

TOWN OF ZOLFO SPRINGS, FLORIDA
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2012

**TOWN OF ZOLFO SPRINGS, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2012**

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**TOWN OF ZOLFO SPRINGS, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2012**

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**TOWN OF ZOLFO SPRINGS, FLORIDA
OFFICIALS
SEPTEMBER 30, 2012**

Town of Zolfo Springs, Florida

September 30, 2012

TOWN COMMISSION

JUAN OTERO - MAYOR
DIDI WHITE VICE MAYOR
LOIS DANDRIDGE
SARA SCHOFIELD
VIRGINIA IRBY

TOWN OFFICIALS

TOWN MANAGER, LINDA ROBERSON
TOWN CLERK, JUNE ALBRITTON
GERALD BUHR, TOWN ATTORNEY

INDEPENDENT AUDITORS' REPORT

To the Honorable Town Commission
Town of Zolfo Springs, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Zolfo Springs, Florida (Town), as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 33 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The other supplemental information as listed in the table of contents on pages 36 through 39 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 34 and 35 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Christopher, Smith, Leonard,
Bristow + Stanell, P.A.*
CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

February 26, 2013
Bradenton, Florida

TOWN OF ZOLFO SPRINGS

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Zolfo Springs, FL 33890-0162

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Zolfo Springs, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 10.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$10,059,019 (net assets). Of this amount, \$786,073 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,136,473 during the year. This was primarily due to the grant funding for the wastewater plant improvements.
- As of the close of the current fiscal year, the Town's governmental fund reported ending fund balances of \$293,187, a decrease of \$29,651 from the prior year. Of this amount, unassigned fund balance represents \$256,422.
- As of the close of the fiscal year the Town's water and wastewater fund unrestricted net assets were \$489,756, a decrease of \$4,187 from the prior year.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported in a manner similar to the approach used by private-sector business in that revenue are recognized when earned or established criteria are satisfied and expenses reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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, public safety and maintenance. The business-type activities of the Town include the water, wastewater, and sanitation services.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the Town. 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 useful in evaluating a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The only Governmental fund the Town maintains is the General Fund. 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.

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

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Proprietary funds: The Town utilizes enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town's enterprise funds consist of the water and wastewater fund and the sanitation fund.

The basic proprietary fund financial statements can be found on pages 16 through 18 of this report.

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. The notes to the financial statements can be found starting on page 19 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's General Fund Budgetary Comparison. Required supplementary information can be found on page 33 of this report.

Government-wide Financial Analysis

The following table presents a condensed statement of net assets as of September 30, 2012 with comparative totals as of September 30, 2011.

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|----------------------------|---------------------------------|----------------------------|-----------------------------|----------------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Current and other assets | \$ 319,159 | \$ 357,642 | \$ 1,003,427 | \$ 703,865 | \$ 1,322,586 | \$ 1,061,507 |
| Capital assets (net of depreciation) | <u>1,340,546</u> | <u>1,365,931</u> | <u>9,411,601</u> | <u>6,341,040</u> | <u>10,752,147</u> | <u>7,706,971</u> |
| Total assets | 1,659,705 | 1,723,573 | 10,415,028 | 7,044,905 | 12,074,733 | 8,768,478 |
| Long-term liabilities outstanding | 22,687 | 30,483 | 1,654,000 | 699,000 | 1,676,687 | 729,483 |
| Other liabilities | <u>25,972</u> | <u>34,804</u> | <u>313,055</u> | <u>81,645</u> | <u>339,027</u> | <u>116,449</u> |
| Total liabilities | 48,659 | 65,287 | 1,967,055 | 780,645 | 2,015,714 | 845,932 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 1,317,859 | 1,335,448 | 7,757,601 | 5,642,040 | 9,075,460 | 6,977,488 |
| Restricted | 9,245 | 9,240 | 188,241 | 115,906 | 197,486 | 125,146 |
| Unrestricted | <u>283,942</u> | <u>313,598</u> | <u>502,131</u> | <u>506,314</u> | <u>786,073</u> | <u>819,912</u> |
| Total net assets | <u>\$ 1,611,046</u> | <u>\$ 1,658,286</u> | <u>\$ 8,447,973</u> | <u>\$ 6,264,260</u> | <u>\$ 10,059,019</u> | <u>\$ 7,922,546</u> |

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$10,059,019 at the close of September 30, 2012.

The Town's net assets include capital assets, (90% of total net assets), which reflect its investment in capital assets (e.g., land, water plant, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its members; consequently, these assets are *not* available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets, in the amount of \$197,486, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$786,073 may be used to meet the government's ongoing obligations to citizens and creditors.

The following is a summary of the information presented in the Statement of Activities on page 11 of this report.

**Changes in Net Assets
For the Years Ended September 30, 2012 and 2011**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|---------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,506 | \$ 2,316 | \$ 839,657 | \$ 828,449 | \$ 845,163 | \$ 830,765 |
| Operating grants and contributions | 7,007 | 7,007 | -0- | -0- | 7,007 | 7,007 |
| Capital grants and contributions | -0- | -0- | 2,485,930 | 23,237 | 2,485,930 | 23,237 |
| General revenues: | | | | | | |
| Taxes | 500,337 | 530,475 | 108,497 | 119,138 | 608,834 | 649,613 |
| Transfers | 21,678 | 14,223 | (21,678) | (14,223) | -0- | -0- |
| Other | 18,951 | 26,257 | 1,360 | 1,557 | 20,311 | 27,814 |
| Total revenues | 553,479 | 580,278 | 3,413,766 | 958,158 | 3,967,245 | 1,538,436 |
| Expenses: | | | | | | |
| General government | 194,950 | 196,940 | -0- | -0- | 194,950 | 196,940 |
| Public safety | 164,398 | 156,905 | -0- | -0- | 164,398 | 156,905 |
| Maintenance | 230,403 | 227,238 | -0- | -0- | 230,403 | 227,238 |
| Physical environment | 9,482 | 9,663 | -0- | -0- | 9,482 | 9,663 |
| Interest on long-term debt | 1,486 | 986 | 38,448 | 41,908 | 39,934 | 42,894 |
| Water | -0- | -0- | 316,955 | 262,606 | 316,955 | 262,606 |
| Sewer | -0- | -0- | 772,596 | 696,220 | 772,596 | 696,220 |
| Sanitation | -0- | -0- | 102,054 | 100,114 | 102,054 | 100,114 |
| Total expenses | 600,719 | 591,732 | 1,230,053 | 1,100,848 | 1,830,772 | 1,692,580 |
| Change in net assets | (47,240) | (11,454) | 2,183,713 | (142,690) | 2,136,473 | (154,144) |
| Net assets - Beginning | <u>1,658,286</u> | <u>1,669,740</u> | <u>6,264,260</u> | <u>6,406,950</u> | <u>7,922,546</u> | <u>8,076,690</u> |
| Net assets - Ending | <u>\$ 1,611,046</u> | <u>\$ 1,658,286</u> | <u>\$ 8,447,973</u> | <u>\$ 6,264,260</u> | <u>\$ 10,059,019</u> | <u>\$ 7,922,546</u> |

Governmental activities: Governmental activities decreased the Town's net assets by \$47,240.

The Town had \$12,513 of program revenue. In addition, other key components of revenue were \$500,337 of tax revenue classified as general revenues. The Town also had \$18,951 of other income. Expenses consisted of \$194,950 of general government, \$164,398 of police-public safety, general maintenance and physical environment of \$230,403 and interest on long-term debt of \$1,486.

