

**TOWN OF RAIFORD, FLORIDA**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2013**

**LYONS AND LYONS**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**TOWN OF RAIFORD, FLORIDA**  
**INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2013**  
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**TOWN OF RAIFORD, FLORIDA**  
**TOWN OFFICIALS**  
**SERVING AS OF SEPTEMBER 30, 2013**

**MAYOR**

**Channing Dobbs**

**TOWN COUNCIL**

**Rebecca Bryant**

**Leaman Alvarez**

**Charlie Redding**

**Sheila Fink**

**TOWN CLERK**

**Alisha Redding**

**TOWN ATTORNEY**

**Russell A. Wade III, P.A.**

# LYONS AND LYONS

## CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard  
Macclenny, Florida 32063

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### **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of the Town Council  
Town of Raiford, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Raiford, Florida (the "Town") as of and for the year ended September 30, 2013, 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. 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, the business-type activities, each major fund,

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and the aggregate of remaining fund information of the Town as of September 30, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

#### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents as "required supplementary 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 regarding 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 16, 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, and 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 Town's internal control over financial reporting and compliance.



June 16, 2014  
Macclenny, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Town of Raiford's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2013. Typically, a comparison of the prior year would be included as part of the discussion and analysis. Since this is the first year the Town has been audited, the prior year information has not been included. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2013.

- The Town's overall net position increased by approximately \$10,791.
- Total ending unrestricted net position was approximately \$33,316.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's individual funds.

#### Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as street conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

Both of the government-wide financial statements distinguish between functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) and from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government and administration, economic environment, and culture and recreation. The business-type activities of the Town include the Building Fund.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are 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. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 used in evaluating a government's near term financial 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 government's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The Town maintains two governmental funds; the General Fund and the Special Revenue Fund. Both are major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Special Revenue Fund.

Proprietary funds – The Town maintains one type of proprietary fund, the Enterprise Fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the Enterprise Fund to account for its Building Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

#### 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.

#### Other Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund and special revenue fund.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Raiford, assets exceeded liabilities by \$49,162 at the close of the fiscal year ended September 30, 2013.

**Town of Raiford's Net Position**

	Governmental Activities	Business-Type Activities	Total
Non-Capital Assets	\$ 130,695	\$ 3,143	\$ 133,838
Capital Assets	6,846	9,000	15,846
Total Assets	<u>\$ 137,541</u>	<u>\$ 12,143</u>	<u>\$ 149,684</u>
Current and Other Liabilities	100,522	-	100,522
Long-Term Liabilities	-	-	-
Total Liabilities	<u>100,522</u>	<u>-</u>	<u>100,522</u>
Net Assets:			
Invested in Capital Assets	6,846	9,000	15,846
Restricted	-	-	-
Unrestricted	30,173	3,143	33,316
Total Net Position	<u>\$ 37,019</u>	<u>\$ 12,143</u>	<u>\$ 49,162</u>

**Changes in Net Position**

The following schedule provides a summary of the changes in net position.

	Governmental Activities <u>FY 2013</u>	Business-Type Activites <u>FY 2013</u>	Total <u>FY 2013</u>
Revenues:			
Program Revenues:			
Charges For Services	\$ -	\$ 621	\$ 621
Operating Grants and Contributions	387,306		387,306
General Revenues:			
Taxes	44,889		44,889
Shared Revenues	14,871		14,871
Other	285		285
Total Revenue	<u>\$ 447,351</u>	<u>\$ 621</u>	<u>\$ 447,972</u>
Expenses:			
General Governmental	46,727		46,727
Economic Environment	381,482		381,482
Culture and Recreation	5,998	2,974	8,972
Total Expenses	<u>434,207</u>	<u>2,974</u>	<u>437,181</u>
Transfers and Capital Contributions	(3,819)	3,819	-
Changes in Net Position	9,325	1,466	10,791
Net Position-Beginning of Year	27,694	10,677	38,371
Net Position-End of Year	<u>\$ 37,019</u>	<u>\$ 12,143</u>	<u>\$ 49,162</u>

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities and Business-type Activities**

The governmental activities generated \$387,306 program revenues and \$60,045 of general revenues, incurred \$434,207 of program expenses, and disbursed \$3,819 in transfers. This resulted in a \$9,325 increase in net position.



