

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Council  
Town of Haverhill  
Haverhill, Florida

### Report on the Financial Statements

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, 2013, 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 and fair presentation 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 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 the assessment of the risks 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 and the major fund of the Town as of September 30, 2013, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, 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 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.

June 26, 2014

## 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, 2013. 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 position balance of \$2,038,379.
- The change in the Town's total net position in comparison with the prior fiscal year was \$19,537, an increase. The key components of the Town's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2013, the Town's governmental funds reported combined ending fund balances of \$704,212, an increase of \$44,981 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.
- During fiscal year 2013, the Town implemented Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Please see New Accounting Standards Adopted in Note 2 of the financial statements for additional information.

### 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 position presents information on all the Town's assets and liabilities with the residual amount being 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.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal 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 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.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### 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.

### 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

As noted earlier, net position 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 position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2013	2012
Current and other assets	\$ 834,066	\$ 855,007
Capital assets, net of depreciation	1,334,167	1,263,232
Total assets	<u>2,168,233</u>	<u>2,118,239</u>
Current liabilities	129,854	99,397
Total liabilities	<u>129,854</u>	<u>99,397</u>
Net position		
Net investment in capital assets	1,334,167	1,263,232
Unrestricted	704,212	755,610
Total net position	<u>\$ 2,038,379</u>	<u>\$ 2,018,842</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A portion of the Town's net position reflects its 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 position may be used to meet the Town's other obligations.

The Town's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program and general revenues exceeded the cost of operations and depreciation expense.

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

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2013	2012
Revenues:		
Program revenues		
Charges for services	\$ 375,027	\$ 263,080
Capital grants and contributions	-	96,379
General revenues		
Taxes	575,509	626,419
Miscellaneous	6,458	21,523
Total revenues	<u>956,994</u>	<u>1,007,401</u>
Expenses:		
General government	355,948	329,852
Public safety	129,603	126,494
Physical environment	249,291	297,960
Transportation	179,611	181,064
Parks and recreation	23,004	15,806
Total expenses	<u>937,457</u>	<u>951,176</u>
Change in net position	<u>19,537</u>	<u>56,225</u>
Net position - beginning	<u>2,018,842</u>	<u>1,962,617</u>
Net position - ending	<u>\$ 2,038,379</u>	<u>\$ 2,018,842</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2013 was \$937,457. The costs of the Town's activities were primarily funded by program revenues and general revenues. Program revenues are comprised primarily of non ad valorem assessments levied to fund solid waste costs and rental revenues. General revenues are comprised primarily of property taxes, intergovernmental revenues, and franchise fees. The remainder of the current fiscal year revenue includes interest revenue and miscellaneous revenues. The majority of the decrease in revenues is the result of a decrease in grant revenue in the current fiscal year. In the prior fiscal year, the Town was awarded the Energy Efficient and Conservation Competitive Grant and used the funds to complete the Town Hall Energy Saving Modification and Retrofit Program. In total, expenses decreased slightly from the prior fiscal year. The majority of the decrease is a result of a decrease in maintenance and transportation costs.

## 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, 2013.

The variance between budgeted and actual general fund revenues for the current fiscal year is mainly the result of the receipt of grant money earned in a prior fiscal year. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS

At September 30, 2012, the Town had \$3,236,712 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 \$1,902,545 has been taken resulting in a net book value of \$1,334,167. 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. In June of 2012, the Town Council approved a site plan amendment to allow for the construction of fourteen (14) single family homes in the subdivision known as Sunset Isles. Building permits had been issued for all of the homes and at the close of the fiscal year; six certificates of occupancy had been issued.

