b>Expenditures:</b>						
Current:						
General government	2,213,268	1,278	-	-	-	2,214,546
Public safety	3,611,008	-	-	195,646	-	3,806,654
Physical environment	1,096,378	-	-	-	-	1,096,378
Transportation	673,320	-	-	-	-	673,320
Cultural and recreation	674,127	-	-	-	-	674,127
Special events	238,370	-	-	-	-	238,370
Capital outlay	350,533	1,286,930	-	118,157	-	1,755,620
Debt service:						
Principal	54,211	-	-	-	190,000	244,211
Interest	6,593	-	-	-	495,181	501,774
<b>Total expenditures</b>	<b>8,917,808</b>	<b>1,288,208</b>	<b>-</b>	<b>313,803</b>	<b>685,181</b>	<b>11,205,000</b>
Changes in fund balance before other financing sources (uses)	465,928	(1,288,005)	-	(225,437)	226,354	(821,160)

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  
(continued)  
For the Year Ended September 30, 2018

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvement Project Fund	Bridge Fund	Law Enforcement Trust Fund	Debt Service Fund	
<b>Other Financing Sources (Uses):</b>						
Transfers in	60,000	-	-	-	-	60,000
Transfers out	-	-	-	(60,000)	-	(60,000)
<b>Total other financing sources (uses)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>(60,000)</b>	<b>-</b>	<b>-</b>
Changes in fund balances	525,928	(1,288,005)	-	(285,437)	226,354	(821,160)
<b>Fund Balances (Deficit), beginning of year</b>	<b>4,576,119</b>	<b>(1,300,016)</b>	<b>(562,697)</b>	<b>45,871</b>	<b>300,047</b>	<b>3,059,324</b>
<b>Fund Balances (Deficit), end of year</b>	<b>\$ 5,102,047</b>	<b>\$ (2,588,021)</b>	<b>\$ (562,697)</b>	<b>\$ (239,566)</b>	<b>526,401</b>	<b>\$ 2,238,164</b>

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

**Town of Golden Beach, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2018**

---

Net change in fund balances - total governmental funds \$ (821,160)

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	\$ 1,607,675	
Less current year depreciation	<u>(1,224,008)</u>	383,667

The net effect of various miscellaneous transactions involving capital assets (trade-ins, retirements) is to decrease net position. (100,707)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position:

Principal payments on debt	244,211	
Amortization of bond premium	<u>20,419</u>	264,630

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 deferred charge on refunding	(19,536)
Change in net pension liability	206,844
Change in accrued interest payable	1,925
Change in compensated absences payable	(47,117)
Change in other post-employment benefit obligation (OPEB)	(72,641)
Change in deferred outflows related to pensions	(112,238)
Change in deferred inflows related to pensions	<u>159,735</u>

Change in net position of governmental activities \$ (156,598)

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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,356,582	\$ 7,356,582	\$ 7,402,229	\$ 45,647
Total ad valorem taxes	<u>7,356,582</u>	<u>7,356,582</u>	<u>7,402,229</u>	<u>45,647</u>
Franchise fees:				
Gas	7,800	7,800	11,343	3,543
Total franchise fees	<u>7,800</u>	<u>7,800</u>	<u>11,343</u>	<u>3,543</u>
Utility service taxes:				
Communication service tax	16,055	16,055	18,541	2,486
Gas service tax	5,800	5,800	8,285	2,485
Total utility service taxes	<u>21,855</u>	<u>21,855</u>	<u>26,826</u>	<u>4,971</u>
Licenses and permits:				
Building permits	454,800	454,800	979,869	525,069
Other licenses and permits	232,000	232,000	259,662	27,662
Occupational licenses	10,000	10,000	1,540	(8,460)
Total licenses and permits	<u>696,800</u>	<u>696,800</u>	<u>1,241,071</u>	<u>544,271</u>
Sales, use and fuel taxes:				
State sales tax	72,987	72,987	73,262	275
Local option gas tax	27,085	27,085	26,746	(339)
Local sales tax	35,000	35,000	35,685	685
Total sales, use and fuel taxes	<u>135,072</u>	<u>135,072</u>	<u>135,693</u>	<u>621</u>
State shared revenues:				
State revenue sharing	22,278	22,278	22,362	84
State grant proceeds	113,972	113,972	116,857.00	2,885
Motor fuel tax rebate	2,500	2,500	1,258	(1,242)
Total state shared revenues	<u>138,750</u>	<u>138,750</u>	<u>140,477</u>	<u>1,727</u>
Physical environment:				
Reimbursements	-	-	9,350	9,350
Total physical environment	<u>-</u>	<u>-</u>	<u>9,350</u>	<u>9,350</u>
Culture and recreation:				
Recreation fees	5,500	5,500	2,275	(3,225)
Total culture and recreation	<u>5,500</u>	<u>5,500</u>	<u>2,275</u>	<u>(3,225)</u>

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

**Town of Golden Beach, Florida**  
**Statement of Revenues, Expenditures and Change in Fund Balance -**  
**Budget and Actual -**  
**General Fund**  
**For the Year Ended September 30, 2018**  
**(continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Stormwater administration fee	200,000	200,000	200,000	-
Fines and forfeitures:				
Code enforcement	90,500	90,500	25,150	(65,350)
Fines and forfeitures	20,000	20,000	10,362	(9,638)
Law enforcement trust fund	1,000	1,000	1,078	78
Total fines and forfeitures	<u>111,500</u>	<u>111,500</u>	<u>36,590</u>	<u>(74,910)</u>
Investment income	<u>13,100</u>	<u>13,100</u>	<u>19,284</u>	<u>6,184</u>
Miscellaneous:				
Miscellaneous revenue	50,100	50,100	57,576.00	7,476
Tax lien letter income	3,500	3,500	3,581	81
Off duty income	3,000	3,000	15,400	12,400
Hurricane settlement	-	206,599	81,765	(124,834)
Public records requests	800	800	276	(524)
Total miscellaneous	<u>57,400</u>	<u>263,999</u>	<u>158,598</u>	<u>(105,401)</u>
Allocation of fund balance	<u>800,000</u>	<u>800,000</u>	-	<u>(800,000)</u>
Total revenues	<u>9,544,359</u>	<u>9,750,958</u>	<u>9,383,736</u>	<u>(367,222)</u>
<b>Expenditures:</b>				
<b>General government:</b>				
General governmental:				
Operating expenditures	1,952,457	1,969,920	770,435	1,199,485
Capital outlay	20,000	20,000	24,869	(4,869)
Total general governmental	<u>1,972,457</u>	<u>1,989,920</u>	<u>795,304</u>	<u>1,194,616</u>
Legislative:				
Personal services	83,778	83,778	74,478	9,300
Operating expenditures	42,500	42,500	96,584	(54,084)
Capital outlay	6,100	6,100	7,053	(953)
Total legislative	<u>132,378</u>	<u>132,378</u>	<u>178,115</u>	<u>(45,737)</u>