The business-type activities generated \$621 program revenues, received transfers of \$3,819 and incurred \$2,974 of program expenses. This resulted in a \$1,466 increase in net position.

## **THE TOWN'S INDIVIDUAL FUNDS**

The General Fund's fund balance increased by \$9,681 from \$20,492 to \$30,173; the Special Revenue Fund's does not have a fund balance. The Proprietary Fund's net position increased by \$1,466 from \$10,677 to \$12,143; net cash increased \$1,466.

## **BUDGETARY HIGHLIGHTS**

General Fund revenues received were less than budgeted amounts by \$5,054. General Fund expenditures and transfers disbursed were more than the budgeted amount by \$19,666.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The Town had no significant capital asset activity during the year. Please refer to Note 3 to the accompanying financial statements entitled *Changes in Capital Assets* for more detailed information about the Town's capital asset activity.

The Town was the recipient of the Florida Small Cities Community Development Block Grant in the 2012-13 fiscal year. Grant proceeds were used for housing rehabilitation. The Town incurred \$381,482 in expenditures during the 2012-2013 fiscal year.

### **Debt Administration**

The Town has no debt.

## **ECONOMIC FACTORS**

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town of Raiford at PO Box 428, Raiford, FL 32083.

**TOWN OF RAIFORD, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Equivalents	\$ 28,162	\$ 3,143	\$ 31,305
Due From Other Agencies	102,533	-	102,533
Total Current Assets	130,695	3,143	133,838
Noncurrent Assets:			
Capital Assets:			
Non-Depreciable Assets	1,500	9,000	10,500
Depreciable Assets, Net	5,346	-	5,346
Total Capital Assets, Net of Accumulated Depreciation	6,846	9,000	15,846
Total Noncurrent Assets	6,846	9,000	15,846
<b>TOTAL ASSETS</b>	137,541	12,143	149,684
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	100,522	-	100,522
Total Current Liabilities	100,522	-	100,522
<b>TOTAL LIABILITIES</b>	100,522	-	100,522
<b><u>NET POSITION</u></b>			
Invested In Capital Assets, Net of Related Debt	6,846	9,000	15,846
Unrestricted	30,173	3,143	33,316
<b>TOTAL NET POSITION</b>	\$ 37,019	\$ 12,143	\$ 49,162

See accompanying notes to financial statements.

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

<b><u>Functions/Programs</u></b>	<b><u>Program Revenues</u></b>			<b><u>Net (Expenses) Revenue and Changes in Net Position</u></b>		
	<b><u>Expenses</u></b>	<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>Governmental Activities:</b>						
General Government	\$ 46,727	\$ -	\$ -	\$ (46,727)	\$ -	\$ (46,727)
Economic Environment	381,482	-	381,482	-	-	-
Culture and Recreation	5,998	-	5,824	(174)	-	(174)
<b>Total Governmental Activities</b>	<u>434,207</u>	<u>-</u>	<u>387,306</u>	<u>(46,901)</u>	<u>-</u>	<u>(46,901)</u>
<b>Business-type Activities:</b>						
Building Fund	2,974	621	-	-	(2,353)	(2,353)
<b>Total Business-type Activities</b>	<u>2,974</u>	<u>621</u>	<u>-</u>	<u>-</u>	<u>(2,353)</u>	<u>(2,353)</u>
<b>Total</b>	<u>\$ 437,181</u>	<u>\$ 621</u>	<u>\$ 387,306</u>	<u>(46,901)</u>	<u>(2,353)</u>	<u>(49,254)</u>
<b>General Revenues:</b>						
Discretionary Sales Tax				12,345	-	12,345
Half Cent Sales Tax				5,055	-	5,055
Local Option Gas Tax				960	-	960
Franchise Fees				19,072	-	19,072
Communication Service Tax				7,457	-	7,457
State Shared Revenue				14,871	-	14,871
Interest Income				73	-	73
Miscellaneous				212	-	212
<b>Total General Revenues</b>				<u>60,045</u>	<u>-</u>	<u>60,045</u>
Transfers & Capital Contributions				(3,819)	3,819	-
<b>Total General Revenues and Transfers</b>				<u>56,226</u>	<u>3,819</u>	<u>60,045</u>
<b>Change in Net Position</b>				9,325	1,466	10,791
<b>Net Position, October 1, 2012</b>				27,694	10,677	38,371
<b>Net Position, September 30, 2013</b>				<u>\$ 37,019</u>	<u>\$ 12,143</u>	<u>\$ 49,162</u>

