

TOWN OF NOMA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011

TOWN OF NOMA

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Town Council of
The Town of Noma, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Noma, as of and for the year ended September 30, 2011, 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 of Noma'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 the 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 Noma, as of September 30, 2011, 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 our report dated July 29, 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.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a required 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 basic financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Ferguson Sizemore & Associates
Dothan, Alabama
July 29, 2013

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Town of Noma’s (the “Town”) discussion and analysis is a narrative overview designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town’s financial activity, (c) identify changes in the Town’s financial position (revealing the ability to address future challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Management’s Discussion and Analysis (MD&A) focuses on the activities of the Town for the fiscal year ended September 30, 2011. Please consider the information in this MD&A in conjunction with the transmittal letter at the front of this report and the Town’s financial statements.

Financial Highlights

During the audit period, the Town received state grant funds used for the purpose of making park improvements as well as sewer system improvements.

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 are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the Town’s finances, in a manner to resemble private-sector business. In these statements, all governmental and business-type activities are consolidated into columns, which are added to a total for the Town or primary government.

The statement of net assets (the “Unrestricted Net Assets”) presents information on all of the Town’s assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long term debt. 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 focused on both gross and net costs and shows how the Town’s net assets changed during the most recent fiscal year. This is intended to summarize and simplify the user’s analysis of cost of various governmental services and/or subsidy to various business-type activities. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 typically recover all or a significant portion of the cost of operation, including depreciation, through user fees and charges for services (business-type activities). The governmental activities of the Town include general government, public safety, streets and highways, culture and recreation. The business-type activities of the Town reflect private sector type operations (water and garbage).

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. This focus is on major funds, rather than (the previous model's statements prior to implementation of GASB 34 in fiscal year 2003) fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental, proprietary, and fiduciary are the three categories of fund types.

The fund financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and 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 governmental major fund is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources.

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

The Town maintains separate proprietary funds for water and sewer services. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the difference measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds and interfund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column (in the government-wide statements).

Notes to the Financial Statements. The notes provided in this report convey additional essential information that will magnify the understanding of data in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Town's net assets increased by \$274,033 during the audit period. Management will continue to monitor net assets because the variance is a useful indicator of the Town's financial position.

The following table reflects the condensed Statement of Net Assets compared to prior year.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 7,906	\$ 11,386	\$ 12,538	\$ 14,470	\$ 20,444	\$ 25,856
Capital assets	633,124	619,310	1,202,188	939,255	1,835,312	1,558,565
Total assets	641,030	630,696	1,214,726	953,725	1,855,756	1,584,421
Current liabilities	5,829	5,829	5,881	5,881	11,710	11,710
Long-term liabilities	29,268	31,966	41,722	41,722	70,990	73,688
Total liabilities	35,097	37,795	47,603	47,603	82,700	85,398
Net assets:						
Investment in capital	603,856	587,344	1,160,466	897,533	1,764,322	1,484,877
Restricted	-	-	9,250	9,055	9,250	9,055
Unrestricted	2,077	5,557	(2,593)	(466)	(516)	5,091
Total net assets	\$ 605,933	\$ 592,901	\$ 1,167,123	\$ 906,122	\$ 1,773,056	\$ 1,499,023

By far the largest portion of the Town's net assets reflects the total investment in capital assets (e.g. land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens. These assets are not available for future spending. Although the Town's investment in its 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 pay for or liquidate these liabilities. The remaining balance of *unrestricted*

net assets may be used to meet the government's ongoing obligations to citizens and creditors.

Normal Impacts Affecting the Statement of Net Assets

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$274,033 during the current fiscal year. This increase resulted primarily from intergovernmental grants received during the year.

While the results of operations is a significant measure of the Town's activities, the explanation of changes in unrestricted net assets provides a clear measure of change in the Town's financial position.

Statement of Activities

The following schedule compares the revenues and expenses for the current and previous year.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Charges for services	\$ -	\$ -	\$ 42,013	\$ 56,016	\$ 42,013	\$ 56,016
Operating grants	-	17,451	-	-	-	17,451
Capital grants	327,833	164,953	-	70,000	327,833	234,953
General revenue:						
Property taxes	1,790	1,799	-	-	1,790	1,799
Revenue sharing	15,789	16,637	-	-	15,789	16,637
Other taxes	34,903	36,289	-	-	34,903	36,289
Miscellaneous	2,355	7,648	-	2,157	2,355	9,805
	<u>382,670</u>	<u>244,777</u>	<u>42,013</u>	<u>128,173</u>	<u>424,683</u>	<u>372,950</u>
Expenses:						
Governmental activities						
General government	75,898	99,228	-	-	75,898	99,228
Council	-	605	-	-	-	605
Public safety	-	2,255	-	-	-	2,255
Interest	1,393	1,713	-	-	1,393	1,713
Business-type activities						
Water department	-	-	57,805	63,382	57,805	63,382
Sewer department	-	-	15,554	14,307	15,554	14,307
	<u>77,291</u>	<u>103,801</u>	<u>73,359</u>	<u>77,689</u>	<u>150,650</u>	<u>181,490</u>
Transfers	<u>(292,348)</u>	<u>2,960</u>	<u>292,348</u>	<u>(2,960)</u>	<u>-</u>	<u>-</u>
Net increase	<u>\$ 13,031</u>	<u>\$ 143,936</u>	<u>\$ 261,002</u>	<u>\$ 47,524</u>	<u>\$ 274,033</u>	<u>\$ 191,460</u>

