

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2012**

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA**

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**INDEPENDENT AUDITOR'S REPORT**

To the Council  
Town of Haverhill  
Haverhill, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town as of and for the fiscal year ended September 30, 2012, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, 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, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

*Grau & Associates*  
June 21, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Haverhill, Florida (the "Town") provides a narrative overview of the Town's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the Town's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year resulting in a net asset balance of \$2,018,842. Of this amount, \$755,610 is unrestricted net assets which may be used to meet ongoing obligations.
- The change in the Town's total net assets was an increase of \$56,225 in comparison with the prior year. The key components of net assets and change in net assets are reflected in the table in the following section.
- At September 30, 2012, the Town's governmental funds reported combined ending fund balances of \$659,231, a decrease of (\$34,532) in comparison with the prior fiscal year. A portion of total fund balance is assigned to subsequent year's expenditures and the remainder is unassigned fund balance which is available for spending at the Town's discretion.

### OVERVIEW OF FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by ad valorem and non ad valorem taxes, intergovernmental revenues, and rental revenue and franchise fees. The Town does not have any business-type activities. The functions/programs are: general government, public safety, physical environment, transportation, and parks and recreation.

#### 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has one fund category, governmental funds.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Governmental 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains one governmental fund for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is a major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### **Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Town, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the Town's net assets are reflected in the following table:

	NET ASSETS	
	SEPTEMBER 30,	
	2012	2011
Assets, excluding capital assets	\$ 855,007	\$ 819,408
Capital assets, not being depreciated	1,263,232	1,223,068
Total assets	<u>2,118,239</u>	<u>2,042,476</u>
Liabilities, excluding long-term liabilities	99,397	79,859
Total liabilities	<u>99,397</u>	<u>79,859</u>
Net assets		
Invested in capital assets	1,263,232	1,223,068
Unrestricted	755,610	739,549
Total net assets	<u>\$ 2,018,842</u>	<u>\$ 1,962,617</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

### **Statement of Net Assets (Continued)**

Net assets of the Town are reflected in two components. The largest component reflects the Town's investment in capital assets (e.g. land, land improvements, infrastructure and furniture and equipment). The amount is required to be reported less any related debt used to acquire those assets that is still outstanding. The Town has no debt outstanding related to the acquisition of its capital assets. Capital assets are used to provide services to residents; consequently, these assets are not available for future spending. The remaining balance of unrestricted net assets may be used to meet the Town's other obligations.

### **Statement of Activities**

Key elements of the change in net assets are reflected in the following table:

	CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2012	2011
Revenues:		
Program revenues		
Charges for services	\$ 263,080	\$ 282,649
Capital grants and contributions	96,379	53,157
General revenues		
Taxes	626,419	565,416
Miscellaneous	21,523	10,282
Total revenues	<u>1,007,401</u>	<u>911,504</u>
Expenses:		
General government	329,852	328,849
Public safety	126,494	122,328
Physical environment	297,960	238,279
Transportation	181,064	167,520
Parks and recreation	15,806	15,738
Total expenses	<u>951,176</u>	<u>872,714</u>
Change in net assets	<u>56,225</u>	<u>38,790</u>
Net assets, beginning	<u>1,962,617</u>	<u>1,923,827</u>
Net assets, ending	<u>\$ 2,018,842</u>	<u>\$ 1,962,617</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2012 was \$951,176. The costs of the Town's activities were primarily funded by property taxes and non ad valorem special assessments. Program revenues were comprised primarily of rental income of approximately \$149,000 and licenses and permits in the approximate amount of \$80,000.

### GENERAL FUND BUDGETARY HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the Town pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Council. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2012.

The variance between budgeted and actual general fund revenues for the 2012 fiscal year was the result of earning less grant revenue than anticipated. Actual general fund expenditures for the fiscal year ended September 30, 2012 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS

At September 30, 2012, the Town had \$3,060,933 invested in capital assets. This investment in capital assets includes land, buildings and improvements, improvements other than buildings, machinery and equipment and infrastructure. In the government-wide financial statements, depreciation of \$1,797,701 has been taken resulting in a net book value of \$1,263,232. More detailed information about the Town's capital assets is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's local economy is primarily based upon residential activity, while commercial retail and service activity combine for a small segment. The Town estimates a 100% occupancy rate among the business establishments. Although the Town has approved several site plans for development, the recent economic downturn has put these projects on hold. Construction of fourteen single family homes has begun at the Sunset Isles subdivision on Belvedere Road. It is hoped that the economy will continue to improve and the other projects will move forward as approved.