Business-type activities. Business-type activities increased the Town's net assets by \$2,183,713. Key elements for the difference between the current year and prior year are:

- Capital grants for the replacement of the Town's Wastewater Treatment Plant increased net assets by \$2,462,693.
- Charges for services increased by \$11,208. Operating revenues consist of water and wastewater department charges, as well as sanitation charges.
- Expenses increased by \$129,205 from the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's general fund reported ending fund balances of \$293,187, a decrease of \$29,651 in comparison with the prior year. \$256,422 of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed for capital improvement, or is nonspendable, (prepaid expenses).

The fund balance of the Town's general fund decreased by \$29,651. Activity during the current fiscal year included the following key components:

- Total general fund revenues decreased by \$35,204. The most significant component of this decrease was due to property tax and franchise fee declines offset by an increase in intergovernmental revenues.
- The general fund expenditures increased by \$81,486 due primarily to an increase in capital outlay for projects.
- The general fund included other financing sources of \$21,678, which is for transfers from the sanitation fund.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following are the noteworthy changes from the prior year:

- Operating revenues increased by \$11,208, over the prior year.
- Operating expenses increased by \$23,190, over the prior year. The increase was due mainly to depreciation increases for new assets placed in service.
- The non-operating revenues (expense) line, which is a total net income of \$2,424,627 increased from the prior year total net income of \$78,787. This increase is primarily related to the grant revenues received for the replacement of the Town's Wastewater Treatment Plant.

General Fund Budgetary Highlights

There were no amendments to the adopted budget in the current year. Budgeted revenues were \$568,048 and budgeted expenditures were \$664,698.

Actual revenues were \$37,197 less than budgeted revenues due to less grant revenues than anticipated offset by additional taxes and intergovernmental revenues that were unanticipated. Actual expenditures were \$82,518 less than budgeted, primarily for less grant and capital outlay expenditures than anticipated offset by overages for the maintenance and the police departments.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business type activities as of September 30, 2012, amounts to \$10,752,147 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer line improvements, water system improvements, machinery and equipment, and construction in progress. Current changes include additions of \$3,625,511 offset by depreciation of \$447,624, and loss on disposal of \$132,712.

Town of Zolfo Springs Capital Assets (Net of Depreciation)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|---------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Land | \$ 15,808 | \$ 15,808 | \$ 658,576 | \$ 658,576 | \$ 674,384 | \$ 674,384 |
| Building and Improvements | 768,437 | 797,487 | 5,899,296 | 2,663,326 | 6,667,733 | 3,460,813 |
| Infrastructure | 495,326 | 475,438 | -0- | -0- | 495,326 | 475,438 |
| Sewer/water system improvements | -0- | -0- | 2,696,261 | 2,862,485 | 2,696,261 | 2,862,485 |
| Machinery and equipment | 60,975 | 77,198 | 144,018 | 156,653 | 204,993 | 233,851 |
| Construction in progress | -0- | -0- | 13,450 | -0- | 13,450 | -0- |
| Total | \$ 1,340,546 | \$ 1,365,931 | \$ 9,411,601 | \$ 6,341,040 | \$ 10,752,147 | \$ 7,706,971 |

Significant current year activity includes the replacement of the Wastewater Treatment Plant. Additional information on the Town's capital assets can be found in note 2 C. of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had enterprise fund bonded debt outstanding of \$1,654,000. Governmental activities for the Town had \$22,687 of debt outstanding.

Town of Zolfo Springs Revenue Bonds and Notes Payable

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---------------|--------------------------------|------------------|---------------------------------|-------------------|---------------------|-------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenue bonds | \$ -0- | \$ -0- | \$ 1,654,000 | \$ 699,000 | \$ 1,654,000 | \$ 699,000 |
| Notes payable | 22,687 | 30,483 | -0- | -0- | 22,687 | 30,483 |
| Total | \$ 22,687 | \$ 30,483 | \$ 1,654,000 | \$ 699,000 | \$ 1,676,687 | \$ 729,483 |

During the year, the Town obtained new USDA revenue bonds in the amount of \$1,654,000 which were used to refund existing debt and payoff interim financing related to the Wastewater Plant project. The Town paid down \$7,796 on all other notes.

Additional information on the Town's long-term debt can be found in note 2, E. of this report.

Economic Factors and Next Year's Budgets and Rates

The millage rate for 2012-13 is less than the prior year. The Town's total budget for all funds for fiscal year 2012 - 2013 has decreased to \$2,220,809 of revenues and expenses. The decrease from the prior year is principally due to completion of grant funded projects. The budget does include funds for capital improvement to the wastewater system and replacement of well #2 to the water system. The replacement of well #2 is on an emergency basis and budgeted from reserves for an amount of \$230,000.

Budgeted grants include: \$600,000 from USDA for the wastewater plant.

Requests for Information

This financial report is designed to provide a general overview of the Town of Zolfo Springs, Florida finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Zolfo Springs, 3210 U.S. Hwy. 17 S., Zolfo Springs, Florida 33890.

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 149,867 | \$ 635,862 | \$ 785,729 |
| Receivables (net of allowance for uncollectibles) | 23 | 91,871 | 91,894 |
| Internal balances | 113,904 | (113,904) | - |
| Due from other governmental units | 18,599 | 123,409 | 142,008 |
| Inventory and prepaid expenses | 27,520 | 6,566 | 34,086 |
| Restricted assets: | | | |
| Cash | 9,246 | 144,425 | 153,671 |
| Certificates of deposit | - | 90,596 | 90,596 |
| Deferred charges | - | 24,602 | 24,602 |
| Capital assets (net of accumulated depreciation) | | | |
| Land | 15,808 | 658,576 | 674,384 |
| Building and improvements | 768,437 | 5,899,296 | 6,667,733 |
| Infrastructure | 495,326 | - | 495,326 |
| Sewer/water system improvements | - | 2,696,261 | 2,696,261 |
| Machinery and equipment | 60,975 | 144,018 | 204,993 |
| Construction in progress | - | 13,450 | 13,450 |
| TOTAL ASSETS | <u>1,659,705</u> | <u>10,415,028</u> | <u>12,074,733</u> |
| LIABILITIES | | | |
| Accounts payable and other accrued expenses | 25,972 | 139,765 | 165,737 |
| Accrued interest | - | 3,101 | 3,101 |
| Accrued expense | - | 123,409 | 123,409 |
| Customer deposits | - | 46,780 | 46,780 |
| Noncurrent liabilities: | | | |
| Due within one year | 8,227 | - | 8,227 |
| Due in more than one year | 14,460 | 1,654,000 | 1,668,460 |
| Total liabilities | <u>48,659</u> | <u>1,967,055</u> | <u>2,015,714</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 1,317,859 | 7,757,601 | 9,075,460 |
| Restricted for: | | | |
| Revenue bond retirement | - | 188,241 | 188,241 |
| Capital improvement | 9,245 | - | 9,245 |
| Unrestricted | 283,942 | 502,131 | 786,073 |
| TOTAL NET ASSETS | <u>\$ 1,611,046</u> | <u>\$ 8,447,973</u> | <u>\$ 10,059,019</u> |