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<b><u>GENERAL FUND</u></b>	<b><u>SPECIAL REVENUE FUND</u></b>	<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>
<b><u>ASSETS</u></b>			
Cash	\$ 27,161	\$ 1,001	\$ 28,162
Due From Other Agencies	2,765	99,768	102,533
Due From Other Funds	<u>1,001</u>	<u>-</u>	<u>1,001</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 30,927</u></b>	<b><u>\$ 100,769</u></b>	<b><u>\$ 131,696</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts Payable and Accrued Liabilities	\$ 754	\$ 99,768	\$ 100,522
Due To Other Funds	<u>-</u>	<u>1,001</u>	<u>1,001</u>
<b>TOTAL LIABILITIES</b>	<b><u>754</u></b>	<b><u>100,769</u></b>	<b><u>101,523</u></b>
 <b><u>FUND EQUITY</u></b>			
Fund Balances:			
Unassigned	<u>30,173</u>	<u>-</u>	<u>30,173</u>
<b>TOTAL FUND EQUITY</b>	<b><u>30,173</u></b>	<b><u>-</u></b>	<b><u>30,173</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 30,927</u></b>	<b><u>\$ 100,769</u></b>	<b><u>\$ 131,696</u></b>

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

**FUND BALANCES--TOTAL GOVERNMENTAL FUNDS** \$ 30,173

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

Capital assets used in governmental activities are not reported in the  
governmental funds.

Capital Assets--Net 6,846

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 37,019

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b><u>GENERAL</u></b>	<b><u>SPECIAL REVENUE FUND</u></b>	<b><u>TOTAL</u></b>
<b><u>REVENUES</u></b>			
Taxes	\$ 59,448	\$ -	\$ 59,448
Licenses and Permits	524	-	524
Intergovernmental	5,824	381,482	387,306
Interest Earnings	<u>73</u>	<u>-</u>	<u>73</u>
<b>TOTAL REVENUES</b>	<u>65,869</u>	<u>381,482</u>	<u>447,351</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General Governmental	46,371	-	46,371
Economic Environment		381,482	381,482
Culture and Recreation	<u>5,998</u>	<u>-</u>	<u>5,998</u>
<b>TOTAL EXPENDITURES</b>	<u>52,369</u>	<u>381,482</u>	<u>433,851</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	13,500	-	13,500
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(3,819)</u>	<u>-</u>	<u>(3,819)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	9,681	-	9,681
<b>FUND BALANCES - OCTOBER 1, 2012</b>	<u>20,492</u>	<u>-</u>	<u>20,492</u>
<b>FUND BALANCES - SEPTEMBER 30, 2013</b>	<u>\$ 30,173</u>	<u>\$ -</u>	<u>\$ 30,173</u>

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<b>NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS</b>	\$ 9,681
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.	
Current Year Depreciation Expense	<u>(356)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 9,325</u>

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**STATEMENT OF NET POSITION-PROPRIETARY FUND**  
**SEPTEMBER 30, 2013**

**ASSETS**

Current Assets:	
Cash and Equivalents	\$ 3,143
Total Current Assets	<u>3,143</u>
Noncurrent Assets:	
Capital Assets:	
Land	9,000
Buildings	39,475
Accumulated Depreciation	<u>(39,475)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>9,000</u>
Total Noncurrent Assets	<u>9,000</u>
<b>TOTAL ASSETS</b>	<b><u>12,143</u></b>

**LIABILITIES**

Current Liabilities:	-
Total Current Liabilities	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>

**NET POSITION**

Invested In Capital Assets, Net of Related Debt	9,000
Restricted	
Unrestricted	<u>3,143</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 12,143</u></b>

See accompanying notes to financial statements.



