

**TOWN OF HAVERHILL
HAVERHILL, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

**TOWN OF HAVERHILL
HAVERHILL, FLORIDA**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Fund	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to the Financial Statements	14-21
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	22
Notes to Required Supplementary Information	23
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	24-25
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	26
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	27-28



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, 2014, 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, 2014, 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 25, 2015, 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 25, 2015, on our consideration of the Town's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 25, 2015

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, 2014. 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 \$2,103,734.
- The change in the Town's total net position in comparison with the prior fiscal year was \$65,355, 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, 2014, the Town's governmental funds reported combined ending fund balances of \$708,529, an increase of \$4,317 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 position presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 taxes, non-ad valorem assessments, intergovernmental revenues, 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

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,	
	2014	2013
Current and other assets	\$ 790,680	\$ 834,066
Capital assets, net of depreciation	1,395,205	1,334,167
Total assets	<u>2,185,885</u>	<u>2,168,233</u>
Current liabilities	82,151	129,854
Total liabilities	<u>82,151</u>	<u>129,854</u>
Net position		
Net investment in capital assets	1,395,205	1,334,167
Unrestricted	708,529	704,212
Total net position	<u>\$ 2,103,734</u>	<u>\$ 2,038,379</u>

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's net position increased during the most recent fiscal year. The majority of the increase is attributed to the conveyance of certain properties to the Town from a former lessor at the termination of the related lease.

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,	
	2014	2013
Revenues:		
Program revenues		
Charges for services	\$ 323,742	\$ 375,027
Capital grants and contributions	61,163	-
General revenues		
Taxes	588,004	575,509
Miscellaneous	13,931	6,458
Total revenues	<u>986,840</u>	<u>956,994</u>
Expenses:		
General government	349,530	355,948
Public safety	128,478	129,603
Physical environment	244,665	249,291
Transportation	177,876	179,611
Parks and recreation	20,936	23,004
Total expenses	<u>921,485</u>	<u>937,457</u>
Change in net position	<u>65,355</u>	<u>19,537</u>
Net position - beginning	2,038,379	2,018,842
Net position - ending	<u>\$ 2,103,734</u>	<u>\$ 2,038,379</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2014 was \$921,485. 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 from cell towers. General revenues are comprised primarily of property taxes, intergovernmental revenues, and franchise fees. The remainder of the current fiscal year revenue includes interest revenue, miscellaneous revenues, and a non-cash donation of cell tower assets. The majority of the increase in revenue is the result of the receipt of a non-cash donation of cell tower assets in the current fiscal year. In the current fiscal year, the Town and a certain cell phone provider agreed to terminate their communication site lease agreement. At the end of the lease, the cell phone provider donated certain personal properties to the Town. In total, expenses decreased slightly from the prior fiscal year. The majority of the decrease is a result of a decrease in administration 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, 2014.

The variance between budgeted and actual general fund revenues for the current fiscal year is mainly the result of higher franchise fees and rental revenue than anticipated. 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, 2014, the Town had \$3,292,733 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 \$1,897,528 has been taken resulting in a net book value of \$1,395,205. 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 May of 2014, the Town Council approved a site plan amendment to allow for the construction of twenty-two (22) single family homes in the subdivision known as Emerald Cove. The Town expects the project to be completed by December 2015.

TOWN WIDE GOALS AND OBJECTIVES

- The Town Council approved a Special Exception and granted site plan approval for the construction of a Jehovah's Witness Kingdom Hall at 858 Haverhill Road. Construction of the two places of worship should be completed by December of 2015.
- The Town was successful in having the six-laning of Belvedere Road removed from both the feasibility and needs study of Palm Beach County's 2040 Traffic Improvement Plan. The Town will continue to monitor Palm Beach County's proposed comprehensive plan amendments and zoning applications for projects that may increase traffic on Belvedere Road and stands ready to object to any project or plan that would propose widening of Belvedere and/or Haverhill Roads.
- FEMA (Federal Emergency Management Agency) presented all Palm Beach County municipalities participating in the National Flood Insurance Program (NFIP) with revised Flood Insurance Rate Maps (FIRM). FEMA identifies flood hazard areas nationwide and periodically updates flood hazard data in the form of FIRM in support of the NFIP. The information provided to a majority of Palm Beach County municipalities, including the Town of Haverhill, by FEMA was inaccurate and deficient and prompted the Town of Haverhill to undergo several studies to correct the flood hazard data being used for Haverhill. Even after we were able to provide FEMA with this technical data, FEMA continued to produce maps that inaccurately depicted parts of buildings in the flood zone town wide. It is the Town's intent to join forces with neighboring municipalities and appeal the Flood Insurance Rate Maps that were produced by FEMA.
- The Town of Haverhill has completed drainage improvement projects for the Briarwood subdivision and Woodland Avenue by installing curb and gutter throughout. Briarwood is now completed. The first phase of the continued roadway improvement plans for Park and Cyprus Lanes had been completed, however, the project continues with the Town's ultimate goal to bring the drainage system up to minimum standards. Due to the Town's aging infrastructure, consideration will need to be given to funding necessary repairs and replacement of the Town's existing swales and drainage systems. A five year capital improvement plan will need to be adopted in the near future.
- 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.
- After several years of outsourcing Building Official Services, the Town has hired a part time in house Building Official.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

TOWN WIDE GOALS AND OBJECTIVES (Continued)

- 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.