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

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Change in Net Assets | | |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business type Activities | Total |
| Governmental Activities: | | | | | | | |
| Administration | \$ 194,950 | \$ - | \$ 7,007 | \$ - | \$ (187,943) | \$ - | \$ (187,943) |
| Police Department | 164,398 | 5,229 | - | - | (159,169) | - | (159,169) |
| Maintenance | 230,403 | 277 | - | - | (230,126) | - | (230,126) |
| Physical environment | 9,482 | - | - | - | (9,482) | - | (9,482) |
| Interest on long-term debt | 1,486 | - | - | - | (1,486) | - | (1,486) |
| Total Governmental Activities | <u>600,719</u> | <u>5,506</u> | <u>7,007</u> | <u>-</u> | <u>(588,206)</u> | <u>-</u> | <u>(588,206)</u> |
| Business-type Activities: | | | | | | | |
| Water | 316,955 | 289,092 | - | - | - | (27,863) | (27,863) |
| Wastewater | 811,044 | 426,829 | - | 2,485,930 | - | 2,101,715 | 2,101,715 |
| Sanitation | 102,054 | 123,736 | - | - | - | 21,682 | 21,682 |
| Total Business-type Activities | <u>1,230,053</u> | <u>839,657</u> | <u>-</u> | <u>2,485,930</u> | <u>-</u> | <u>2,095,534</u> | <u>2,095,534</u> |
| Total Government | <u>\$ 1,830,772</u> | <u>\$ 845,163</u> | <u>\$ 7,007</u> | <u>\$ 2,485,930</u> | <u>(588,206)</u> | <u>2,095,534</u> | <u>1,507,328</u> |
| General Revenues: | | | | | | | |
| Property taxes | | | | | 197,765 | - | 197,765 |
| Franchise taxes | | | | | 99,446 | 65,278 | 164,724 |
| Local government option gas tax | | | | | 43,466 | - | 43,466 |
| Half-cent sales tax | | | | | 49,637 | - | 49,637 |
| One-cent sales tax | | | | | 90,764 | - | 90,764 |
| Motor fuel tax | | | | | 1,852 | - | 1,852 |
| State revenue sharing of 1/8 cent | | | | | 17,407 | - | 17,407 |
| Unrestricted investment earnings | | | | | 110 | 1,360 | 1,470 |
| Other revenue | | | | | 18,841 | - | 18,841 |
| Cigarette tax | | | | | - | 43,219 | 43,219 |
| Transfers | | | | | 21,678 | (21,678) | - |
| Total general revenues and transfers | | | | | <u>540,966</u> | <u>88,179</u> | <u>629,145</u> |
| Change in net assets | | | | | (47,240) | 2,183,713 | 2,136,473 |
| Net assets - beginning | | | | | 1,658,286 | 6,264,260 | 7,922,546 |
| Net assets - ending | | | | | <u>\$ 1,611,046</u> | <u>\$ 8,447,973</u> | <u>\$ 10,059,019</u> |

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

TOWN OF ZOLFO SPRINGS, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2012

| | <u>General Fund</u> |
|--|--------------------------|
| ASSETS | |
| Cash | \$ 149,867 |
| Accounts receivable net of allowance | 23 |
| Due from other governmental units | 18,599 |
| Due from other funds | 113,904 |
| Prepaid expenses | 27,520 |
| Restricted assets: | |
| Cash | 9,246 |
| Total assets | <u><u>\$ 319,159</u></u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | 14,433 |
| Accrued expense | 11,539 |
| Total liabilities | <u><u>25,972</u></u> |
| Fund balances: | |
| Nonspendable | 27,520 |
| Spendable: | |
| Restricted | 9,245 |
| Unassigned | 256,422 |
| Total fund balances | <u><u>293,187</u></u> |
| Total liabilities and fund balances | <u><u>\$ 319,159</u></u> |

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

**TOWN OF ZOLFO SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

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

| | |
|---|----------------------------|
| Fund Balance – Governmental Fund | \$ 293,187 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds | 1,340,546 |
| Long-term liabilities, including notes payable that are not due and payable in the current period and therefore are not reported in the funds | <u>(22,687)</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 1,611,046</u> |

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

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

| | General Fund |
|--|-------------------------|
| Revenues: | |
| Property taxes | \$ 197,765 |
| Intergovernmental revenue | 203,126 |
| Franchise fees and taxes | 99,446 |
| Fines and forfeitures | 5,229 |
| Charges for services | 277 |
| Interest | 110 |
| Licenses and permits | 2,694 |
| Miscellaneous revenues | 15,197 |
| Grant revenue and contributions | 7,007 |
| Total Revenues | 530,851 |
| Expenditures: | |
| Administration | 185,869 |
| Police department | 134,044 |
| Maintenance department | 153,771 |
| Recreation | 4,403 |
| Capital outlay | 94,811 |
| Debt service: | |
| Principal retirement | 7,796 |
| Interest | 1,486 |
| Total Expenditures | 582,180 |
| Excess of Revenues (Under) Over Expenditures Before Other Financing Sources(uses) | (51,329) |
| OTHER FINANCING SOURCES (USES) | |
| Transfers In (Out) | 21,678 |
| Total Other Financing Sources(uses) | 21,678 |
| Net Changes in Fund Balance | (29,651) |
| FUND BALANCE, October 1, 2011 | 322,838 |
| FUND BALANCE, September 30, 2012 | \$ 293,187 |

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

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

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

Net change in fund balance – total governmental fund \$ (29,651)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|--|-----------|
| Capital additions included as expenditures in the fund | 94,811 |
| Depreciation | (121,146) |
| Donated asset not recorded in the fund statements | 950 |

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, the transaction has no effect on net assets. 7,796

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (47,240)

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

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
SEPTEMBER 30, 2012

| | Business-Type Activities | | |
|--|---------------------------------|----------------------|---------------------------------------|
| | Water and Wastewater | Sanitation | Total Enterprise Funds |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 635,862 | \$ - | \$ 635,862 |
| Receivables (net of allowance for uncollectibles) | 79,496 | 12,375 | 91,871 |
| Grant receivables | 123,409 | - | 123,409 |
| Inventory and prepaid expenses | 6,566 | - | 6,566 |
| Total current assets | <u>845,333</u> | <u>12,375</u> | <u>857,708</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash | 144,425 | - | 144,425 |
| Certificates of deposit | 90,596 | - | 90,596 |
| Total restricted assets | <u>235,021</u> | <u>-</u> | <u>235,021</u> |
| Deferred charges | 24,602 | - | 24,602 |
| Capital assets: | | | |
| Land | 658,576 | - | 658,576 |
| Building and improvements | 6,706,773 | - | 6,706,773 |
| Sewer/water system improvements | 5,011,420 | - | 5,011,420 |
| Machinery and equipment | 444,228 | - | 444,228 |
| Construction in progress | 13,450 | - | 13,450 |
| Less accumulated depreciation | <u>(3,422,846)</u> | <u>-</u> | <u>(3,422,846)</u> |
| Total capital assets (net) | <u>9,411,601</u> | <u>-</u> | <u>9,411,601</u> |
| Total noncurrent assets | <u>9,671,224</u> | <u>-</u> | <u>9,671,224</u> |
| TOTAL ASSETS | <u>10,516,557</u> | <u>12,375</u> | <u>10,528,932</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable and other accrued expenses | 139,765 | - | 139,765 |
| Retainage payable | 123,409 | - | 123,409 |
| Due to other funds | 113,904 | - | 113,904 |
| Total current liabilities | <u>377,078</u> | <u>-</u> | <u>377,078</u> |
| Current liabilities payable from restricted assets: | | | |
| Accrued interest payable | 3,101 | - | 3,101 |
| Customer deposits | 46,780 | - | 46,780 |
| Total current liabilities payable from restricted assets | <u>49,881</u> | <u>-</u> | <u>49,881</u> |
| Noncurrent liabilities: | | | |
| Revenue bonds payable | 1,654,000 | - | 1,654,000 |
| Total noncurrent liabilities | <u>1,654,000</u> | <u>-</u> | <u>1,654,000</u> |
| TOTAL LIABILITIES | <u>2,080,959</u> | <u>-</u> | <u>2,080,959</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 7,757,601 | - | 7,757,601 |
| Restricted for revenue bond retirement and grants | 188,241 | - | 188,241 |
| Unrestricted | 489,756 | 12,375 | 502,131 |
| TOTAL NET ASSETS | <u>\$ 8,435,598</u> | <u>12,375</u> | <u>\$ 8,447,973</u> |