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



**Town of Golden Beach, Florida**  
**Statement of Revenues, Expenditures and Change in Fund Balance -**  
**Budget and Actual -**  
**General Fund**  
**For the Year Ended September 30, 2018**  
**(continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Stormwater administration fee	200,000	200,000	200,000	-
Fines and forfeitures:				
Code enforcement	90,500	90,500	25,150	(65,350)
Fines and forfeitures	20,000	20,000	10,362	(9,638)
Law enforcement trust fund	1,000	1,000	1,078	78
Total fines and forfeitures	<u>111,500</u>	<u>111,500</u>	<u>36,590</u>	<u>(74,910)</u>
Investment income	<u>13,100</u>	<u>13,100</u>	<u>19,284</u>	<u>6,184</u>
Miscellaneous:				
Miscellaneous revenue	50,100	50,100	57,576.00	7,476
Tax lien letter income	3,500	3,500	3,581	81
Off duty income	3,000	3,000	15,400	12,400
Hurricane settlement	-	206,599	81,765	(124,834)
Public records requests	<u>800</u>	<u>800</u>	<u>276</u>	<u>(524)</u>
Total miscellaneous	<u>57,400</u>	<u>263,999</u>	<u>158,598</u>	<u>(105,401)</u>
Allocation of fund balance	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>(800,000)</u>
Total revenues	<u>9,544,359</u>	<u>9,750,958</u>	<u>9,383,736</u>	<u>(367,222)</u>
<b>Expenditures:</b>				
<b>General government:</b>				
General governmental:				
Operating expenditures	1,952,457	1,969,920	770,435	1,199,485
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>24,869</u>	<u>(4,869)</u>
Total general governmental	<u>1,972,457</u>	<u>1,989,920</u>	<u>795,304</u>	<u>1,194,616</u>
Legislative:				
Personal services	83,778	83,778	74,478	9,300
Operating expenditures	42,500	42,500	96,584	(54,084)
Capital outlay	<u>6,100</u>	<u>6,100</u>	<u>7,053</u>	<u>(953)</u>
Total legislative	<u>132,378</u>	<u>132,378</u>	<u>178,115</u>	<u>(45,737)</u>

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

**Town of Golden Beach, Florida**  
**Statement of Revenues, Expenditures and Change in Fund Balance -**  
**Budget and Actual -**  
**General Fund**  
**For the Year Ended September 30, 2018**  
**(continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Executive:</b>				
Personal services	404,940	440,840	373,385	67,455
Operating expenditures	52,786	52,786	74,545	(21,759)
Capital outlay	5,000	5,000	13,414	(8,414)
Total executive	<u>462,726</u>	<u>498,626</u>	<u>461,344</u>	<u>37,282</u>
<b>Town clerk:</b>				
Personal services	164,290	167,790	178,470	(10,680)
Operating expenditures	32,800	32,800	26,284	6,516
Capital outlay	2,200	2,200	6,373	(4,173)
Total town clerk	<u>199,290</u>	<u>202,790</u>	<u>211,127</u>	<u>(8,337)</u>
<b>Town legal counsel:</b>				
Operating expenditures	249,500	249,500	301,242	(51,742)
Total town legal counsel	<u>249,500</u>	<u>249,500</u>	<u>301,242</u>	<u>(51,742)</u>
<b>Finance:</b>				
Personal services	224,108	227,208	224,843	2,365
Operating expenditures	67,700	67,700	93,002	(25,302)
Capital outlay	3,500	3,500	4,342	(842)
Total finance	<u>295,308</u>	<u>298,408</u>	<u>322,187</u>	<u>(23,779)</u>
Total general government	<u>3,311,659</u>	<u>3,371,622</u>	<u>2,269,319</u>	<u>1,102,303</u>
<b>Public safety:</b>				
<b>Law enforcement:</b>				
Personal services	2,493,282	2,513,382	2,500,016	13,366
Operating expenditures	356,000	356,540	509,288	(152,748)
Capital outlay	140,000	140,000	98,002	41,998
Total law enforcement	<u>2,989,282</u>	<u>3,009,922</u>	<u>3,107,306</u>	<u>(97,384)</u>
<b>Protective inspections:</b>				
Personal services	329,315	333,715	287,618	46,097
Operating expenditures	231,410	231,410	313,176	(81,766)
Capital outlay	7,500	7,500	910	6,590
Total protective inspections	<u>568,225</u>	<u>572,625</u>	<u>601,704</u>	<u>(29,079)</u>
Total public safety	<u>3,557,507</u>	<u>3,582,547</u>	<u>3,709,010</u>	<u>(126,463)</u>