## TOWN WIDE GOALS AND OBJECTIVES

- The Town of Haverhill completed the Town Hall Energy Saving Modification and Retrofit Program as part of the Energy Efficient and Conservation Competitive Grant Program. The Town, as a member of the Municipal Energy Conservation Coalition (MECC) with the other Towns of Lantana, Atlantis, Palm Springs and Ocean Ridge secured additional funding through the State of Florida Energy and Climate Commission pursuant to the American Recovery and Reinvestment Act. The Town replaced its HVAC system, installed energy saving impact windows, energy efficient lighting, replaced appliances with star rated energy saving appliances, and installed insulation and a solar powered attic fan. In addition, over \$48,000 was rebated to qualifying residents under the energy saving rebate program to replace home appliances (air conditioners, hot water heaters, insulation, etc.) with approved energy saving devices.
- The Town continues to monitor and object to any plans that propose the widening of Belvedere and/or Haverhill Roads. Although it was the ultimate desire of the Town Council that Belvedere and Haverhill Roads remain as is to preserve the residential quality of the Town, Palm Beach County has begun construction of intersection improvements at the intersection of Belvedere and Haverhill Roads to include a westbound right turn lane at Belvedere Road. The Town had entered into a dispute resolution process with Palm Beach County in an effort to mediate differences for roadway and intersection improvements and was successful in certain construction projects being removed from the County's five year roadway improvement plan.
- The Town Council will continue to sponsor an Annual Picnic, Dinner and a Movie, neighborhood yard sales and our Halloween Event for the residents in an effort to promote Haverhill's Hometown Atmosphere. The Town of Haverhill will continue to keep its residents informed through newsletters and its user friendly website.
- The Town of Haverhill has experienced a small increase in property values. The Town Council has been able to continue to provide exceptional services to its residents while maintaining the same millage rate that was first adopted in 2008.

## TOWN WIDE GOALS AND OBJECTIVES (Continued)

- Through the adoption of Resolution 2011-06 on June 23, 2011, the Town implemented a non ad valorem special assessment for solid waste collection and disposal for the 2011/2012 fiscal year. The program was very successful and presented an equitable cost distribution among residential property owners for the removal of solid waste and recycling.
- The Town Council will continue to fund police coverage through the Palm Beach County Sheriff's office so that our streets and neighborhoods remain safe from crime. The Palm Beach County Sheriff's presence throughout the Town is a known deterrent for criminals.
- The Town of Haverhill continues to fund capital improvement projects for drainage and road resurfacing projects through surplus funds. This past year we completed the Briarwood curb and gutter project and the current fiscal year included a preliminary study for drainage improvements along Park and Cyprus Lanes.
- Palm Beach County will be making drainage improvements to the Haverhill Park as a result of the extreme flooding that occurred in the park last August from Tropical Storm Isaac. A berm along the park's eastern and southern perimeters will be installed in addition to constructing a swale to the Belvedere Road outfall. After working with the Town Council the County agreed to connect its' walkways to the Town's existing pedestrian pathways.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Haverhill's finances for all of those with an interest in the Town's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Administrator at the Town of Haverhill, 4585 Charlotte Street, Haverhill, FL 33417.



**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 299,237
Investments	418,845
Accounts receivable	136,925
Capital assets:	
Non-depreciable	15,224
Depreciable, net	1,248,008
Total assets	2,118,239
 <b>LIABILITIES</b>	
Accounts payable	36,807
Due to other governmental units	1,288
Deferred revenue	61,302
Total liabilities	99,397
 <b>NET ASSETS</b>	
Invested in capital assets	1,263,232
Unrestricted	755,610
Total net assets	\$ 2,018,842

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 329,852	\$ -	\$ -	\$ (329,852)
Public safety	126,494	15,681	-	(110,813)
Physical environment	297,960	247,399	96,379	45,818
Transportation	181,064	-	-	(181,064)
Parks and recreation	15,806	-	-	(15,806)
Total governmental activities	<u>951,176</u>	<u>263,080</u>	<u>96,379</u>	<u>(591,717)</u>
<b>General revenues:</b>				
Ad valorem taxes				228,648
Non ad valorem assessments				92,170
Intergovernmental revenues, not restricted for specific programs				230,727
Unrestricted intergovernmental shared tax				74,874
Unrestricted investment earnings				8,472
Miscellaneous				13,051
Total general revenues				<u>647,942</u>
Change in net assets				56,225
Net assets - beginning				1,962,617
Net assets - ending				<u>\$ 2,018,842</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
BALANCE SHEET AND RECONCILIATION  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2012**