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

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

| | Business-Type Activities | | |
|---|--------------------------|------------------|------------------------------|
| | Water and Wastewater | Sanitation | Total Enterprise Funds |
| Operating Revenues: | | | |
| Charges for services | | | |
| Wastewater sales | \$ 426,829 | - | \$ 426,829 |
| Water sales | 285,987 | - | 285,987 |
| Sanitation | - | 123,736 | 123,736 |
| Connection fees | 3,105 | - | 3,105 |
| Total Operating Revenues | 715,921 | 123,736 | 839,657 |
| Operating Expenses: | | | |
| Cost of sales and services: | | | |
| Personal services | 241,225 | - | 241,225 |
| Operating | 389,136 | 102,054 | 491,190 |
| Depreciation | 326,478 | - | 326,478 |
| Total Operating Expenses | 956,839 | 102,054 | 1,058,893 |
| Operating Income (Loss) | (240,918) | 21,682 | (219,236) |
| Non-Operating Revenues (Expenses) | | | |
| Interest income | 1,360 | - | 1,360 |
| Interest expense | (38,448) | - | (38,448) |
| Cigarette tax | 43,219 | - | 43,219 |
| Electric franchise fees | 65,278 | - | 65,278 |
| Loss on disposition of capital assets | (132,712) | - | (132,712) |
| Other grants and reimbursements | 2,485,930 | - | 2,485,930 |
| Total Non-Operating Revenue (Expenses) | 2,424,627 | - | 2,424,627 |
| Income (Loss) Before Transfers | 2,183,709 | 21,682 | 2,205,391 |
| Transfers | | | |
| Transfers in (out) | - | (21,678) | (21,678) |
| Change in Net Assets | 2,183,709 | 4 | 2,183,713 |
| Total Net Assets – Beginning | 6,251,889 | 12,371 | 6,264,260 |
| Total Net Assets – Ending | \$ 8,435,598 | \$ 12,375 | \$ 8,447,973 |

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

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

| | Business-Type Activities | | |
|---|--------------------------|-------------------------|------------------------------|
| | Water and Wastewater | Sanitation | Total Enterprise Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 710,910 | \$ 123,732 | \$ 834,642 |
| Cash payments to suppliers | (379,915) | (102,054) | (481,969) |
| Cash payments for personal services | (241,225) | - | (241,225) |
| Net cash provided (used) by operating activities | <u>89,770</u> | <u>21,678</u> | <u>111,448</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash received from other taxes, fees | 119,713 | - | 119,713 |
| Transfers in (out)/advances from (to) other funds | (88,659) | (21,678) | (110,337) |
| Net cash provided (used) by noncapital financing activities | <u>31,054</u> | <u>(21,678)</u> | <u>9,376</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Capital expenditures | (3,305,583) | - | (3,305,583) |
| Capital grant proceeds | 2,362,521 | - | 2,362,521 |
| Proceeds from bonds | 1,654,000 | - | 1,654,000 |
| Loan proceeds of interim financing | 899,000 | - | 899,000 |
| Interest paid on revenue bonds and long-term borrowings | (38,967) | - | (38,967) |
| Principal payments on long-term debt | (699,000) | - | (699,000) |
| Repayment of interim financing | (899,000) | - | (899,000) |
| Deferred charges | (24,642) | - | (24,642) |
| Net cash provided (used) by capital and related financing activities | <u>(51,671)</u> | <u>-</u> | <u>(51,671)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on investments | 1,360 | - | 1,360 |
| Net cash provided (used) by investing activities | <u>1,360</u> | <u>-</u> | <u>1,360</u> |
| NET INCREASE (DECREASE) IN CASH | 70,513 | - | 70,513 |
| CASH AT BEGINNING OF YEAR | 800,370 | - | 800,370 |
| CASH AT END OF YEAR | <u>\$ 870,883</u> | <u>\$ -</u> | <u>\$ 870,883</u> |
| Unrestricted | \$ 635,862 | \$ - | \$ 635,862 |
| Restricted | 235,021 | - | 235,021 |
| | <u>\$ 870,883</u> | <u>\$ -</u> | <u>\$ 870,883</u> |
| RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| OPERATING INCOME (LOSS) | \$ (240,918) | \$ 21,682 | \$ (219,236) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 326,478 | - | 326,478 |
| Change in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | (3,591) | (4) | (3,595) |
| Increase in accounts payable | 9,221 | - | 9,221 |
| Decrease in customer deposits payable | (1,420) | - | (1,420) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 89,770</u> | <u>\$ 21,678</u> | <u>\$ 111,448</u> |

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

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Zolfo Springs was incorporated in 1913 under the laws of Florida Chapter 59–1996 (House Bill 1768). The present charter (which was last amended in May of 2006) calls for a Town Manager and a five-member commission. Under the present charter, the Town has the power to impose license taxes on occupations, to levy taxes on Town property, and to levy charges for services as required for the improvement and government of the Town. Services authorized to be provided under the present charter are as follows: public safety, streets and roads, sanitation, health and social services, culture – recreation, public improvements, planning and zoning, and general administrative services. No potential component units exist.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund and the proprietary funds. All governmental and enterprise funds are considered major funds and are presented as separate columns in the fund financial statements.

C. 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION- CONTINUED

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental fund:

General Fund

The general fund is the Town's general operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid through other funds.

The government reports the following proprietary funds:

Water and Wastewater

The water and wastewater fund accounts for the operation of the Town's water and wastewater system.

Sanitation

The sanitation fund accounts for the activities of the government's garbage operations.

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - CONTINUED

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow all applicable Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's water and wastewater fund and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water and wastewater fund and the sanitation fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. CASH AND INVESTMENTS

Florida Statute 218.415 authorizes the Town to invest surplus funds in the following:

(a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.

(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 state-certified Qualified Public Depositories as defined in Section 280.02, Florida Statutes.

(d) Direct obligations of the U.S. Treasury.

All Town bank accounts and certificates of deposit are with banking institutions that post collateral as required by state statutes (Qualified Public Depositories). The Town does not have a formal investment policy that limits its exposure to fair value losses arising from increasing interest rates. However, at September 30, 2012, the Town only had demand deposits and time deposits.

E. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not spendable financial resources.

All trade receivables are shown net of allowance for doubtful accounts.