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

**Town of Golden Beach, Florida**  
**Statement of Revenues, Expenditures and Change in Fund Balance -**  
**Budget and Actual -**  
**General Fund**  
**For the Year Ended September 30, 2018**  
**(continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Physical environment:</b>				
Personal services	774,291	784,091	834,590	(50,499)
Operating expenditures	292,000	296,814	261,788	35,026
Capital outlay	29,194	29,194	9,631	19,563
Total physical environment	<u>1,095,485</u>	<u>1,110,099</u>	<u>1,106,009</u>	<u>4,090</u>
<b>Transportation:</b>				
Personal services	100,920	103,020	100,824	2,196
Operating expenditures	498,200	498,200	572,496	(74,296)
Capital outlay	-	49,252	67,341	(18,089)
Total transportation	<u>599,120</u>	<u>650,472</u>	<u>740,661</u>	<u>(90,189)</u>
<b>Cultural and recreation:</b>				
Personal services	269,548	272,148	239,266	32,882
Operating expenditures	390,000	165,000	434,861	(269,861)
Capital outlay	80,000	355,430	118,598	236,832
Total cultural and recreation	<u>739,548</u>	<u>792,578</u>	<u>792,725</u>	<u>(147)</u>
<b>Special events:</b>				
Personal services	109,734	112,334	81,786	30,548
Operating expenditures	130,500	130,500	156,584	(26,084)
Capital outlay	-	-	910	(910)
Total special events	<u>240,234</u>	<u>242,834</u>	<u>239,280</u>	<u>3,554</u>
<b>Debt service:</b>				
Principal	54,212	54,212	54,211	1
Interest	6,594	6,594	6,593	1
Total debt service	<u>60,806</u>	<u>60,806</u>	<u>60,804</u>	<u>2</u>
Total expenditures	<u>9,604,359</u>	<u>9,810,958</u>	<u>8,917,808</u>	<u>893,150</u>
Change in fund balance before other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>465,928</u>	<u>525,928</u>
<b>Other Financing Sources:</b>				
Transfers in	60,000	60,000	60,000	-
Total other financing sources	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>525,928</u>	<u>\$ 525,928</u>
<b>Fund Balance, beginning of year</b>			<u>4,576,119</u>	
<b>Fund Balance, end of year</b>			<u>\$ 5,102,047</u>	

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

Town of Golden Beach, Florida  
Statement of Net Position  
Proprietary Fund  
September 30, 2018

	<u>Stormwater Utility Fund</u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 225,949
Investments	115,905
Accounts receivable	<u>225,767</u>
Total current assets	<u>567,621</u>
<b>Noncurrent assets:</b>	
Capital assets, net	<u>12,060,352</u>
Total noncurrent assets	<u>12,060,352</u>
Total assets	<u>12,627,973</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	8,117
Accrued interest payable	8,087
Current portion of debt	140,139
Due to other funds	<u>1,692,277</u>
Total current liabilities	<u>1,848,620</u>
Noncurrent liabilities:	
Long-term debt	<u>1,057,790</u>
Total noncurrent liabilities	<u>1,057,790</u>
Total liabilities	<u>2,906,410</u>
<b>Net Position:</b>	
Net investment in capital assets	10,862,423
Unrestricted (deficit)	<u>(1,140,860)</u>
Total net position	<u>\$ 9,721,563</u>

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

**Town of Golden Beach, Florida**  
**Statement of Revenues, Expenses and Change in Net Position-**  
**Proprietary Fund**  
**For the Year Ended September 30, 2018**

	<b>Stormwater Utility Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 329,062
Tax revenue	147,131
Franchise fees	<u>125,761</u>
Total operating revenues	<u>601,954</u>
<b>Operating and General Expenses:</b>	
Repairs and maintenance	77,715
Depreciation expense	393,941
General expenses	34,215
Professional services	5,534
Administrative fee	<u>200,000</u>
Total operating and general expenses	<u>711,405</u>
Operating income	<u>(109,451)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment income	867
Interest expense	<u>(24,413)</u>
Total nonoperating revenues (expenses)	<u>(23,546)</u>
Change in net position	(132,997)
<b>Net Position, beginning of year</b>	<u>9,854,560</u>
<b>Net Position, end of year</b>	<u>\$ 9,721,563</u>

**Town of Golden Beach, Florida**  
**Statement of Cash Flows -**  
**Proprietary Fund**  
**For the Year Ended September 30, 2018**

	<b>Stormwater Utility Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers and users	\$ 497,554
Cash paid for goods and services	<u>(310,237)</u>
Net cash provided by operating activities	<u>187,317</u>
<b>Cash Flows From Financing Activities:</b>	
Change in due to/from balances	83,594
Interest paid	(24,413)
Principal payments	<u>(137,547)</u>
Net cash used in financing activities	<u>(78,366)</u>
<b>Cash Flows From Investing Activities:</b>	
Purchase of property and equipment	(32,278.00)
Investment income received	867
Purchase of investments	<u>(100,817)</u>
Net cash provided by investing activities	<u>(132,228)</u>
Net decrease in cash and cash equivalents	(23,277)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>249,226</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 225,949</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ <u>(109,451)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Provision for depreciation	393,941
(Increase) decrease in accounts receivable	(104,400)
Increase (decrease) in accounts payable	<u>7,227</u>
Total adjustments	<u>296,768</u>
Net cash provided by operating activities	<u>\$ 187,317</u>

**Town of Golden Beach, Florida**  
**Statement of Fiduciary Net Position**  
**Retirement Plan for Employees of the Town of Golden Beach**  
**September 30, 2018**

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**Assets:**

Cash and cash equivalents		\$	642,368
Receivables:			
Employee contribution	\$	15,700	
Interest		23,214	
Other		<u>49,144</u>	88,058
Prepaid expenses			31,596
Investments, at fair value:			
Common stock		6,486,695	
Government bonds		1,303,264	
Corporate bonds		830,761	
Alternative investments		<u>785,876</u>	<u>9,406,596</u>
Total assets			<u>10,168,618</u>

**Liabilities:**

Accounts payable			1,850
Security purchases payable			<u>37,239</u>
Total liabilities			<u>39,089</u>