**TOWN OF RAIFORD, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<b><u>OPERATING REVENUES</u></b>	
Charges for Services	\$ 621
<b>TOTAL OPERATING REVENUES</b>	<u>621</u>
<b><u>OPERATING EXPENSES</u></b>	
Materials, Supplies and Other Expenses	<u>2,974</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>2,974</u>
<b>OPERATING INCOME</b>	<u>(2,353)</u>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(2,353)
Transfers In	<u>3,819</u>
Change in Net Position	1,466
<b>NET POSITION - OCTOBER 1, 2012</b>	<u>10,677</u>
<b>NET POSITION - SEPTEMBER 30, 2013</b>	<u>\$ 12,143</u>

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 621
Cash payments to suppliers for goods and services	<u>(2,974)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>(2,353)</u></b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers from other funds	3,819
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>3,819</u></b>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 1,466

**CASH AND CASH EQUIVALENTS - OCTOBER 1, 2012** 1,677

**CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2013** \$ 3,143

**RECONCILIATION OF OPERATING INCOME (LOSS) TO  
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	<u>(2,353)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ (2,353)</u></u></b>

See accompanying notes to financial statements.

**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Raiford, Florida, (“the Town”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Town is a unit of local government, incorporated in 1971 enacted by the Legislature of the State of Florida, Special Act Number 77-C. The Town operates under a Clerk-Town Council form of government. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the Town as a primary government.

The Town uses the criteria established in GASB Statement Number 14 to define the reporting entity and identify component units. Component units are entities for which the Town, as primary government, is considered to be financially accountable. Component units, if any, are included in the reporting entity because of the significance of their operational or financial relationships with the primary government.

The Town is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities are, in substance, part of the primary government’s operations and, accordingly, data from these units would be combined with data of the Town. There are no blended component units included in the Town’s financial reporting entity.

Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the Town. There are no discretely presented component units included in the Town’s financial reporting entity.

There were no additional entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the Town’s financial statements. The Town did not participate in any joint ventures during the 2012-13 fiscal year.

**Government-wide Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital.

**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government-wide Financial Statements (concluded)**

requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported as general revenues.

**Fund Financial Statements**

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The Town has presented the following major governmental funds:

General Fund – The General Fund is the primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for Federal through State grants specifically the Community Development Block Grant for housing rehabilitation. It is also a major fund and is reported in a separate column on the fund financial statements.

The Proprietary Fund, specifically identified as the Building Fund, is used to account for the rental of the Raiford Community Center building and playground. The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses for the proprietary fund include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fund Balance**

The town follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise of a hierarchy, based primarily, on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Balance (concluded)**

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Town's highest level of decision-making authority, which is a policy of the Town. Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Town's interest to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the mayor or (b) a body of official to which the mayor has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Town's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements and the fund financial statements for the proprietary fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year. Expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgets and Budgetary Accounting**

The Town adopts an annual budget for the General Fund. The following procedures are used in establishing the budgetary data reflected in the financial statements:

On or before the first part of September, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.

Usually prior to October 1<sup>st</sup>, the budget is legally enacted by Council approval.

Any revision that alters total expenditures of any fund or to transfer budgeted amounts between departments within any fund must be approved by the Town Council. Budgetary control is maintained at the department level. The fund is the legal level of control. Budgetary data presented in the accompanying financial statements represent the “final” budget data; i.e., the effects of budget amendments have been applied to “original” budgetary data.

The budget amounts presented in the accompanying financial statements were prepared on the modified accrual basis of accounting.

All budget changes during the fiscal year are approved by the Town Council.

Appropriations lapse at the end of the fiscal year.

Budgets are adopted for the General Fund on a basis that does not differ materially from accounting principles generally accepted in the United States. In accordance with Section 166.241, Florida Statutes, expenditures did not exceed budget appropriations for the 2012-2013 fiscal year.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the enterprise fund considers all highly liquid investments, including restricted assets to be cash equivalents. Unrestricted resources are used first when expense is incurred for both restricted and unrestricted purposes.

**Deposits with Financial Institutions**

All deposits are placed in banks that qualify as public depositories, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by federal depository insurance and/or collateralized pursuant to Chapter 280, Florida Statutes.

**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Capital Assets**

Capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date donated. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	30-50 years
Improvements	20-25 years
Equipment	5-20 years

**Compensated Absences**

The Town does not have a policy on sick leave and accordingly does not compensate employees for sick leave. The Town does not have a policy allowing employees to earn personal or vacation leave. Compensated absences are recorded as expenditures in Governmental Funds to the extent of the amount of the liability that would normally be liquidated with expendable available financial resources (the current portion). The Town does not have any compensated absence liability.