TOWN OF ZOLFO SPRINGS, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Property Taxes

Property taxes become due and payable on November 1st of each year. The county tax collector remits the Town’s portion as such revenues are received. The Town collects nearly all of its tax revenue during the period November 1 through April 1, at which time the property taxes become delinquent. The key dates in the property tax cycle are as follows:

| | |
|--|--------------|
| Assessment roll validated | July 1 |
| Millage resolution approved | September 30 |
| Beginning of fiscal year for which taxes have been levied | October 1 |
| Tax bills rendered and due | November 1 |
| Property taxes payable: | |
| Maximum discount | November 30 |
| Delinquent | April 1 |
| Tax certificates sold | May 31 |

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

G. RESTRICTED ASSETS AND RESERVES

Certain proceeds of the Town’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Enterprise Funds

Restricted assets, provided for by ordinances adopted by the Town for the issuance of the Sewer System Bonds and customer deposits are as follows:

| | |
|-------------------|--|
| | QUALIFIED PUBLIC DEPOSITORY |
| Reserve Fund | \$ 188,241 |
| Customer Deposits | <u>46,780</u> |
| Restricted Assets | <u>\$ 235,021</u> |

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type 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 \$500. 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 Town has elected to report general infrastructure assets on a prospective basis only.

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

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 20 - 50 |
| Sewer line improvements | 20 - 50 |
| Machinery and equipment | 5 - 15 |
| Furniture and equipment | 5 - 15 |
| Other equipment | 5 - 15 |

I. COMPENSATED ABSENCES

The Town personnel policy provides for the payment of accrued vacation and sick pay upon separation of its employees. A liability for this amount is recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded in the governmental fund only if they have matured.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. LONG-TERM OBLIGATIONS – CONTINUED

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. NET ASSETS

Net assets are reported in three parts as applicable: Invested in capital assets, net of related debt; restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.

L. FUND BALANCE

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

The Town classified governmental fund balance as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.

TOWN OF ZOLFO SPRINGS, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the Board of Commissioners through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the Board of Commissioners through a resolution or the budget process, which are neither restricted or committed.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The Town uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of spendable fund balance when expenditures are made. The Town does not have a formal minimum fund balance policy.

| | |
|----------------------------------|-------------------------|
| | General Fund |
| Non Spendable (prepaid expenses) | \$ 27,520 |
| <u>Spendable:</u> | |
| Restricted to: | |
| Law enforcement education | 5 |
| Capital improvement | 9,240 |
| | <u>9,245</u> |
| Committed | -0- |
| Assigned | -0- |
| Unassigned | <u>256,422</u> |
| Total Fund Balances | <u>\$ 293,187</u> |

M. INVENTORIES

Inventories are stated at the lower of cost or market as determined on the first in, first out method.

N. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows all highly liquid debt instruments purchased with a maturity of three months or less are considered cash.

TOWN OF ZOLFO SPRINGS, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect 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 expenses during the reporting period. Actual results could differ from those estimates.

P. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for the governmental fund except transfers, which were not included in the budget. Expenditures should not exceed total appropriations. All annual appropriations lapse at fiscal year end. Budget amendments are approved by the Town Commission.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

At year-end, the Town’s carrying amount of deposits was \$1,029,996 and the bank balance was \$1,053,068.

B. Receivables

Receivables as of year-end for the Town’s funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

| <u>Receivables</u> | <u>General Fund</u> | <u>Water and Wastewater Fund</u> | <u>Sanitation Fund</u> |
|---------------------------------------|-------------------------|--|----------------------------|
| Gross accounts receivables | \$ 23 | \$ 100,496 | \$ 12,375 |
| Less: allowance for uncollectibles | -0- | (21,000) | -0- |
| Net total receivables | <u>\$ 23</u> | <u>\$ 79,496</u> | <u>\$ 12,375</u> |

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets

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

| | <u>Balance at 9/30/11</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Balance at 9/30/12</u> |
|---|-------------------------------|----------------------------|----------------------------|----------------------|-------------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 15,808 | \$ -0- | \$ -0- | \$ -0- | \$ 15,808 |
| Total capital assets, not being depreciated | <u>15,808</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>15,808</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 973,018 | -0- | -0- | -0- | 973,018 |
| Infrastructure | 641,040 | 90,802 | -0- | -0- | 731,842 |
| Furniture and equipment | 184,895 | 4,959 | (3,964) | -0- | 185,890 |
| Machinery and equipment | 58,964 | -0- | -0- | -0- | 58,964 |
| Total capital assets being depreciated | <u>1,857,917</u> | <u>95,761</u> | <u>(3,964)</u> | <u>-0-</u> | <u>1,949,714</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (175,531) | (29,050) | -0- | -0- | (204,581) |
| Infrastructure | (165,602) | (70,914) | -0- | -0- | (236,516) |
| Machinery and equipment | (166,661) | (21,182) | 3,964 | -0- | (183,879) |
| Total accumulated depreciation | <u>(507,794)</u> | <u>(121,146)</u> | <u>3,964</u> | <u>-0-</u> | <u>(624,976)</u> |
| Total capital assets, being depreciated, net | <u>1,350,123</u> | <u>(25,385)</u> | <u>-0-</u> | <u>-0-</u> | <u>1,324,738</u> |
| Governmental activities capital assets, net | <u>\$ 1,365,931</u> | <u>\$ (25,385)</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 1,340,546</u> |
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 658,576 | \$ -0- | \$ -0- | \$ -0- | \$ 658,576 |
| Construction in progress | -0- | 13,450 | -0- | -0- | 13,450 |
| Total capital assets, not being depreciated | <u>658,576</u> | <u>13,450</u> | <u>-0-</u> | <u>-0-</u> | <u>672,026</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 3,554,780 | 3,496,326 | (344,333) | -0- | 6,706,773 |
| Sewer line improvements | 4,081,851 | -0- | -0- | -0- | 4,081,851 |
| Water system improvements | 929,569 | -0- | -0- | -0- | 929,569 |
| Machinery and equipment | 424,253 | 19,975 | -0- | -0- | 444,228 |
| Total capital assets being depreciated | <u>8,990,453</u> | <u>3,516,301</u> | <u>(344,333)</u> | <u>-0-</u> | <u>12,162,421</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (891,454) | (127,644) | 211,621 | -0- | (807,477) |
| Sewer line improvements | (2,008,949) | (138,307) | -0- | -0- | (2,147,256) |
| Water system improvements | (139,986) | (27,917) | -0- | -0- | (167,903) |
| Machinery and equipment | (267,600) | (32,610) | -0- | -0- | (300,210) |
| Total accumulated depreciation | <u>(3,307,989)</u> | <u>(326,478)</u> | <u>211,621</u> | <u>-0-</u> | <u>(3,422,846)</u> |
| Total capital assets, being depreciated, net | <u>5,682,464</u> | <u>3,189,823</u> | <u>(132,712)</u> | <u>-0-</u> | <u>8,739,575</u> |
| Business-type activities capital assets, net | <u>\$ 6,341,040</u> | <u>\$ 3,203,273</u> | <u>\$ (132,712)</u> | <u>\$ -0-</u> | <u>\$ 9,411,601</u> |

TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets – Continued

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

Governmental activities:

| | |
|----------------|--------------|
| Administration | \$ 9,081 |
| Public Safety | 30,354 |
| Maintenance | 76,632 |
| Recreation | <u>5,079</u> |

Total depreciation expense – governmental activities **\$ 121,146**

Business-type activities:

Water & Wastewater \$ 326,478

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2012 is as follows:

| | | |
|-----------------------------|--------------------------|-----------------------|
| <u>Interfund Transfers:</u> | | <u>Due To/From:</u> |
| <u>Transfer In:</u> | <u>Transfer Out:</u> | <u>Wastewater</u> |
| <u>General Fund</u> | <u>Enterprise Funds:</u> | <u>Due to General</u> |
| <u>\$ 21,678</u> | <u>\$ 21,678</u> | <u>\$ 113,904</u> |

At September 30, 2012, the general fund was owed \$113,904 by the Water and Wastewater fund for items paid for by the general fund on behalf of the water and wastewater fund. Transfers were made to fund operating losses in the respective funds.