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

\$ 10,129,529

**Town of Golden Beach, Florida**  
**Statement of Change in Fiduciary Net Position**  
**Retirement Plan for Employees of the Town of Golden Beach**  
**For the Year Ended September 30, 2018**

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**Additions:**

Contributions:

Employer	\$ 588,601
Employees	<u>152,113</u>
Total contributions	<u>740,714</u>

**Investment income:**

Net appreciation in fair value of Plan investments	631,969
Interest and dividend income	<u>224,331</u>
Total investment income	<u>856,300</u>
Total additions	<u>1,597,014</u>

**Deductions:**

Benefits paid	320,175
Consulting and advisory fees	78,925
Professional fees	51,006
Contribution refunds	4,143
Trustee education	2,635
Trustee fiduciary insurance	2,743
Office expenses	365
Dues	<u>747</u>
Total deductions	<u>460,739</u>

Net increase	1,136,275
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**Net Position Held in Trust for Pension Benefits,  
beginning of year**

8,993,254

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

\$ 10,129,529



### **Note 1 - Organization and Operations**

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

### **Note 2 - Summary of Significant Accounting Policies**

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

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

#### **Basis of presentation:**

##### *Government-wide financial statements*

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### *Fund financial statements*

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

*Fund financial statements (continued)*

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary fund:

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

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

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

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

**Measurement focus, basis of accounting:**

*Government-wide financial statements*

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

*Government-wide financial statements (continued):*

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

*Fund financial statements*

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines and forfeitures, 3) operating grants and contributions, and 4) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are from charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation expense on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues or expenses.

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Budgets:**

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

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

- a. Prior to July 1, the Town Manager submits to the Town Council, the budget estimates of expenditures and revenues of all Town departments for the fiscal year commencing the following October 1.
- b. Upon receipt of the annual budget estimates, the Town Council prepares an appropriation ordinance using the Town Manager’s estimates as a basis.
- c. Public hearings are conducted at the Town Hall to obtain taxpayer’s comments.
- d. Prior to October 1, the budget is legally enacted through passage of a resolution.
- e. The Town may not legally expend or contract to expend amounts in excess of the total amount of appropriated expenditures of any of the funds for the year. The Town Manager can transfer funds among departmental expenditure categories, but may not increase total departmental expenditures without Council approval. Therefore, the legal level of control is at the departmental level.
- f. Formal budgetary integration is employed as a control device during the year for the General Fund, Special Revenue Funds, Capital Improvement Project Fund and the Debt Service Fund. Budget appropriations lapse at year end.
- g. The budgets for the General, Special Revenue, Capital Improvement Project and the Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- h. Budgeted amounts presented for fiscal year 2018 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

Legislative	\$	(45,737)
Town clerk	\$	(8,337)
Town Council	\$	(51,742)
Finance	\$	(23,779)
Law enforcement	\$	(97,384)
Protective inspections	\$	(29,079)
Transportation	\$	(90,189)
Culture and recreation	\$	(147)

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

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

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

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

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

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

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

## Note 2 - Summary of Significant Accounting Policies (continued)

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

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

### Equity classifications:

#### Government-wide statements

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

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

#### Fund statements

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

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

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

Assessed values are established by the Miami-Dade County Property Appraiser at just values. The assessed value of property at January 1, 2017, upon which the 2017-2018 levy was based, was approximately \$ 1,096,000,000. The Miami-Dade County Tax Collector bills and collects all property taxes for the Town.

The Town is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$ 1,000 of assessed valuation (10 mills) for general governmental services. In addition, unlimited amounts may be levied for the payment of principal and interest for debt service if approved by the voters. The operating tax rate to finance general government services for the year ended September 30, 2018 was \$ 7.4800 per \$ 1,000 and \$ .9200 per \$ 1,000 for bond debt service.

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

**Note 3 - Capital Assets**

Capital asset activity of governmental activities for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Additions	Retirements and Transfers	Balance September 30, 2018
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,878,598	\$ -	\$ -	\$ 1,878,598
Construction in progress	-	1,282,054	-	1,282,054
Total capital assets, not being depreciated	<u>1,878,598</u>	<u>1,282,054</u>	<u>-</u>	<u>3,160,652</u>
Capital assets, being depreciated:				
Equipment and vehicles	3,630,705	251,200	370,683	3,511,222
Buildings	1,563,250	-	-	1,563,250
Infrastructure	25,551,578	69,746	-	25,621,324
Improvements other than buildings	<u>1,413,695</u>	<u>4,675</u>	<u>-</u>	<u>1,418,370</u>
Total capital assets, being depreciated	<u>32,159,228</u>	<u>325,621</u>	<u>370,683</u>	<u>32,114,166</u>
Total capital assets	<u>34,037,826</u>	<u>1,607,675</u>	<u>370,683</u>	<u>35,274,818</u>



**Town of Golden Beach, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Note 3 - Capital Assets (continued)**

	Balance October 1, 2017	Additions	Retirements and Transfers	Balance September 30, 2018
Less accumulated depreciation for:				
Equipment and vehicles	2,565,076	234,165	269,976	2,529,265
Buildings	427,670	50,605	-	478,275
Infrastructure	4,517,902	835,617	-	5,353,519
Improvements other than buildings	608,246	103,621	-	711,867
Total accumulated depreciation	<u>8,118,894</u>	<u>1,224,008</u>	<u>269,976</u>	<u>9,072,926</u>
Total capital assets, being depreciated, net	<u>24,040,334</u>	<u>(898,387)</u>	<u>100,707</u>	<u>23,041,240</u>
Governmental activities capital assets, net	\$ <u>25,918,932</u>	\$ <u>383,667</u>	\$ <u>100,707</u>	\$ <u>26,201,892</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Equipment and vehicles	\$ 47,000	\$ -	\$ -	\$ 47,000
Improvements other than buildings	<u>15,206,234</u>	<u>32,278</u>	<u>-</u>	<u>15,238,512</u>
Total capital assets, being depreciated	<u>15,253,234</u>	<u>32,278</u>	<u>-</u>	<u>15,285,512</u>
Total capital assets	<u>15,206,234</u>	<u>32,278</u>	<u>-</u>	<u>15,238,512</u>
Less accumulated depreciation for:				
Equipment and vehicles	18,798	3,133	-	21,931
Improvements other than buildings	<u>2,812,421</u>	<u>390,808</u>	<u>-</u>	<u>3,203,229</u>
Total accumulated depreciation	<u>2,831,219</u>	<u>393,941</u>	<u>-</u>	<u>3,225,160</u>
Total capital assets, being depreciated, net	<u>12,422,015</u>	<u>(361,663)</u>	<u>-</u>	<u>12,060,352</u>
Business-type activities capital assets, net	\$ <u>12,422,015</u>	\$ <u>(361,663)</u>	\$ <u>-</u>	\$ <u>12,060,352</u>