## TOWN WIDE GOALS AND OBJECTIVES

- The Town of Haverhill has completed drainage improvements for the Briarwood subdivision by installing valley gutter throughout. The Town has budgeted to repave the streets throughout the subdivision in the ensuing fiscal year.
- As the first phase of the continued roadway improvement plans for Park and Cyprus Lanes, the Town Council authorized repaving the roads and has completed a topographical survey along with a probable cost of construction study for a complete drainage improvement project. It is the ultimate goal that the drainage and roadway be improved to meet the Town's minimum standards.
- The Town of Haverhill continues to fund capital improvement projects for drainage and road resurfacing projects through surplus funds. In addition to the aforementioned Park and Cyprus Lane project, the Town Council has authorized a topographic study be completed for Woodland Avenue and hope to complete a valley gutter project during the next fiscal year.
- The Town will continue to plan for, observe, and maintain its' infrastructure for the benefit of the residents.



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

### TOWN WIDE GOALS AND OBJECTIVES (Continued)

- 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 had completed construction of an intersection improvement at the intersection of Belvedere and Haverhill Roads to include a westbound right turn lane at Belvedere Road. The Town was successful in removing the six-laning of Belvedere Road from the County's 2035 Traffic Improvement Plan's feasibility study although it still remains on the needs study.
- The Town Council continues 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 annual picnic now includes a classic car show with prizes awarded for Mayor's Choice, Best in Show, Honorable mention and People's Choice! The Town of Haverhill will continue to keep its residents informed through newsletters and its user friendly website. These activities are viewed as community functions that only the Town can provide and make us a desirable place to live.
- The Town of Haverhill has experienced an 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.
- 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 2012/2013 fiscal year. The program has proven to be 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 additional 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.
- Palm Beach County completed drainage improvements to the Haverhill Park as a result of the extreme flooding that resulted from Tropical Storm Isaac. A berm along the park's eastern and southern perimeters were installed in addition to constructing a swale to the Belvedere Road outfall. They also completed a pedestrian walkway trail connecting with Club Road.
- The County commenced its well project in the Haverhill Park. Four wells would be drilled in the four corners of the park to reduce visual and access impacts to the park site. Part of the project includes rerouting of an existing 4 inch diameter force main that will result directional drilling techniques across Belvedere to minimize disturbance to the park.

### 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 POSITION  
SEPTEMBER 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 376,861
Investments	422,616
Accounts receivable	34,589
Capital assets:	
Non-depreciable	15,224
Depreciable, net	1,318,943
Total assets	2,168,233
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	78,758
Due to other governmental units	1,438
Unearned revenues	49,658
Total liabilities	129,854
 <b>NET POSITION</b>	
Net investment in capital assets	1,334,167
Unrestricted	704,212
Total net position	\$ 2,038,379

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 355,948	\$ -	\$ -	\$ (355,948)
Public safety	129,603	20,685	-	(108,918)
Physical environment	249,291	354,342	-	105,051
Transportation	179,611	-	-	(179,611)
Parks and recreation	23,004	-	-	(23,004)
Total governmental activities	<u>937,457</u>	<u>375,027</u>	<u>-</u>	<u>(562,430)</u>
General revenues:				
Ad valorem taxes				250,554
Intergovernmental revenues, not restricted for specific programs				251,462
Unrestricted intergovernmental shared tax				73,493
Unrestricted investment earnings				4,589
Miscellaneous				1,869
Total general revenues				<u>581,967</u>
Change in net position				19,537
Net position - beginning				<u>2,018,842</u>
Net position - ending				<u>\$ 2,038,379</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA**

**BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2013**

	Major Fund General Fund	Total Governmental Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 376,861	\$ 376,861
Investments	422,616	422,616
Accounts receivable	34,589	34,589
Total assets	\$ 834,066	\$ 834,066
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 78,758	\$ 78,758
Due to other governmental units	1,438	1,438
Unearned revenue	49,658	49,658
Total liabilities	129,854	129,854
Fund balance:		
Assigned to:		
Subsequent year's expenditure	151,029	151,029
Unassigned	553,183	553,183
Total fund balance	704,212	704,212
Total liabilities and fund balance	\$ 834,066	\$ 834,066