	Major Fund General Fund	Total Governmental Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 299,237	\$ 299,237
Investments	418,845	418,845
Accounts receivable	136,925	136,925
Total assets	\$ 855,007	\$ 855,007
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 36,807	\$ 36,807
Due to other governmental units	1,288	1,288
Deferred revenue	157,681	157,681
Total liabilities	195,776	195,776
Fund balance:		
Assigned to:		
Subsequent year's expenditure	193,553	193,553
Unassigned	465,678	465,678
Total fund balance	659,231	659,231
Total liabilities and fund balance	\$ 855,007	\$ 855,007
Fund balance - governmental fund		\$ 659,231

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

Assets that are not available to pay for current-period expenditures are deferred in the fund financial statements.	96,379
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net assets includes those capital assets in the net assets for the government as a whole.	
Cost of capital assets, net of accumulated depreciation	1,263,232
Net assets of governmental activities	\$ 2,018,842

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Major Fund</u>
	<u>General Fund</u>
<b>REVENUES</b>	
Ad valorem taxes	\$ 228,648
Non ad valorem assessments	92,170
Intergovernmental revenue	230,727
Rental revenue	149,051
Franchise fees	74,874
Grant revenue	45,786
Licenses and permits	80,519
Fines and forfeitures	33,510
Miscellaneous	13,051
Investments income	8,472
Total revenues	956,808
<b>EXPENDITURES</b>	
Current:	
General government	321,940
Public safety	126,494
Physical environment	296,960
Transportation	89,004
Parks and recreation	10,347
Capital outlay	146,595
Total expenditures	991,340
Excess (deficiency) of revenues over (under) expenditures	(34,532)
Fund balance - beginning	693,763
Fund balance - ending	\$ 659,231

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

Net change in fund balance - total governmental funds	\$	(34,532)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Revenues in the statement of activities that do not provide current financial resources are deferred and not reported as revenues in the fund financial statements.		96,379
Certain revenues were deferred for the fund financial statements in the prior year. In the current year, these revenues were recorded in the fund financial statements.		(45,786)
Governmental funds report capital outlays as expenditures. However, the cost of those assets is eliminated in the statement of activities and capitalized in the statement of net assets.		145,595
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.		<u>(105,431)</u>
Change in net assets of governmental activities	\$	<u>56,225</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

The Town of Haverhill, Florida (the "Town"), was incorporated May 11, 1950, and organized pursuant to the Laws of Florida, Chapter 59-1330, House Bill 1753. The Town is governed by a five member Council, elected at large for two year staggered terms. A Mayor and Vice Mayor are elected annually from among the sitting Council Members. The Town Administrator serves as the Chief Administrative Officer of the Town. The Town provides the following services to its residents: public safety, sanitation, streets, and general administrative services. The Town Council is responsible for legislative and fiscal control of the Town.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Town Council is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that, if excluded, the financial statements of the Town would be considered incomplete or misleading. There are no entities considered to be component units of the Town; therefore, the financial statements include only the operations of the Town.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and 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 to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

#### **Assessments**

Assessments are non-ad valorem assessments levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through November 30 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments. The assessments are billed and collected by the County Tax Assessor/Collector on behalf of the Town. The amounts remitted to the Town are net of applicable discounts or fees.

#### **Property Taxes**

Property taxes are ad valorem and levied each November 1 on property as of the previous January 1. The fiscal year for which annual assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the Town. The amounts remitted to the Town are net of applicable discounts or fees.

Assessments, property taxes, franchise fees, licenses and permits, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized in revenues of the current fiscal period. The portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue for the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

#### **General Fund**

The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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

### **Assets, Liabilities and Net Assets or Equity**

#### **Deposits and Investments**

The Town considers cash on hand, demand deposits, and all other short-term investments that are highly liquid as cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer three months. In addition, nonnegotiable certificates of deposits held by the Town are considered cash deposits.

The Town has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Town may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Assets or Equity (Continued)**

Deposits and Investments (Continued)

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The Town records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Receivables

The Town's policy is to report accounts and property tax receivable net of an allowance for uncollectibles. All of the Town's receivables are considered collectible at September 30, 2012; therefore, no allowance has been estimated.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as Town assets with an initial, individual cost of more than \$1,000 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Improvements other than buildings	20-40
Machinery and equipment	5-10
Infrastructure	25-50

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Assets or Equity (Continued)**

#### **Fund Equity/Net Assets**

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

**Committed fund balance** – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council. Commitments may be changed or lifted only by the Town Council taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

**Assigned fund balance** – Includes spendable fund balance amounts, established by the Towns' Council, that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The Town first uses 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.