E. Long-Term Debt

Long-term debt – Governmental Activities

Long-term debt activity for the year ended September 30, 2012:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Due Within</u> <u>One Year</u> |
|---------------------------------|------------------------------------|----------------------|--------------------------|---------------------------------|--------------------------------------|
| Governmental activities: | | | | | |
| USDA Revenue Bond | \$ 20,857 | \$ -0- | \$ (3,134) | \$ 17,723 | \$ 3,263 |
| Ford Motor Credit Note | <u>9,626</u> | <u>-0-</u> | <u>(4,662)</u> | <u>4,964</u> | <u>4,964</u> |
| Governmental activities | <u>\$ 30,483</u> | <u>\$ -0-</u> | <u>\$ (7,796)</u> | <u>\$ 22,687</u> | <u>\$ 8,227</u> |

TOWN OF ZOLFO SPRINGS, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

At September 30, 2012, the Town has the following governmental activities debt obligations.

| | |
|--|-------------------------|
| Capital improvement revenue bond to the USDA secured by the Town's Communications Service Tax. Due in 10 equal annual installments of \$3,718 including interest at 4.125%. Final payment due in September 2017. | \$ 17,723 |
| Ford Motor Credit Corporation note secured by a vehicle. Due in three installments of \$5,287, with interest at 6.5%. Final payment due in 2013. | <u>4,964</u> |
| Total governmental activities debt obligations | <u>\$ 22,687</u> |

Total annual future payments for all long-term debt – governmental activities as of September 30, 2012 are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-------------------------|------------------------|-------------------------|
| 2013 | \$ 8,227 | \$ 1,054 | \$ 9,281 |
| 2014 | 3,398 | 596 | 3,994 |
| 2015 | 3,538 | 456 | 3,994 |
| 2016 | 3,684 | 310 | 3,994 |
| 2017 | <u>3,840</u> | <u>158</u> | <u>3,998</u> |
| Total | <u>\$ 22,687</u> | <u>\$ 2,574</u> | <u>\$ 25,261</u> |

Long-Term Debt – Business Type Activities

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------------------|------------------------------|----------------------------|------------------------------|----------------------------|--------------------------------|
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds – 2012 | \$ -0- | \$ 1,654,000 | \$ -0- | \$ 1,654,000 | \$ -0- |
| Revenue bonds – 1987 | 699,000 | -0- | (699,000) | -0- | -0- |
| Interim financing | -0- | 899,000 | (899,000) | -0- | -0- |
| Business-type activities: | <u>\$ 699,000</u> | <u>\$ 2,553,000</u> | <u>\$ (1,598,000)</u> | <u>\$ 1,654,000</u> | <u>\$ -0-</u> |

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Revenue Bonds and Notes

During 2012, the Town issued water and wastewater system revenue bonds series 2012 in the amount of \$1,654,000. The holder of the series 2012 bonds is the U.S. Department of Agriculture, Rural Development, Rural Utility Services (USDA). The series 2012 bond issuance was authorized by the Town of Zolfo Springs Commission through Resolution 2012-02. The purpose of the bonds was to finance the cost of acquisition and construction of improvements to the wastewater system and to refinance existing 1987 water and sewer revenue bonds. The series 2012 bonds have an interest rate of 2.25% and mature in 2051. Principal and interest payments are due September 1 of each year. The bonds are secured by a first lien on the revenues from the Town's water and wastewater system. The refunding resulted in an increase of \$1,438,989 in future debt service costs. The economic gain on the refunding was not significant.

During 2012, the Town had also obtained interim financing for its capital projects through a line-of-credit. The line-of-credit was for \$899,000 with an interest rate of 3%. The balance of \$899,000 was paid-in-full in connection with the 2012 debt issuance.

The Town has the following revenue bonds and notes outstanding, issued for business-type activities and accounted for in the enterprise fund:

Water and Wastewater System Revenue Bond, dated February 17, 2012, with maturities through 2051. Interest payments are due annually on September 1 through 2014. Principal and interest payments are due annually on September 1 thereafter, until maturity. Interest rate is 2.25%, and the bonds are secured by a lien on and pledge of the net revenues of the system. **\$ 1,654,000**

Total annual debt service requirements for all outstanding enterprise fund revenue bonds as of September 30, 2012 are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------------|--------------------------|----------------------------|
| 2013 | \$ -0- | \$ 37,215 | \$ 37,215 |
| 2014 | 30,000 | 37,215 | 67,215 |
| 2015 | 30,000 | 36,540 | 66,540 |
| 2016 | 31,000 | 35,865 | 66,865 |
| 2017 | 31,000 | 35,168 | 66,168 |
| 2018 – 2022 | 168,000 | 164,948 | 332,948 |
| 2023 – 2027 | 187,000 | 145,148 | 332,148 |
| 2028 – 2032 | 201,000 | 123,548 | 324,548 |
| 2033 – 2037 | 225,000 | 99,900 | 324,900 |
| 2038 – 2042 | 248,000 | 73,485 | 321,485 |
| 2043 – 2047 | 271,000 | 44,573 | 315,573 |
| 2048 – 2051 | <u>232,000</u> | <u>13,208</u> | <u>245,208</u> |
| Total | <u>\$ 1,654,000</u> | <u>\$ 846,813</u> | <u>\$ 2,500,813</u> |

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 – EMPLOYEE BENEFIT PLAN

The Town adopted a defined contribution retirement plan, effective October 1, 1999 for all full-time employees over 18 years of age and with a minimum of 12 months of service. The plan is administered by the Florida League of Cities, Inc. The Town may amend the plan by giving the trustee written notification of such Amendments as adopted. Under the provisions of the plan, the Town contributes 5% of participant's base compensation. The employees may elect to contribute to the plan a percentage not to exceed 10% of their compensation. Plan expense was \$9,007 for the year. Employer contributions vest in full after six years.

NOTE 4 – 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 for which the Town carries commercial insurance. There has been no significant reduction in coverage from the prior year. The Town has not experienced any settlements in excess of coverage over the past three years.