**Capitalization of Interest Costs**

When applicable, the Town follows the guidelines of Statement of Financial Accounting Codification No. 835-20 to determine if interest costs related to construction of fixed assets should be capitalized.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Town to make various estimates and assumptions. Actual results could vary from estimates used.

**Net Position**

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net position reports no restricted net assets which are restricted by enabling legislation. There is no restricted net position in the Proprietary Fund.

**NOTE 2 – INVESTMENTS**

Section 218.415, Florida Statutes, authorizes the Town to invest in the Local Government Investment Pool; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposits in qualified public depositories; and direct obligations of the U.S. Treasury.

**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 2 – INVESTMENTS (concluded)**

The Town is exposed to the following risks associated with its investments:

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest Rate Risk – the risk that changes in interest rate will adversely affect the fair value of an investment.

The Town does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415 Florida Statutes, for investing public funds. That statute limits the Town’s exposure to credit risk and interest rate risk by limiting authorized investment option as previously described.

**NOTE 3 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the fiscal-year ending September 30, 2013, follows:

	Balance <u>October 1,</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>September 30,</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 1,500	\$ -	\$ -	\$ 1,500
Total Capital Assets Not Being Depreciated	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Capital Assets Being Depreciated				
Buildings	<u>17,819</u>	<u>-</u>	<u>-</u>	<u>17,819</u>
Total Capital Assets Being Depreciated	<u>17,819</u>	<u>-</u>	<u>-</u>	<u>17,819</u>
Less Accumulated Depreciation For				
Buildings	<u>12,117</u>	<u>356</u>	<u>-</u>	<u>12,473</u>
Total Accumulated Depreciation	<u>12,117</u>	<u>356</u>	<u>-</u>	<u>12,473</u>
Total Capital Assets Being Depreciated, Net	<u>5,702</u>	<u>356</u>	<u>-</u>	<u>5,346</u>
Governmental Activities Total Capital Assets, Net	<u>\$ 7,202</u>	<u>\$ (356)</u>	<u>\$ -</u>	<u>\$ 6,846</u>
<u>Business-type Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 9,000	\$ -	\$ -	\$ 9,000
Total Capital Assets Not Being Depreciated	<u>9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,000</u>
Capital Assets Being Depreciated				
Buildings	<u>39,475</u>	<u>-</u>	<u>-</u>	<u>39,475</u>
Total Capital Assets Being Depreciated	<u>39,475</u>	<u>-</u>	<u>-</u>	<u>39,475</u>
Less Accumulated Depreciation For				
Buildings	<u>39,475</u>	<u>-</u>	<u>-</u>	<u>39,475</u>
Total Accumulated Depreciation	<u>39,475</u>	<u>-</u>	<u>-</u>	<u>39,475</u>
Total Capital Assets Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities Total Capital Assets, Net	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,000</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 356



**TOWN OF RAIFORD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers authorized and transferred by the Town during the fiscal year ended September 30, 2013 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>
<u>General Fund</u>	<u>Enterprise Fund</u>
<u>\$ (3,819)</u>	<u>\$ 3,819</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 8 – CONTINGENT LIABILITIES**

The Town is sometimes involved in litigation arising from the normal operations of a local government. It is the opinion of management that such litigation will not have a material financial impact on the financial statements of the Town.

**NOTE 9 – PENSION PLAN**

The Town does not contribute to the Florida Retirement System or any other retirement system.

**NOTE 10 – OPERATING LEASE**

There was no operating lease.