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

Governmental activities:	
General government	\$ 318,242
Public safety	470,019
Physical environment	324,362
Cultural and recreation	<u>111,385</u>
Total depreciation expense - governmental activities	\$ <u>1,224,008</u>
Business-type activities:	
Stormwater drainage	\$ <u>393,941</u>

**Note 4 - 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, 2018, 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. As of September 30, 2018, the carrying amount of the Town’s deposits was \$ 1,120,318 with a bank balance of \$ 1,357,267.

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

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

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

Total governmental and proprietary investments at September 30, 2018 were as follows:

	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Florida PRIME	\$ 1,246,473	\$ 1,246,473	\$ -	\$ -
	\$ 1,246,473	\$ 1,246,473	\$ -	\$ -

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

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

**Note 4 - Deposits and Investments (continued)**

**Fiduciary Funds**

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

The table below summarizes the Plan's investment balances and scheduled maturities (in years):

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Common stock	\$ 6,486,695	\$ 6,486,695	\$ -	\$ -
U.S. Treasuries and agencies	1,303,264	159,907	659,062	484,295
Corporate bonds	830,761	124,549	599,401	106,811
Alternative investments	785,876	785,876	-	-
	<u>\$ 9,406,596</u>	<u>\$ 7,557,027</u>	<u>\$ 1,258,463</u>	<u>\$ 591,106</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, 2018, the Plan's corporate bonds were rated between AA and BBB+ by Standard & Poor's. The Plan has no investment policy that would further limit its investment choices.

**Concentration of credit risk:** GASB Statement No. 40 requires disclosure when the percent is 5% or more in any one issuer. As of September 30, 2018, investments held in one fund consisting of United States Treasury notes in the amount of \$ 1,147,235 exceeded 5% of Plan net position.

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

**Fair value hierarchy:** GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investment at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 - investments reflect prices that are based on similar observable assets, either directly or indirectly, which may include inputs in markets that are not considered to be active.

**Note 4 - Deposits and Investments (continued)**

- Level 3 - investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. Investments are recorded at fair value, and primarily uses the market approach to valuing each security. Security pricing is provided by a third-party, and is reported daily to the Plan of the Town by its custodians.

Fair values of investments held by the Town's Fiduciary Investment Funds are classified at September 30, 2018 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 6,486,695	\$ 6,486,695	\$ -	\$ -
U.S. government securities	1,303,264	-	1,303,264	-
Corporate bonds	830,761	-	830,761	-
Alternative investments	785,876	-	-	785,876
Total investments measured at fair value	<u>\$ 9,406,596</u>	<u>\$ 6,486,695</u>	<u>\$ 2,134,025</u>	<u>\$ 785,876</u>

Given the inherent nature of the investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Note 5 - Long-Term Liabilities**

**Governmental activities:**

The following is a summary of changes in the long-term liabilities for the year ended September 30, 2018:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Refunding Bonds, Series 2016	\$ 12,390,000	-	190,000	12,200,000	195,000
Bond premium	428,799	-	20,419	408,380	-
Capital lease	169,060	-	54,211	114,849	56,326
Compensated absences payable	366,316	47,117	-	413,433	47,713
Total governmental activities	<u>\$ 13,354,175</u>	<u>\$ 47,117</u>	<u>\$ 264,630</u>	<u>\$ 13,136,662</u>	<u>\$ 299,039</u>

**Note 5 - Long-Term Liabilities (continued)**

**General Obligation Refunding Bonds, Series 2016** – Previously, the Town issued \$ 12,390,000 of General Obligation Refunding Bonds, Series 2016, maturing January 1, 2038, with interest rates ranging from 3.00% to 5.00%. The Bonds refunded the Town’s then outstanding Special Assessment General Obligation Bonds, Series 2008. Interest is payable semi-annually on the first day of each January and July. The Bonds are secured by the pledge of revenues derived from the collection of non-ad valorem special assessments.

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

The aggregate annual debt service requirements for the General Obligation Refunding Bonds, Series 2016 is as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 195,000	\$ 487,481	\$ 682,481
2020	430,000	474,981	904,981
2021	445,000	457,481	902,481
2022	460,000	439,381	899,381
2023	485,000	418,056	903,056
2024-2028	2,800,000	1,698,256	4,498,256
2029-2033	3,355,000	1,116,341	4,471,341
2034-2038	4,030,000	415,400	4,445,400
	<u>\$ 12,200,000</u>	<u>\$ 5,507,377</u>	<u>\$ 17,707,377</u>

**Business-type activities:**

The following is a summary of changes in the long-term debt for the year ended September 30, 2018:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018	Due Within One Year
<b>Business-type activities:</b>					
Department of Environmental Protection, Revolving Loans	\$ 1,335,476	\$ -	\$ 137,547	\$ 1,197,929	\$ 140,139
Total business-type activities	<u>\$ 1,335,476</u>	<u>\$ -</u>	<u>\$ 137,547</u>	<u>\$ 1,197,929</u>	<u>\$ 140,139</u>