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, 2014**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 329,270
Investments	422,640
Due from other government	23,276
Accounts receivable	15,494
Capital assets:	
Non-depreciable	15,224
Depreciable, net	1,379,981
Total assets	2,185,885
 LIABILITIES	
Accounts payable and accrued expenses	24,174
Due to other governmental units	2,823
Unearned revenues	55,154
Total liabilities	82,151
 NET POSITION	
Net investment in capital assets	1,395,205
Unrestricted	708,529
Total net position	\$ 2,103,734

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for Services	Capital Grants and Contributions	Changes in Net Position
				Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 349,530	\$ -	\$ -	\$ (349,530)
Public safety	128,478	21,579	-	(106,899)
Physical environment	244,665	302,163	61,163	118,661
Transportation	177,876	-	-	(177,876)
Parks and recreation	20,936	-	-	(20,936)
Total governmental activities	921,485	323,742	61,163	(536,580)
General revenues:				
Ad valorem taxes				246,499
Intergovernmental revenues, not restricted for specific programs				261,356
Unrestricted intergovernmental shared tax				80,149
Unrestricted investment earnings				1,015
Miscellaneous				12,916
Total general revenues				601,935
Change in net position				65,355
Net position - beginning				2,038,379
Net position - ending				\$ 2,103,734

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2014**

	Major Fund General Fund	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 329,270	\$ 329,270
Investments	422,640	422,640
Due from other governments	23,276	23,276
Accounts receivable	15,494	15,494
Total assets	\$ 790,680	\$ 790,680
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 24,174	\$ 24,174
Due to other governmental units	2,823	2,823
Unearned revenue	55,154	55,154
Total liabilities	82,151	82,151
Fund balance:		
Assigned to:		
Subsequent year's expenditure	211,027	211,027
Unassigned	497,502	497,502
Total fund balance	708,529	708,529
Total liabilities and fund balance	\$ 790,680	\$ 790,680

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Fund balance - governmental fund \$ 708,529

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	3,292,733	
Accumulated depreciation	<u>(1,897,528)</u>	1,395,205
 Net position of governmental activities		 <u><u>\$ 2,103,734</u></u>

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, 2014**

	Major Fund
	General Fund
REVENUES	
Ad valorem taxes	\$ 246,499
Non ad valorem assessments	100,607
Intergovernmental revenue	261,356
Rental revenue	129,117
Franchise fees	80,149
Licenses and permits	72,439
Fines and forfeitures	21,579
Miscellaneous	12,916
Investments income	1,015
Total revenues	925,677
EXPENDITURES	
Current:	
General government	341,687
Public safety	128,478
Physical environment	244,665
Transportation	86,623
Parks and recreation	15,525
Capital outlay	104,382
Total expenditures	921,360
Excess (deficiency) of revenues over (under) expenditures	4,317
Fund balance - beginning	704,212
Fund balance - ending	\$ 708,529

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, 2014

Net change in fund balance - total governmental funds	\$ 4,317
Amounts reported for governmental activities in the statement of activities are different because:	
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.	104,382
The statement of activities reports noncash contributions of fixed assets as revenues, but these revenues are not reported in the governmental fund financial statements.	61,163
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	<u>(104,507)</u>
Change in net position of governmental activities	<u><u>\$ 65,355</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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments (Continued)

The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "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 Town has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the Town.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

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, 2014; 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the Town would record deferred outflows of resources on the statement of net position 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).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the Town reports a deferred inflow of resources on the balance sheet 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 Council 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 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, 2014, 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.