NOTE 5 – CONTINGENCIES AND SUBSEQUENT EVENTS

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE 6 – COMMITMENTS

The Town has entered into a contract for replacement work to be performed on well No. 2. Anticipated costs for the project are \$205,100 and are expected to be expended in fiscal year 2013.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF ZOLFO SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
NON-GAAP BUDGET BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Property taxes | \$ 193,069 | \$ 193,069 | \$ 197,765 | \$ 4,696 |
| Intergovernmental revenue | 194,400 | 194,400 | 203,126 | 8,726 |
| Franchise fees and taxes | 84,000 | 84,000 | 99,446 | 15,446 |
| Fines and forfeitures | - | - | 5,229 | 5,229 |
| Charges for services | 271 | 271 | 277 | 6 |
| Interest | 100 | 100 | 110 | 10 |
| Licenses and permits | 1,450 | 1,450 | 2,694 | 1,244 |
| Miscellaneous revenues | 17,000 | 17,000 | 15,197 | (1,803) |
| Grant revenue | 77,758 | 77,758 | 7,007 | (70,751) |
| Total Revenues | <u>568,048</u> | <u>568,048</u> | <u>530,851</u> | <u>(37,197)</u> |
| Expenditures | | | | |
| Administration | 191,297 | 191,297 | 185,869 | 5,428 |
| Police Department | 119,425 | 119,425 | 134,044 | (14,619) |
| Maintenance Department | 140,770 | 140,770 | 153,771 | (13,001) |
| Recreation | 11,000 | 11,000 | 4,403 | 6,597 |
| Grant expenditures | 76,980 | 76,980 | - | 76,980 |
| Capital outlay | 115,893 | 115,893 | 94,811 | 21,082 |
| Debt service | 9,333 | 9,333 | 9,282 | 51 |
| Total Expenditures | <u>664,698</u> | <u>664,698</u> | <u>582,180</u> | <u>82,518</u> |
| Net Changes in Fund Balance | (96,650) | (96,650) | (51,329) | 45,321 |
| Fund Balance – October 1, 2011 | <u>322,838</u> | <u>322,838</u> | <u>322,838</u> | <u>-</u> |
| Fund Balance – September 30, 2012 | <u>\$ 226,188</u> | <u>\$ 226,188</u> | <u>\$ 271,509</u> | <u>\$ 45,321</u> |

Note 1 – RECONCILIATION OF DIFFERENCES BETWEEN NON-GAAP BUDGETARY BASIS AND GAAP (MODIFIED ACCRUAL) BASIS

\$21,678 of transfers in were not included in the general fund budget.

| | Actual On GAAP Basis | To Budgetary Basis | Actual On Budget Basis |
|---|-------------------------|-----------------------|------------------------------|
| Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses) | \$ (51,329) | \$ - | \$ (51,329) |
| Other Financing Sources Transfers in | \$ 21,678 | \$ (21,678) | \$ - |
| Total Other Financing Sources | \$ 21,678 | \$ (21,678) | \$ - |
| Net Changes in Fund Balance | <u>\$ (29,651)</u> | <u>\$ (21,678)</u> | <u>\$ (51,329)</u> |

OTHER SUPPLEMENTAL INFORMATION

TOWN OF ZOLFO SPRINGS, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

| Federal or State Grantor/Pass-Through Grantor/ Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|--|----------------|--|---------------------|
| <u>FEDERAL AWARDS</u> | | | |
| <u>U.S. Department of Agriculture</u> | | | |
| Water and Waste Disposal Systems for Rural Communities | 10.760 | | \$ 3,448,912 |
| Total U.S. Department of Agriculture | | | 3,448,912 |
| <u>U. S. Department of Housing and Urban Development</u> | | | |
| Passed through the Florida Department of Community Affairs Community Development Block Grants | 14.228 | 11DB-L4-07-35-02-N 04 | 626,763 |
| Total U.S. Department of Housing and Urban Development | | | 626,763 |
| Total Expenditures of Federal Awards | | | \$ 4,075,675 |

The Independent Auditors' Report should be read in connection with this schedule.

**TOWN OF ZOLFO SPRINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Zolfo Springs, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – CONTINGENCIES

Grant monies received and disbursed by the Town of Zolfo Springs, Florida are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the Town of Zolfo Springs does not believe that such disallowances, if any, would have a material effect on the financial position of the Town. As of February 26, 2013, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**TOWN OF ZOLFO SPRINGS, FLORIDA
WATER AND WASTEWATER SYSTEM REVENUE BONDS
SCHEDULE OF DEBT SERVICE REQUIREMENTS**

| <u>Year Ending September 30,</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|--------------------------------------|--------------------------|----------------------------|----------------------------|
| 2013 | \$ 37,215 | \$ -0- | \$ 37,215 |
| 2014 | 37,215 | 30,000 | 67,215 |
| 2015 | 36,540 | 30,000 | 66,540 |
| 2016 | 35,865 | 31,000 | 66,865 |
| 2017 | 35,168 | 31,000 | 66,168 |
| 2018 | 34,470 | 32,000 | 66,470 |
| 2019 | 33,750 | 33,000 | 66,750 |
| 2020 | 33,008 | 34,000 | 67,008 |
| 2021 | 32,243 | 34,000 | 66,243 |
| 2022 | 31,477 | 35,000 | 66,477 |
| 2023 | 30,690 | 36,000 | 66,690 |
| 2024 | 29,880 | 37,000 | 66,880 |
| 2025 | 29,048 | 38,000 | 67,048 |
| 2026 | 28,193 | 38,000 | 66,193 |
| 2027 | 27,337 | 38,000 | 65,337 |
| 2028 | 26,483 | 39,000 | 65,483 |
| 2029 | 25,605 | 39,000 | 64,605 |
| 2030 | 24,728 | 40,000 | 64,728 |
| 2031 | 23,828 | 41,000 | 64,828 |
| 2032 | 22,904 | 42,000 | 64,904 |
| 2033 | 21,960 | 43,000 | 64,960 |
| 2034 | 20,993 | 44,000 | 64,993 |
| 2035 | 20,002 | 45,000 | 65,002 |
| 2036 | 18,990 | 46,000 | 64,990 |
| 2037 | 17,955 | 47,000 | 64,955 |
| 2038 | 16,898 | 48,000 | 64,898 |
| 2039 | 15,818 | 49,000 | 64,818 |
| 2040 | 14,715 | 50,000 | 64,715 |
| 2041 | 13,590 | 50,000 | 63,590 |
| 2042 | 12,464 | 51,000 | 63,464 |
| 2043 | 11,318 | 53,000 | 64,318 |
| 2044 | 10,125 | 53,000 | 63,125 |
| 2045 | 8,933 | 54,000 | 62,933 |
| 2046 | 7,717 | 55,000 | 62,717 |
| 2047 | 6,480 | 56,000 | 62,480 |
| 2048 | 5,220 | 56,000 | 61,220 |
| 2049 | 3,960 | 57,000 | 60,960 |
| 2050 | 2,678 | 59,000 | 61,678 |
| 2051 | <u>1,350</u> | <u>60,000</u> | <u>61,350</u> |
| | <u>\$ 846,813</u> | <u>\$ 1,654,000</u> | <u>\$ 2,500,813</u> |

TOWN OF ZOLFO SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
WATER AND WASTEWATER DEPARTMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

| | ENTERPRISE FUNDS | | TOTAL |
|---|------------------|---------------------|---------------------|
| | WATER | WASTEWATER | |
| OPERATING REVENUES | | | |
| Charges for Services | | | |
| Wastewater | \$ - | \$ 426,829 | \$ 426,829 |
| Water | 289,092 | - | 289,092 |
| Total Operating Revenues | 289,092 | 426,829 | 715,921 |
| OPERATING EXPENSES | | | |
| Personal services | 106,024 | 135,201 | 241,225 |
| Operating | 149,290 | 239,846 | 389,136 |
| Depreciation | 61,641 | 264,837 | 326,478 |
| Total Operating Expenses | 316,955 | 639,884 | 956,839 |
| Operating income (loss) | (27,863) | (213,055) | (240,918) |
| Non-Operating Revenues (Expenses) | | | |
| Interest income | 1,360 | - | 1,360 |
| Interest expense | - | (38,448) | (38,448) |
| Cigarette tax | 43,219 | - | 43,219 |
| Franchise fees | - | 65,278 | 65,278 |
| Loss on disposition of capital assets | - | (132,712) | (132,712) |
| Total Non-Operating Revenues (Expenses) | 44,579 | (105,882) | (61,303) |
| Income (Loss) Before Contributions and Transfers | 16,716 | (318,937) | (302,221) |
| CONTRIBUTIONS, TRANSFERS & GRANT ACTIVITY | | | |
| Grant income | - | 2,485,930 | 2,485,930 |
| Total Contributions and Transfers | - | 2,485,930 | 2,485,930 |
| CHANGE IN NET ASSETS | \$ 16,716 | \$ 2,166,993 | \$ 2,183,709 |