**Note 5 - Long-Term Liabilities (continued)**

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	140,139	21,821	161,960
2020	142,780	19,180	161,960
2021	145,472	16,488	161,960
2022	148,214	13,746	161,960
2023	151,007	10,953	161,960
2024-2026	470,317	15,562	485,879
	\$ <u>1,197,929</u>	\$ <u>97,750</u>	\$ <u>1,295,679</u>

**Note 6 - Accounts Receivable/Accounts Payable**

Accounts payable at September 30, 2018 were as follows:

	<u>Vendors</u>	<u>Subcontractors</u>	<u>Total Accounts Payable</u>
Governmental activities:			
General Fund	\$ 362,999	\$ -	\$ 362,999
Capital Improvement Project Fund	13,358	-	13,358
Law Enforcement Trust Fund	2,270	-	2,270
Total governmental activities	\$ <u>378,627</u>	\$ <u>-</u>	\$ <u>378,627</u>
Business-type activities:			
Stormwater Utility Fund	\$ 8,117	\$ -	\$ 8,117
Total business-type activities	\$ <u>8,117</u>	\$ <u>-</u>	\$ <u>8,117</u>

**Note 6 - Accounts Receivable/Accounts Payable (continued)**

Receivables at September 30, 2018 were as follows:

	Taxes Receivable	Inter- Governmental	Accounts	Other	Total
Governmental activities:					
General Fund	\$ 9,692	\$ -	\$ -	\$ 1,224	\$ 10,916
Capital Improvement Project Fund	-	-	179,473	-	179,473
Law Enforcement Fund	-	36,779	-	-	36,779
Total governmental activities	<u>\$ 9,692</u>	<u>\$ 36,779</u>	<u>\$ 179,473</u>	<u>\$ 1,224</u>	<u>\$ 227,168</u>
Business-type activities:					
Stormwater Utility Fund	\$ -	\$ 37,478	\$ 188,289	\$ -	\$ 225,767
Total business-type activities	<u>\$ -</u>	<u>\$ 37,478</u>	<u>\$ 188,289</u>	<u>\$ -</u>	<u>\$ 225,767</u>

**Note 7 - Retirement Plans**

**Summary of Significant Accounting Policies:**

**Basis of Accounting**

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

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

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

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

**Note 7 - Retirement Plans (continued)**

**Plan Membership:** Employee membership consisted of the following at October 1, 2017:

	<u>General</u>	<u>Police</u>
Retirees and beneficiaries receiving benefits and terminated members entitled to benefits, but not yet receiving them	10	13
Active plan members	<u>28</u>	<u>19</u>
	<u>38</u>	<u>32</u>

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

**Net Pension Liability**

The Town's net pension liability was determined based on a measurement date of September 30, 2018.

The components of the pension liability of the Town at September 30, 2018 were as follows:

Total pension liability	\$ 10,577,451
Plan fiduciary net position	<u>(10,129,529)</u>
Town net pension liability	<u>\$ 447,922</u>
Plan fiduciary net position as a percentage of total pension liability	95.77%

**Actuarial Assumptions:** The total pension liability at September 30, 2018 was determined by using actuarial assumptions as of October 1, 2017, with update procedures used to roll forward the total pension liability to September 30, 2018. The actuarial valuations used the following actuarial assumptions:

Inflation	2.50%
Projected salary increases	5.00%, average, including inflation
Investment rate of return	7.85%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Mortality Table

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

The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:



**Note 7 - Retirement Plans (continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	65.00%	6.62% - 8.68%
Fixed income	25.00%	1.67%
Alternative investments	10.00%	3.10%
Total	<u>100.00%</u>	

**Rate of return:** For the year ended September 30, 2018, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 8.93%. The money weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

**Discount rate:** The discount rate used to measure the total pension liability was 7.85%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that contributions from the Town will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate on pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
<b>Balances, as of September 30, 2017, Measurement Date</b>	\$ 9,648,020	\$ (8,993,254)	\$ 654,766
<b>Changes for the year:</b>			
Service cost	372,701	-	372,701
Expected interest growth	767,653	(719,791)	47,862
Demographic experience	113,395	-	113,395
Unexpected investment income	-	(57,584)	(57,584)
Contributions - employer	-	(588,601)	(588,601)
Contributions - members	-	(152,113)	(152,113)
Benefit payments, including refunds of member contributions	(324,318)	324,318	-
Assumption changes	-	-	-
Administrative expense	-	57,496	57,496
<b>Net changes</b>	<u>929,431</u>	<u>(1,136,275)</u>	<u>(206,844)</u>
<b>Balances, as of September 30, 2018, Measurement Date</b>	\$ <u>10,577,451</u>	\$ <u>(10,129,529)</u>	\$ <u>447,922</u>

**Note 7 - Retirement Plans (continued)**

**Sensitivity of the Net Pension Liability to Changes on the Discount Rate:** The following presents the net pension liability of the Town using the discount rate of 7.85%, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (6.85%)	Current Discount Rate (7.85%)	1% Increase (8.85%)
Total pension liability	\$ 11,812,884	\$ 10,577,451	\$ 9,542,715
Plan fiduciary net position	(10,129,529)	(10,129,529)	(10,129,529)
Net pension liability (asset)	<u>\$ 1,683,355</u>	<u>\$ 447,922</u>	<u>\$ (586,814)</u>

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

For the year ended September 30, 2018, the Town recognized pension expense of \$ 254,341. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 243,200	\$ 249,218
Demographic changes	459,111	29,650
Changes in assumptions	-	292,943
Total	<u>\$ 702,311</u>	<u>\$ 571,811</u>

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

Year ending September 30:	Amount
2019	\$ 41,952
2020	77,402
2021	(44,197)
2022	21,587
2023	18,539
Thereafter	15,217
	<u>\$ 130,500</u>

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

**Note 8 - Other Post-Employment Benefits**

During fiscal year 2018, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45. See Note 13 below for information on the effect of implementation on beginning net position in the government wide statements.