**NOTE 11 – RISK MANAGEMENT**

The Town carries commercial insurance for general liability and property. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 16, 2014, the date which the financial statements were available to be issued. There were no subsequent events determined to occur that would have a material effect on the fair presentation of the financial statements taken as a whole through the date of the report, June 16, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF RAIFORD, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b><u>BUDGETED AMOUNTS</u></b>		<b><u>ACTUAL AMOUNTS</u></b>	<b><u>VARIANCE WITH FINAL BUDGET</u></b>
	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>		
<b><u>REVENUES</u></b>				
Taxes	\$ 70,172	\$ 70,172	\$ 59,448	\$ (10,724)
Licenses and Permits	740	740	524	(216)
Intergovernmental	-	-	5,824	5,824
Interest Earnings	11	11	73	62
<b>TOTAL REVENUES</b>	<u>70,923</u>	<u>70,923</u>	<u>65,869</u>	<u>(5,054)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General Governmental	41,576	41,576	46,371	(4,795)
Culture and Recreation	-	-	5,998	(5,998)
<b>TOTAL EXPENDITURES</b>	<u>41,576</u>	<u>41,576</u>	<u>52,369</u>	<u>(10,793)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	29,347	29,347	13,500	(15,847)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(3,819)	3,819
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	29,347	29,347	9,681	(19,666)
<b>FUND BALANCES - October 1, 2012</b>	<u>20,492</u>	<u>20,492</u>	<u>20,492</u>	<u>-</u>
<b>FUND BALANCES - September 30, 2013</b>	<u>\$ 49,839</u>	<u>\$ 49,839</u>	<u>\$ 30,173</u>	<u>\$ (19,666)</u>

**Notes to Budgetary Comparison Schedules**

The preparation, adoption and amendment of budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year end.

**TOWN OF RAIFORD, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL-SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b><u>BUDGETED AMOUNTS</u></b>		<b><u>ACTUAL AMOUNTS</u></b>	<b><u>VARIANCE WITH FINAL BUDGET</u></b>
	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 381,482	\$ 381,482	\$381,482	\$ -
Interest Earnings	-	-	-	-
<b>TOTAL REVENUES</b>	<b>381,482</b>	<b>381,482</b>	<b>381,482</b>	<b>-</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Economic Environment	381,482	381,482	381,482	-
<b>TOTAL EXPENDITURES</b>	<b>381,482</b>	<b>381,482</b>	<b>381,482</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes to Budgetary Comparison Schedules**

The preparation, adoption and amendment of budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year end.

**ADDITIONAL ELEMENTS REQUIRED**

**BY THE**

**RULES OF THE AUDITOR GENERAL**

# LYONS AND LYONS

## CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard  
Macclenny, Florida 32063

Telephone (904) 259-4307  
Fax (904) 259-5102

### INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and  
Members of the Town Council  
Town of Raiford, Florida

We have audited the financial statements of the Town of Raiford, Florida (the "Town") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 16, 2014. We have also issued our 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*, dated June 16, 2014. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapters 10.550, Rules of the Auditor General which governs the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

#### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not findings reported in the preceding audit report have been corrected and recommendations made in the preceding audit report have been followed. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

#### Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Town has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, that are indicative of a state of financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). 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 management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as defined in Rule 10.554.

#### Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the Town for the fiscal year ended September 30, 2013, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2013.

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Legal Authority

The Rules of the Auditor General also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. There are no component units of the Town of Raiford. The Town of Raiford was established by a Special Act of the Legislature, Number 77-C in 1971.

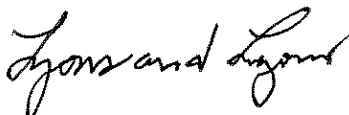
Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter. Our management letter is intended solely for the information and use of the Legislative Auditing Committee, member of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Town of Raiford and management, and is not intended to be and should not be used by anyone other than those specified parties.

We wish to take this opportunity to express our appreciation for the courtesies, which have been extended to our staff. We have sincerely enjoyed our association with the Town and look forward to a continuing relationship. If you have any questions or comments concerning this letter, our accompanying reports, or any other matters, please do not hesitate to contact us.



June 16, 2014  
Macclenny, Florida

# LYONS AND LYONS

## CERTIFIED PUBLIC ACCOUNTANTS

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Macclenny, Florida 32063

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Town Council  
Town of Raiford, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Raiford, Florida (the "Town") as of and for the 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 report thereon dated June 16, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and responses, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-01, 2013-02 and 2013-03 to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

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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* and which are described in the accompanying schedule of findings and responses as item 2013-4.

**Town of Raiford Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

A handwritten signature in cursive script that reads "Lyons and Lyons, CPA".

June 16, 2014  
Macclenny, Florida

**TOWN OF RAIFORD, FLORIDA**  
**SCHEDULE OF FINDINGS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

2013-01 **Condition** – Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be detected.

**Recommendation** – To the extent possible, given available personnel, steps should be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. Our audit did not reveal any significant errors or irregularities resulting from this lack of separation of duties and responsibilities. However, we feel it is important you are made aware of this condition.