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The Town's investments were held as follows at September 30, 2014:

	Fair Value	Credit Risk	Maturities
Bank United certificate of deposit - 18 months	\$ 101,011	N/A	5/25/2015
Bank United certificate of deposit - 36 months	304,054	N/A	5/25/2015
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	17,575	S&P AAAM	Weighted average of the fund portfolio: 39 days
	<u>\$ 422,640</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 – RECEIVABLES

Receivables at September 30, 2014 for the Town are as follows:

Intergovernmental	\$ 23,276
Franchise fees & others	15,494
Total	<u>\$ 38,770</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 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	<u>15,224</u>	<u>-</u>	<u>-</u>	<u>15,224</u>
Capital assets, being depreciated				
Buildings and improvements	203,658	35,586	(21,950)	217,294
Improvements other than buildings	561,862	99,410	-	661,272
Machinery and equipment	291,010	30,549	(87,574)	233,985
Infrastructure	2,164,958	-	-	2,164,958
Total capital assets, being depreciated	<u>3,221,488</u>	<u>165,545</u>	<u>(109,524)</u>	<u>3,277,509</u>
Less accumulated depreciation for:				
Buildings and improvements	110,487	8,845	(21,950)	97,382
Improvements other than buildings	303,331	22,264	-	325,595
Machinery and equipment	216,223	18,357	(87,574)	147,006
Infrastructure	1,272,504	55,041	-	1,327,545
Total accumulated depreciation	<u>1,902,545</u>	<u>104,507</u>	<u>(109,524)</u>	<u>1,897,528</u>
Total capital assets, being depreciated, net	<u>1,318,943</u>	<u>61,038</u>	<u>-</u>	<u>1,379,981</u>
Governmental activities capital assets, net	<u>\$ 1,334,167</u>	<u>\$ 61,038</u>	<u>\$ -</u>	<u>\$ 1,395,205</u>

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to function/programs as follows:

General government	\$	7,843
Transportation		91,253
Parks and recreation		5,411
Total	\$	<u>104,507</u>

NOTE 8 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenues for the fiscal year ended September 30, 2014 are comprised of the following:

Communications services tax	\$	26,568
First local option fuel tax		26,348
Second local option fuel tax		12,560
State revenue sharing		57,735
Half cent sales tax		138,145
Total	\$	<u>261,356</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, 2014, 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. In the current fiscal year, one of the cell phone providers did not renew its annual lease when it expired on November 1, 2013. For the remaining lease agreements, annual rentals are approximately \$124,000 and as of September 30, 2014 the Town received rental income of approximately \$129,000. In addition, various providers pay their rent in advance, these amounts totaling \$45,800 are recorded as unearned revenue at September 30, 2014.

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

2015	\$	96,186
2016		78,781
2017		78,781
2018		78,781
2019		60,679
Thereafter		4,563
	\$	<u>397,771</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.

NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)

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, 2014 were 10.37% and 24.14% respectively. The Town did not make contributions for elected officers and had no special risk employees during the fiscal year ended September 30, 2014. The Town's contributions to FRS for the fiscal years ended September 30, 2014, 2013 and 2012 were \$24,072, \$16,538, \$10, 927, 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, 2014

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 245,805	\$ 246,499	\$ 694
Non ad valorem assessments	103,797	100,607	(3,190)
Franchise fees	70,000	80,149	10,149
Licenses and permits	67,850	72,439	4,589
Intergovernmental revenue	252,816	261,356	8,540
Fines and forfeitures	21,500	21,579	79
Investments income	1,000	1,015	15
Rental revenue	100,000	129,117	29,117
Miscellaneous	5,050	12,916	7,866
Total revenues	867,818	925,677	57,859
EXPENDITURES			
Current:			
General government	418,300	341,687	76,613
Public safety	130,000	128,478	1,522
Physical environment	133,750	145,265	(11,515)
Transportation	218,050	86,623	131,427
Parks and recreation	14,950	15,525	(575)
Solid waste	103,797	99,400	4,397
Capital outlay	-	104,382	(104,382)
Total expenditures	1,018,847	921,360	97,487
Excess (deficiency) of revenues over (under) expenditures	(151,029)	4,317	155,346
OTHER FINANCING SOURCES (USES)			
Use of fund balance	151,029	-	(151,029)
Total other financing sources (uses)	151,029	-	(151,029)
Net change in fund balance	\$ -	4,317	\$ 4,317
Fund balance - beginning		704,212	
Fund balance - ending		\$ 708,529	

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 Council. 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, 2014.

The variance between budgeted and actual general fund revenues for the current fiscal year is mainly the result of higher franchise fees and rental revenue than anticipated. 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, 2014, 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 25, 2015.

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 25, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Council
Town of Haverhill, Florida

We have examined the Town of Haverhill, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

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

June 25, 2015



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

To the Town Council
Town of Haverhill, Florida

Report on the Financial Statements

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, 2014, and have issued our report thereon dated June 25, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 25, 2015, should be considered in conjunction with this management letter.

Purpose of this 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 Members 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 25, 2015

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, 2013.

2. 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, 2014.

3. 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, 2014.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.

5. 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, 2014 financial audit report.

6. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2014. 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.