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

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

The following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>46</u>
Total plan members	<u><u>47</u></u>

**Actuarial Methods and Assumptions:** The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the Town and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability at September 30, 2018 was based on an actuarial valuation dated October 1, 2017 with a measurement date of September 30, 2018, using the following actuarial assumptions:

**Note 8 - Other Post-Employment Benefits (continued)**

Actuarial Cost Method	Entry Age Normal.
Discount Rate	3.64% per annum.
Salary Increases	3.00% per annum.
Cost-of-living Increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare Cost Trend Rates	Increases in healthcare costs are assumed to be 8.00% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2023/2024 and later fiscal years.
Age-related Morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied Subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, for the 2-17/18 fiscal year, an implied monthly subsidy was assumed at age 62 of \$ 525.00 for the retiree and \$ 600.00 for the retiree's spouse; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.
Mortality Basis	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.
Retirement	With respect to general employees, retirement is assumed to occur at the rate of 5% at each of ages 55 through 64, 60% at age 65, 40% at each of ages 66 through 69, and 100% at age 70; with respect to police officers who have earned less than 20 years of service, retirement is assumed to occur at the rate of 5% at each of ages 50 through 54, 40% at each of ages 56 through 59, and 100% at age 60; with respect to police officers who have earned at least 20 years of service, retirement is assumed to occur at the rate of 5% at each of ages 50 and 51, 40% at each of ages 53 through 56, and 100% at age 57.
Other Decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 2).

**Note 8 - Other Post-Employment Benefits (continued)**

Coverage Election	20% of eligible employees are assumed to elect medical coverage until age 65 upon retirement or disability in accordance with their current election as to coverage status, except that 100% of individuals who are eligible for an explicit subsidy are assumed to elect medical coverage for life upon retirement or disability in accordance with their current election as to coverage status but with no assumed dependent children after age 55.
Spousal age:	Husbands are assumed to be three years older than wives.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

There were no changes in assumptions or benefits during the year ended September 30, 2018.

**Discount Rate:** The discount rate used to measure the total OPEB liability at September 30, 2018 was 3.64%. Because the Town's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability.

**Total OPEB Liability of the Town:** The components of the Town's net OPEB liability at September 30, 2018, are as follows:

Total OPEB liability	\$	3,211,112
OPEB Plan fiduciary net position		<u>-</u>
Town's net OPEB liability	\$	<u><u>3,211,112</u></u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability		<u><u>0%</u></u>
Measurement year ended September 30, 2018		
Total OPEB liability:		
Service cost	\$	11,778
Interest on total OPEB liability		113,716
Benefit payments		<u>(52,853)</u>
Net change in total OPEB liability		72,641
Total OPEB liability, beginning		<u>3,138,471</u>
Total OPEB liability, ending	\$	<u><u>3,211,112</u></u>

**Note 8 - Other Post-Employment Benefits (continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:** The following table presents the total OPEB liability, calculated using the discount rate of 3.64%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ <u>3,857,918</u>	\$ <u>3,211,112</u>	\$ <u>2,714,060</u>

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:** The following table presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease 7.00% Decreasing to 4.00%	Trend Rate Assumption 8.00% Decreasing to 5.00%	1% Trend Increase 9.00% Decreasing to 6.00%
Total OPEB Liability	\$ <u>2,700,214</u>	\$ <u>3,211,112</u>	\$ <u>3,863,305</u>

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB:** For the year ended September 30, 2018, the Town recognized OPEB expense of \$ 72,641. At September 30, 2018, the Town has no deferred outflows of resources or deferred inflows of resources related to OPEB.

**Note 9 - Interfund Balances and Transfers**

Interfund receivables and payables at September 30, 2018 were as follows:

Due from:	Due to:				Total
	General Fund	Bridge Fund	Capital Improvement Project Fund	Debt Service Fund	
Debt Service Fund	\$ 3,236,892	240,302	-	-	\$ 3,477,194
Law Enforcement Trust Fund	765,707	-	-	-	765,707
Bridge Fund	-	-	1,500,000	-	1,500,000
Stormwater Fund	1,692,277	-	-	-	1,692,277
General Fund	-	1,822,395	1,372,336	2,950,793	6,145,524
Total	\$ <u>5,694,876</u>	\$ <u>2,062,697</u>	\$ <u>2,872,336</u>	\$ <u>2,950,793</u>	\$ <u>13,580,702</u>

Interfund balances are typically due to project deficit funding that will be supplied by the general fund at or near the end of project.

**Note 9 - Interfund Balances and Transfers (continued)**

Transfers to and from individual funds were as follows:

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

During the year ended September 30, 2018, the General Fund received \$ 60,000 from the Law Enforcement Trust Fund as an administrative fee.

**Note 10 - Risk Management**

For the year ended September 30, 2018, the Town participated in the Florida League of Cities (“FLC”) risk pool. This is a statewide pool with several hundred governmental members. FLC provided the Town with general liability and property coverages. The FLC pool is nonassessable. There is no self-insured retention for the Town excluding a \$ 250 per occurrence deductible. FLC also provided the Town with \$ 2,000,000 in general liability coverage.

**Note 11 - Contingencies**

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

**Note 12 - Individual Fund Disclosures**

At September 30, 2018, the Capital Improvement Project Fund, Bridge Fund and Law Enforcement Trust Fund have deficit fund balances of \$ 2,588,021, \$ 562,697 and \$ 239,566, respectively. The Town expects to reduce two of these deficits through transfers from the General Fund in Fiscal Year 2018-2019. These transfers, based on current unassigned balances, will diminish the General Fund unassigned balance to a deficit balance of approximately \$ 200,000 if fully executed to cure the Capital Improvement Project Fund and Bridge Funds.

The Town expects revenues from the Federal Emergency Management Agency in the amount of approximately \$ 450,000 to assist in curing the \$ 200,000 General Fund unassigned deficit. These funds are solely reimbursement of expenditures already incurred. Additionally, to cure the Law Enforcement Trust Fund deficit, the Town expects future monies in the amount of approximately \$ 1,000,000.