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of accumulated depreciation, and net of related debt. Restricted net assets represent the assets restricted by third party or (statutory) limitations on their use.

### **Other Disclosures**

#### **Use of Estimates**

The preparation 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **NOTE 3 – BUDGETARY INFORMATION**

The Town is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all annual appropriations lapse at fiscal year end.

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

- a) Each year the Town Administrator submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the Town Council.
- d) All budget changes must be approved by the Town Council.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

#### NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law.

The tax levy of the Town is established by the Council prior to October 1 of each year during the budget process and levied on November 1. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board, and special Town tax requirements. The millage rate assessed by the Town for the fiscal year ended September 30, 2012, was 4.0000 (\$4.0000 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Palm Beach County.

#### NOTE 5 – DEPOSITS AND INVESTMENTS

##### Deposits

The Town's cash balances, including certificates of deposit as shown below, were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

##### Investments

The Town's investments were held as follows at September 30, 2012:

	Fair Value	Credit Risk	Maturities
Bank United certificate of deposit - 18 months	\$ 100,261	N/A	11/25/2013
Bank United certificate of deposit - 36 months	301,046	N/A	5/25/2015
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	2,934	S&P AAAm	Weighted average of the fund portfolio: 39 days
Investment in Fund B Surplus Funds Trust Fund	14,604	Not rated	*
	<u>\$ 418,845</u>		

\* The State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool ("Pool") was restructured on December 4, 2007 into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately 86% of Pool assets. Pool B consisted of assets that have either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B and certain restrictions were implemented. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Pool Fund A. Pool Fund B is not rated by any nationally recognized statistical rating agency. Pool A has been subsequently renamed as Florida PRIME and Pool B has subsequently been renamed as Fund B Surplus Funds Trust Fund ("Fund B").

**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

There are two options for accounting and reporting for money market investment pools either “2a-7 like” or fluctuating net asset value (“NAV”). “2a-7 like” pool is an external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The Local Government Surplus Funds Trust Fund Investment Pool (Florida PRIME) is considered a 2a7-like fund and the Town has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the Town.

The estimated weighted average maturity of the Florida PRIME portfolio is 39 days. Fund B is accounted for as a fluctuating NAV pool and the fair value factor for September 30, 2012 was .94896811. The Town has multiplied its account balance by the factor to determine the investment balance to be reported. Due to the nature of the securities in Fund B, the weighted average maturity is not available. The weighted average life of the fund is estimated at 4.08 years. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

*Custodial credit risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Town has no formal policy for custodial risk. The investment in local government surplus funds trust fund is not evidenced by securities that exist in physical or book entry form.

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The Town places no limit on the amount the Town may invest in any one issuer.

*Interest rate risk* – The Town does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**NOTE 6 – ACCOUNTS RECEIVABLE**

Receivables at September 30, 2012 for the Town are as follows:

Accounts Receivable:		
Intergovernmental	\$	115,832
Franchise fees		21,093
Total	\$	<u>136,925</u>

## NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 15,224	\$ -	\$ -	\$ 15,224
Infrastructure under construction	-	-	-	-
Total capital assets, not being depreciated	<u>15,224</u>	<u>-</u>	<u>-</u>	<u>15,224</u>
Capital assets, being depreciated				
Buildings and improvements	162,137	41,521	-	203,658
Improvements other than buildings	561,862	-	-	561,862
Machinery and equipment	230,201	60,809	-	291,010
Infrastructure	1,945,914	43,265	-	1,989,179
Total capital assets, being depreciated	<u>2,900,114</u>	<u>145,595</u>	<u>-</u>	<u>3,045,709</u>
Less accumulated depreciation for:				
Buildings and improvements	94,792	7,953	-	102,745
Improvements other than buildings	262,090	21,697	-	283,787
Machinery and equipment	191,776	12,362	-	204,138
Infrastructure	1,143,612	63,419	-	1,207,031
Total accumulated depreciation	<u>1,692,270</u>	<u>105,431</u>	<u>-</u>	<u>1,797,701</u>
Total capital assets, being depreciated, net	<u>1,207,844</u>	<u>40,164</u>	<u>-</u>	<u>1,248,008</u>
Governmental activities capital assets, net	<u>\$ 1,223,068</u>	<u>\$ 40,164</u>	<u>\$ -</u>	<u>\$ 1,263,232</u>

Depreciation expense was charged to functions/programs as follows for the fiscal year ended September 30, 2012:

Depreciation allocation:	
General government	\$ 7,912
Transportation	92,060
Parks and recreation	5,459
Total	<u>\$ 105,431</u>

## NOTE 8 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenues for the fiscal year ended September 30, 2012 are comprised of the following:

Intergovernmental Revenue:	
Communications services tax	\$ 28,632
First local option fuel tax	26,090
Second local option fuel tax	12,341
State revenue sharing	41,054
Half cent sales tax	122,610
Total	<u>\$ 230,727</u>

## NOTE 9 – OPERATING LEASES

The Town owns a parcel of land, which it has leased to various cell phone providers in connection with the provision for wireless communications services. There are six lease agreements; four of which require a five year commitment with 3 consecutive 5 year renewal options. The remaining two agreements have annual commitments only. Annual rentals are approximately \$157,000 and as of September 30, 2012 the Town received rental income of approximately, \$208,000 of which approximately \$58,900 is deferred.

Future minimum rentals on non-cancellable leases in the aggregate for the next five fiscal years are as follows:

2013	\$	133,908
2014		107,208
2015		73,288
2016		41,400
	\$	<u>355,804</u>

## NOTE 10 – FLORIDA RETIREMENT SYSTEM

### Plan Description

Effective October 1, 2004, the Town is contributing to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan. FRS was created by the Florida Legislature and is administered by the State of Florida, Department of Administration, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State of Constitution and Park VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

FRS issues a publicly available financial report that includes a statement of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants, and benefit payments, as well as a description of the retirement plan. Copies of the FRS annual report may be obtained by contacting the Division of Retirement, 1317 Winewood Blvd., Bldg 8, Tallahassee, Florida 32399-1560, or by calling (850) 488-2784.

### Funding Policy

Participating employers are required to make contributions based upon statewide contribution rates. Additionally employees are required to contribute 3.0%. The contribution rate by job class for the Town's employees at September 30, 2012; was 5.19%. The Town's contributions to FRS for the fiscal years ended September 30, 2012, 2011 and 2010 were \$10,927, \$19,770, and \$23,906, respectively, equal to the required contributions for the fiscal year.

## NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**TOWN OF HAVERHILL, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts <u>Original &amp; Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 235,264	\$ 228,648	\$ (6,616)
Non ad valorem assessments	96,960	92,170	(4,790)
Franchise fees	60,000	74,874	14,874
Licenses and permits	35,600	80,519	44,919
Intergovernmental revenue	231,649	230,727	(922)
Grant revenue	250,000	45,786	(204,214)
Fines and forfeitures	35,000	33,510	(1,490)
Investments income	1,000	8,472	7,472
Rental revenue	162,000	149,051	(12,949)
Contingency (transfer from reserves)	25,000	-	(25,000)
Miscellaneous	4,500	13,051	8,551
Total revenues	<u>1,136,973</u>	<u>956,808</u>	<u>(180,165)</u>
<b>EXPENDITURES</b>			
Current:			
General government	390,795	321,940	68,855
Public safety	128,000	126,494	1,506
Physical environment	210,815	132,827	77,988
Transportation	145,613	89,004	56,609
Parks and recreation	10,750	10,347	403
Grant	250,000	164,133	85,867
Capital outlay	1,000	146,595	(145,595)
Total expenditures	<u>1,136,973</u>	<u>991,340</u>	<u>145,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>(34,532)</u>	<u>\$ (34,532)</u>
Fund balance - beginning		<u>693,763</u>	
Fund balance - ending		<u>\$ 659,231</u>	

See notes to required supplementary information

**TOWN OF HAVERHILL, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The Town is required to establish a budgetary system and an approved Annual Budget for the general fund. The Town's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Council. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2012.

The variance between budgeted and actual general fund revenues for the 2012 fiscal year was the result of earning less grant revenue than anticipated. Actual general fund expenditures for the fiscal year ended September 30, 2012 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.



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**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 Council  
Town of Haverhill, Florida

We have audited the financial statements of the governmental activities and the major fund of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

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

*Grau & Associates*  
June 21, 2013





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**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Town Council  
Town of Haverhill, Florida

We have audited the accompanying basic financial statements of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 21, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our 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* dated June 21, 2013. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This letter is intended for the information and use of management, Council of Town of Haverhill, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Town of Haverhill, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

*Grau & Associates*

June 21, 2013

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2011.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Town complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2012.

4. Violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2012.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2012.

## **REPORT TO MANAGEMENT (Continued)**

6. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2012 financial audit report.
8. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.