2013-02 **Condition** – Statement of Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in an Audit, requires auditors to prepare written communication if they identify misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed material adjustments to Town’s financial statements. It was also necessary for us to assist with the preparation of the financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

**Recommendation** – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving the financial reporting process, the Office will have an enhanced ability to monitor its budget position on an ongoing basis.

2013-03 **Condition** – An essential element of control over assets entrusted to a governmental organization is the periodic comparison of such assets actually determined to be on hand with the recorded accountability for the assets. Because of the susceptibility of cash to loss, this is particularly important for cash on deposit with bank institutions. Accountability for such deposits is accomplished by the preparation of bank reconciliations as soon as possible after the receipt of monthly bank statements. Bank reconciliations were not prepared in a timely manner. In the event of a loss of cash, failure to reconcile bank accounts to the Town’s accounting records could result in a failure to detect and recover the loss. As of the time of our review in May of 2014, a formal reconciliation of the bank account had not been prepared.

**Recommendation**– Bank reconciliations should be prepared on a monthly basis.

2013-04 **Condition** – Section 166.241 (3), Florida Statutes, requires that the governing body of each municipality adopt a budget each fiscal year by ordinance unless otherwise specified in the respective municipality’s charter. As the Town’s Municipal Code does not address the method of budget adoption and amendment for the Town, the Town Council is required to adopt and amend the budget by ordinance. There was no evidence included in the minutes indicating the Town adopted the budget by ordinance. Accordingly, the Town’s procedures for adopting a budget did not conform to the ordinance requirements of Section 166.041, Florida Statutes, which includes certain provisions not applicable to a resolution.

**Recommendations**– The Town Council should either adopt the budget and budget amendments by ordinance as required by Section 166.241(3), Florida Statutes, or amend the Town Charter to establish alternative procedures for the adoption of the budget and budget amendments.

**TOWN OF RAIFORD, FLORIDA**  
**SCHEDULE OF FINDINGS**  
**AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

2013-05 **Condition** – Section 166.241 (3), Florida Statutes, provides that the budget must regulate expenditures of the municipality, and it is unlawful for any officer of the municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations. The General Fund budget as approved by the Town Council resulted in expenditures exceeding the amount approved by \$19,666.

**Recommendations**– Although resources were available in the General Fund to cover the over-expenditure, the budget position should be closely monitored to ensure that actual expenditures do not exceed budgeted expenditures.

Rebecca Bryant  
Mayor

STATE OF FLORIDA  
*TOWN OF RAIFORD*

Rick Scott  
Governor

June 16, 2014

Mr. David W. Martin, CPA  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin

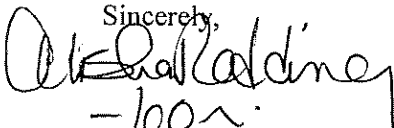
This letter is intended as notification to your office that as Mayor, I have addressed the findings as noted in the Independent Auditors Report, dated June 16, 2014 as conducted by the firm Lyons and Lyons, CPA's.

I acknowledge our responsibilities as addressed in the audit as to:

- 2013-01 The finding is duly noted. We recognize that a weakness does exist in the internal control structure. We have segregated duties to the extent possible given the available personnel. At this time we are unable to add the necessary staff to adequately segregate incompatible duties due to a limited budget.
- 2013-02 The finding is duly noted. The Town recently retained the services of an accountant to assist in resolving this finding including acquiring a new accounting software program.
- 2013-03 The finding is duly noted. The internal control policies and procedures of the Town will be altered to include the preparation of monthly bank reconciliations.
- 2013-04 The finding is duly noted. The Town will adopt budgets and any amendments for future fiscal years by ordinance as required by Florida Statutes.
- 2013-05 The finding is duly noted. Procedures are being implemented to monitor the budget monthly to ensure actual expenditures do not exceed budgeted appropriations.

This is the first time our Town has been audited since formation. The audit process has been a learning process and one we feel will improve the overall financial reporting and accounting system of the Town of Raiford. Should you have any questions, please feel free to contact me.

Sincerely,



Rebecca Bryant  
Town Mayor

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*President of the Board: Charlie Redding, Town Clerk Alisha Redding*  
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