**TOWN OF ZOLFO SPRINGS, FLORIDA
SCHEDULE OF WATER RATES
SEPTEMBER 30, 2012**

RESIDENTIAL

| <u>USAGE IN GALLONS</u> | <u>AMOUNT</u> |
|--|---------------------|
| 0 to 3,000 | \$1.09 per thousand |
| 3,001 to 4,999 | \$3.11 per thousand |
| 5,000 to 9,999 | \$3.22 per thousand |
| 10,000 to 14,999 | \$3.42 per thousand |
| 15,000 to 19,999 | \$3.65 per thousand |
| Over 20,000 | \$3.85 per thousand |
| Minimum bill and surcharge when vacant | \$10.15 |

COMMERCIAL

| <u>USAGE IN GALLONS</u> | <u>AMOUNT</u> |
|--|---------------------|
| 0 to 3,000 | \$1.19 per thousand |
| 3,001 to 4,999 | \$3.42 per thousand |
| 5,000 to 9,999 | \$3.65 per thousand |
| 10,000 to 14,999 | \$3.85 per thousand |
| 15,000 to 19,999 | \$4.07 per thousand |
| Over 20,000 | \$4.38 per thousand |
| Minimum bill and surcharge when vacant | \$12.29 |

A 10% utility tax is to be added to all statements with the exception of the Post Office and School.

**TOWN OF ZOLFO SPRINGS, FLORIDA
SCHEDULE OF WASTEWATER RATES
SEPTEMBER 30, 2012**

RESIDENTIAL

| <u>USAGE IN GALLONS</u> | <u>AMOUNT</u> |
|-------------------------|---------------------|
| 0 to 3,000 | \$1.61 per thousand |
| Over 3,000 | \$4.82 per thousand |
| Minimum Charge | \$26.72 |
| Surcharge when Vacant | \$26.72 |

COMMERCIAL

| <u>USAGE IN GALLONS</u> | <u>AMOUNT</u> |
|--------------------------------------|---------------------|
| 0 to 3,000 | \$1.61 per thousand |
| over 3,000 | \$4.82 per thousand |
| Surcharge in Mobile Home Parks | \$10.71 per site |
| Surcharge in RV parks | \$3.22 per site |
| Apartments (Multi-structure) | \$6.41 per unit |
| Motels | \$3.21 per room |
| Minimum Charge | \$37.40 |
| Surcharge when Vacant | \$37.40 |

OTHER INDEPENDENT AUDITORS' REPORTS

**INDEPENDENT AUDITORS' 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**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MANAGEMENT LETTER

INDEPENDENT AUDITORS' 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 Town Commission
Town of Zolfo Springs, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Zolfo Springs, Florida as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Town of Zolfo Springs, Florida in a separate letter dated February 26, 2013.

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

*Christopher, Smith, Leonard,
Bristow + Stanell, P.A.*
CHRISTOPHER SMITH, LEONARD,
BRISTOW & STANELL, P.A.

February 26, 2013
Bradenton, Florida



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Town Commission
Town of Zolfo Springs, Florida

Compliance

We have audited the Town of Zolfo Springs compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Zolfo Springs major federal programs for the year ended September 30, 2012. The Town of Zolfo Springs major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Zolfo Springs management. Our responsibility is to express an opinion on the Town of Zolfo Springs compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Zolfo Springs' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Zolfo Springs' compliance with those requirements.

In our opinion, the Town of Zolfo Springs complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of the Town of Zolfo Springs is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Zolfo Springs internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Town Commission, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher Smith, Leonard,
Bristow + Stanell, P.A.*
CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

February 26, 2013
Bradenton, Florida

**TOWN OF ZOLFO SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Section I – Summary of Auditors’ Results

Financial Statements

Type of Auditor’s report issued: Unqualified Opinion

Internal Control over financial reporting:

Material Weakness(es) identified? yes no

Significant deficiency(s) identified not considered to be material weakness(es)? yes none reported

Noncompliance material to basic financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified not considered to be material weakness(es)? yes none reported

Type of auditor’s report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section 510(a)) yes no

Identification of Major Programs:

CFDA Number

U.S. Department of Agriculture – Water and Waste Disposal Systems for Rural Communities 10.760

U.S. Department of Housing and Urban Development – Community Development Block Grants 14.228

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

**TOWN OF ZOLFO SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Section II – Financial Statement Findings

See the Management Letter for this information.

PRIOR YEAR FINDINGS

See the Management Letter for this information.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

PRIOR YEAR FINDINGS

N/A – No single audit in prior year.

MANAGEMENT LETTER

To the Honorable Town Commission
Town of Zolfo Springs, Florida

We have audited the financial statements of the Town of Zolfo Springs, Florida as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 26, 2013.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Chapter 10.550 Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated February 26, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, we report the following:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. All prior year comments not addressed below have been corrected.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Zolfo Springs complied with Section 218.415, Florida Statutes regarding the investment of public funds.
- The Rules of the Auditor General, Section 10.554(1)(i)3., require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2011 - 2. Review of Utility Adjustments, Receivables and Deposits

During the prior audit, we noted that the oversight of the utility billing cycle, including the review of the preparation of billings, collection and account adjustments, as well as revenues deposits was not documented. During the current year audit, we noted various instances in which account adjustments were not approved in accordance with the Town's policy.

Recommendation

We recommend the Town ensure oversight of the utility billing function through review and approval processes and those processes be documented.

2012 - 1. Utility Billings

During our testing of utility revenues, we noted an instance in which a customer was not charged the correct rate for sewer services.

Recommendation

We recommend the Town ensure that all customer rates are properly coded in the utility system and that proper controls be instituted over rates being charged.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both qualitative and quantitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings, except as previously noted above.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the Town of Zolfo Springs has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the Town of Zolfo Springs is not in a state of financial emergency, as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- As required by Section 10.554(1)(i)7.b of the Rules of the Auditor General, we determined that the annual financial report for the Town of Zolfo Springs for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7) of the Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Zolfo Springs 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Town Commission and the Florida Auditor General and state and federal grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith, Leonard,
Bristow + Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

February 26, 2013
Bradenton, Florida

TOWN OF ZOLFO SPRINGS

3210 U.S. Hwy. 17 S.
P.O. Box 162
Zolfo Springs, FL 33890-0162

Phone: (863) 735-0405
Fax: (863) 735-1684

March 13, 2013

Auditor General
111 West Madison Street
Post Office Box 1735
Tallahassee, FL 32303

Dear Sir:

Following are the Town's responses to the audit report for fiscal year ending September 2012:

2012-2. Review of Utility Adjustments, Receivables and Deposits

The Town will start documenting the oversight of the preparation, collection and adjustment of the utility fund receivables, revenues deposits and related accounts.

2012-1. Utility Billings The Town will ensure that all customer rates are properly coded in the utility system and that proper controls will be instituted over rates being charged.

Please advise if I may be of any further assistance.

Sincerely,



Linda Roberson
Town Manager/Finance Director