**Note 13 - Restatement of Net Position**

The net position of the Governmental Activities has been adjusted due to the adoption of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018 as follows:

	<u>Governmental Activities</u>
Net Position, September 30, 2017, as previously reported	\$ 15,354,897
Cumulative Affect of Application of GASB 75, Net Pension Liability	(2,978,771) <u>40,900</u>
Net Position, September 30, 2017, as restated	\$ <u><u>12,376,126</u></u>

DRAFT



REQUIRED SUPPLEMENTARY  
INFORMATION

DRAFT

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>					
Service cost	\$ 372,701	\$ 355,307	\$ 410,000	\$ 412,000	\$ 406,000
Expected interest growth	767,653	702,846	649,000	540,000	540,000
Differences between expected and actual experience	113,395	537,419	(21,000)	(13,000)	(132,000)
Changes in assumptions		(434,803)	48,778	-	-
Benefit payments, including refunds of member contributions	<u>(324,318)</u>	<u>(329,527)</u>	<u>(308,000)</u>	<u>(347,000)</u>	<u>(315,000)</u>
<b>Net change in total pension liability</b>	929,431	831,242	778,778	592,000	499,000
<b>Total pension liability - beginning</b>	<u>9,648,020</u>	<u>8,816,778</u>	<u>8,038,000</u>	<u>7,446,000</u>	<u>6,947,000</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 10,577,451</u>	<u>\$ 9,648,020</u>	<u>\$ 8,816,778</u>	<u>\$ 8,038,000</u>	<u>\$ 7,446,000</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 588,601	\$ 513,696	\$ 457,855	\$ 428,000	\$ 428,000
Contributions - member	152,113	120,499	110,543	102,000	100,000
Expected interest growth	719,791	618,943	-	-	-
Unexpected investment income	57,584	373,099	438,000	(50,000)	535,000
Benefit payments, including refunds of member contributions	(324,318)	(329,527)	(308,000)	(347,000)	(315,000)
Administrative expenses	<u>(57,496)</u>	<u>(129,160)</u>	<u>(60,694)</u>	<u>(40,000)</u>	<u>(60,000)</u>
<b>Net change in plan fiduciary net position</b>	1,136,275	1,167,550	637,704	93,000	688,000
<b>Plan fiduciary net position - beginning</b>	<u>8,993,254</u>	<u>7,825,704</u>	<u>7,188,000</u>	<u>7,095,000</u>	<u>6,407,000</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 10,129,529</u>	<u>\$ 8,993,254</u>	<u>\$ 7,825,704</u>	<u>\$ 7,188,000</u>	<u>\$ 7,095,000</u>
<b>Town's net pension liability (asset) - ending (A) - (B)</b>	<u>\$ 447,922</u>	<u>\$ 654,766</u>	<u>\$ 991,074</u>	<u>\$ 850,000</u>	<u>\$ 351,000</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.77%	93.21%	88.76%	89.43%	95.29%
<b>Covered-employee payroll</b>	\$ 2,080,445	\$ 1,911,580	\$ 2,258,192	\$ 2,159,806	\$ 2,027,000
<b>Town's net pension liability (asset) as percentage of covered-employee payroll</b>	21.53%	34.25%	43.89%	39.36%	17.32%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 588,601	\$ 458,294	\$ 457,855	\$ 427,817	\$ 427,817
Contributions in relation to the actuarially determined contribution	<u>588,601</u>	<u>513,696</u>	<u>457,855</u>	<u>427,817</u>	<u>427,817</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (55,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,080,445	\$ 1,911,580	\$ 2,258,192	\$ 2,159,806	\$ 2,027,000
Contributions as a percentage of covered-employee payroll	28.29%	26.87%	20.28%	19.81%	21.11%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 391,306	\$ 376,825	\$ 383,027	\$ 367,275	\$ 345,017
<u>383,769</u>	<u>383,769</u>	<u>383,769</u>	<u>372,769</u>	<u>360,753</u>
\$ <u>7,537</u>	\$ <u>(6,944)</u>	\$ <u>(742)</u>	\$ <u>(5,494)</u>	\$ <u>(15,736)</u>
\$ 2,019,940	\$ 1,820,735	\$ 1,920,856	\$ 1,813,079	\$ 1,811,913
19.00%	21.08%	19.98%	20.56%	19.91%

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

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	8.93%	5.35%	6.96%	-0.80%	9.20%

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

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Town of Golden Beach, Florida  
 Required Supplementary Information  
 Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

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<b>Fiscal Year:</b>	2018
<b>Measurement Date:</b>	<u>9/30/2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 11,778
Interest	113,716
Benefits payments	<u>(52,853)</u>
<b>Net change in total OPEB liability</b>	72,641
<b>Total OPEB liability - beginning</b>	<u>3,138,471</u>
<b>Total OPEB liability - ending</b>	<u>\$ 3,211,112</u>
<b>Covered payroll</b>	\$ 2,373,485
<b>Total OPEB liability as a percentage of covered payroll</b>	135.29%

**Notes to Schedule:**

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the OPEB plan will present information for those years for which the information is available.

Plan Assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

## COMPLIANCE SECTION

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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*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Golden Beach, Florida (the "Town") as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the Town's basic financial statements and have issued our report thereon dated (DATE).

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
(DATE)

## INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

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

### **Report on the Financial Statements**

We have audited the financial statements of the Town of Golden Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated (DATE).

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated (DATE), should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the basic financial statements. The Town of Golden Beach, Florida was established by the Board of Miami-Dade County Commissioners with the adoption of Ordinance 97-7. The Town does not have any component units.

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town 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.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the Town’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of the Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
(DATE)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES

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

We have examined the Town of Golden Beach, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Town's compliance with the specific requirements. Our responsibility is to express an opinion on the Town's compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with the specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Council Members, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
(DATE)