Fund balance - governmental fund \$ 704,212

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets, net of accumulated depreciation

1,334,167

Net position of governmental activities

\$ 2,038,379

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, 2013**

	Major Fund
	General Fund
REVENUES	
Ad valorem taxes	\$ 250,554
Non ad valorem assessments	101,569
Intergovernmental revenue	251,462
Rental revenue	175,891
Franchise fees	73,493
Grant revenue	96,379
Licenses and permits	76,882
Fines and forfeitures	4,971
Miscellaneous	17,583
Investments income	4,589
Total revenues	1,053,373
EXPENDITURES	
Current:	
General government	348,080
Public safety	129,603
Physical environment	242,541
Transportation	88,064
Parks and recreation	17,575
Capital outlay	182,529
Total expenditures	1,008,392
Excess (deficiency) of revenues over (under) expenditures	44,981
Fund balance - beginning	659,231
Fund balance - ending	\$ 704,212

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, 2013**

Net change in fund balance - total governmental funds	\$	44,981
Amounts reported for governmental activities in the statement of activities are different because:		
Certain revenues were unearned for the fund financial statements in the prior year. In the current year, these revenues were recorded in the fund financial statements.		(96,379)
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		175,779
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.		<u>(104,844)</u>
Change in net position of governmental activities	\$	<u><u>19,537</u></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") Statements. 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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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. 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.

#### **New Accounting Standards Adopted**

During fiscal year 2013, the Town adopted three new accounting standards as follows:

*GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

This Statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or before November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

*GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.



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

### **New Accounting Standards Adopted (Continued)**

*GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

### **Assets, Liabilities and Net Position 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 than 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.

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 uncollectible balances. All of the Town's receivables are considered collectible at September 30, 2013; 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 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.

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

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

#### Capital Assets (Continued)

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.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the Town would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the Town reports a deferred inflow of resources until such times as the revenue becomes available.

#### Fund Equity/Net Position

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.

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

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

#### Fund Equity/Net Position (Continued)

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 position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the Town's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **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, 2013, was 4.0000 (\$4.0000 for each \$1,000 of assessed valuation).

#### NOTE 4 – PROPERTY TAXES (Continued)

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, 2013:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Bank United certificate of deposit - 18 months	\$ 101,011	N/A	11/25/2013
Bank United certificate of deposit - 36 months	304,054	N/A	5/25/2015
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	11,292	S&P AAAm	Weighted average of the fund portfolio: 44 days
Investment in Fund B Surplus Funds Trust Fund	<u>6,259</u>	Not rated	4.04 Years
	<u>\$ 422,616</u>		

*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, 2013 for the Town are as follows:

Accounts Receivable:	
Franchise fees & others	\$ 34,589
Total	<u>\$ 34,589</u>

## NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 15,224	\$ -	\$ -	\$ 15,224
Total capital assets, not being depreciated	15,224	-	-	15,224
Capital assets, being depreciated				
Buildings and improvements	203,658	-	-	203,658
Improvements other than buildings	561,862	-	-	561,862
Machinery and equipment	291,010	-	-	291,010
Infrastructure	1,989,179	175,779	-	2,164,958
Total capital assets, being depreciated	3,045,709	175,779	-	3,221,488
Less accumulated depreciation for:				
Buildings and improvements	102,745	7,742	-	110,487
Improvements other than buildings	283,787	19,544	-	303,331
Machinery and equipment	204,138	12,085	-	216,223
Infrastructure	1,207,031	65,473	-	1,272,504
Total accumulated depreciation	1,797,701	104,844	-	1,902,545
Total capital assets, being depreciated, net	1,248,008	70,935	-	1,318,943
Governmental activities capital assets, net	\$ 1,263,232	\$ 70,935	\$ -	\$ 1,334,167

Depreciation expense was charged to functions/programs as follows for the fiscal year ended September 30, 2013:

Depreciation allocation:	
General government	\$ 7,868
Transportation	91,547
Parks and recreation	5,429
Total	<u>\$ 104,844</u>

## NOTE 8 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenues for the fiscal year ended September 30, 2013 are comprised of the following:

Intergovernmental Revenue:	
Communications services tax	\$ 31,070
First local option fuel tax	26,091
Second local option fuel tax	12,243
State revenue sharing	51,969
Half cent sales tax	130,089
Total	<u>\$ 251,462</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. During the fiscal year ended September 30, 2013, there were 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 \$160,000 and as of September 30, 2013 the Town received rental income of approximately, \$221,000 of which approximately \$47,282 is unearned.

**NOTE 9 – OPERATING LEASES (Continued)**

Subsequent to fiscal year end, one of the cell phone providers did not renew its annual lease when it expired on November 1, 2013. During fiscal year 2013, the Town earned \$41,400 of rental revenue from this lease.

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

2014	\$	126,604
2015		59,488
2016		27,600
2017		27,600
2018		27,600
Thereafter		27,600
	\$	<u>296,492</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 regular employees and senior management service classes at September 30, 2013 were 6.95% and 18.31% respectively. The Town did not make contributions for elected officers and had no special risk employees during the fiscal year ended September 30, 2013. The Town's contributions to FRS for the fiscal years ended September 30, 2013, 2012 and 2011 were 16,538, \$10,927, and \$19,770, respectively. All amounts have been paid in the respective years.

**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, 2013**

	Budgeted Amounts <u>Original &amp; Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 242,395	\$ 250,554	\$ 8,159
Non ad valorem assessments	103,455	101,569	(1,886)
Franchise fees	98,774	73,493	(25,281)
Licenses and permits	56,350	76,882	20,532
Intergovernmental revenue	221,078	251,462	30,384
Grant revenue	-	96,379	96,379
Fines and forfeitures	17,000	4,971	(12,029)
Investments income	1,000	4,589	3,589
Rental revenue	162,400	175,891	13,491
Contingency (transfer from reserves)	-	-	-
Miscellaneous	9,300	17,583	8,283
Total revenues	<u>911,752</u>	<u>1,053,373</u>	<u>141,621</u>
<b>EXPENDITURES</b>			
Current:			
General government	415,500	348,080	67,420
Public safety	130,000	129,603	397
Physical environment	124,550	143,141	(18,591)
Transportation	308,500	88,064	220,436
Parks and recreation	17,450	17,575	(125)
Solid waste	103,455	99,400	4,055
Capital outlay	5,850	182,529	(176,679)
Total expenditures	<u>1,105,305</u>	<u>1,008,392</u>	<u>96,913</u>
Excess (deficiency) of revenues over (under) expenditures	(193,553)	44,981	238,534
Other Financing Sources (Uses)			
Use of fund reserve	193,553	-	(193,553)
Total other financing sources (uses)	<u>193,553</u>	<u>-</u>	<u>(193,553)</u>
Net change in fund balance	<u>\$ -</u>	44,981	<u>\$ 44,981</u>
Fund balance - beginning		<u>659,231</u>	
Fund balance - ending		<u>\$ 704,212</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, 2013.

The variance between budgeted and actual general fund revenues for the current fiscal year is mainly the result of the receipt of grant money earned in a prior fiscal year. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.





**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 Council  
Town of Haverhill, 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 and the major fund of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated June 26, 2014.

**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 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. *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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

June 26, 2014



**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, 2013, and have issued our report thereon dated June 26, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *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 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 Chapter 10.550, Rules of the Florida Auditor General dated June 26, 2014. 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.**

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, as applicable, management, and the council of the Town of Haverhill, 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.

June 26, 2014

## 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 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, 2012.

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, 2013.

4. 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.

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, 2013.

5. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
6. 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, 2013 financial audit report.
7. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
8. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted as of September 30, 2013. 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.