Business-type activities increased the Town's net assets a total of \$292,348 during the audit period.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,077. Of this total fund balance, \$2,077 constitutes the *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,077, while total fund balance was also \$2,077. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. This is very useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of year end are given in the table below (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, water and sewer system improvements, machinery and equipment. The increase in the Town's investment in capital assets for the audit period is primarily due to sewer system grant funds and park improvement grant funds received.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 5,000
Buildings	125,000	125,000	-	-	125,000	125,000
Water system	-	-	449,969	402,439	449,969	402,439
Sewer system	-	-	1,004,478	765,520	1,004,478	765,520
Park improvements	644,344	602,998	-	-	644,344	602,998
Office equipment	10,367	10,367	-	-	10,367	10,367
	<u>\$ 784,711</u>	<u>\$ 743,365</u>	<u>\$ 1,454,447</u>	<u>\$ 1,167,959</u>	<u>\$ 2,239,158</u>	<u>\$ 1,911,324</u>

Debt Outstanding

As of fiscal year ends, the Town's outstanding was as follows:

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2011	2010	2011	2010	2011	2010
Bonds payable	\$ -	\$ -	\$ 41,722	\$ 41,722	\$ 41,722	\$ 41,722
Notes payable	29,268	31,966	-	-	29,268	31,966
	<u>\$ 29,268</u>	<u>\$ 31,966</u>	<u>\$ 41,722</u>	<u>\$ 41,722</u>	<u>\$ 70,990</u>	<u>\$ 73,688</u>

Economic Factors

The Town relies on taxes (sales, property, gasoline, franchise, etc.) and fees (licenses, permits, etc.) for its governmental activities. The primary source of revenue is state revenue sharing. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments.

In the business-type and certain governmental activities (water fees), the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services have a direct bearing on the Town's ability to (a) annex additional land into its corporate limits and (b) encourage development to choose to be located in the Town's jurisdiction

Financial Information Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact the Town Clerk at 3467 Skipper Avenue, Noma, Florida.

TOWN OF NOMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 7,906	\$ (1,782)	\$ 6,124
Accounts receivable, net	-	14,320	14,320
Capital assets			
Land	5,000	-	5,000
Buildings and improvements	125,000	-	125,000
Water and sewer system	-	1,454,447	1,454,447
Park improvements	644,344	-	644,344
Office equipment	10,367	-	10,367
Accumulated depreciation	(151,587)	(252,259)	(403,846)
Total capital assets	<u>633,124</u>	<u>1,202,188</u>	<u>1,835,312</u>
Total assets	<u>641,030</u>	<u>1,214,726</u>	<u>1,855,756</u>
LIABILITIES			
Accounts payable and accrued expenses	5,829	1,831	7,660
Customer deposits	-	4,050	4,050
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	-	5,200	5,200
Notes payable	4,626	-	4,626
Portion due or payable after one year			
Bonds payable	-	36,522	36,522
Notes payable	24,642	-	24,642
Total liabilities	<u>35,097</u>	<u>47,603</u>	<u>82,700</u>
NET ASSETS			
Investment in capital assets, net of related debt	603,856	1,160,466	1,764,322
Restricted for:			
Debt service	-	5,200	5,200
Customer deposits	-	4,050	4,050
Unrestricted	2,077	(2,593)	(516)
Total net assets	<u>\$ 605,933</u>	<u>\$ 1,167,123</u>	<u>\$ 1,773,056</u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:						
General government	\$ 75,898	\$ -	\$ 327,833	\$ 251,935	\$ -	\$ 251,935
Interest and fiscal charges	1,393	-	-	(1,393)	-	(1,393)
Total governmental activities	77,291	-	327,833	250,542		250,542
Business-type:						
Water	57,805	42,013	-	-	(15,792)	(15,792)
Sewer	15,554	-	-	-	(15,554)	(15,554)
Total business-type activities	73,359	42,013	-	-	(31,346)	(31,346)
Total Town of Noma	\$ 150,650	\$ 42,013	\$ 327,833	250,542	(31,346)	219,196
General revenues:						
Taxes:						
Property taxes				1,790	-	1,790
Revenue sharing				15,789	-	15,789
Other taxes				34,903	-	34,903
Miscellaneous				2,355	-	2,355
Transfers				(292,348)	292,348	-
Total general revenues and transfers				(237,511)	292,348	54,837
Change in net assets				13,031	261,002	274,033
Net assets - beginning				592,902	906,121	1,499,023
Net assets - ending				\$ 605,933	\$ 1,167,123	\$ 1,773,056

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Total</u>
ASSETS		
Cash	\$ 7,906	\$ 7,906
Total assets	<u>7,906</u>	<u>7,906</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>5,829</u>	<u>5,829</u>
Total liabilities	5,829	5,829
FUND BALANCES		
Unassigned	<u>2,077</u>	<u>2,077</u>
Total fund balances	<u>2,077</u>	<u>2,077</u>
Total liabilities and fund balances	<u>\$ 7,906</u>	<u>\$ 7,906</u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

Total fund balances for governmental funds \$ 2,077

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	5,000	
Buildings and improvements		125,000	
Park improvements		644,344	
Office equipment		10,367	
Accumulated depreciation		<u>(151,587)</u>	633,124

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances as of year end are:

Notes payable		<u>(29,268)</u>	
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Total net assets of governmental activities		<u><u>\$ 605,933</u></u>	
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See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>General Fund</u>	<u>Total</u>
REVENUES		
Property taxes	\$ 1,790	\$ 1,790
Excise taxes	11,051	11,051
Other taxes	23,852	23,852
Revenue sharing	15,789	15,789
Intergovernmental revenue	327,833	327,833
Miscellaneous income	<u>2,355</u>	<u>2,355</u>
	<u>382,670</u>	<u>382,670</u>
EXPENDITURES		
Current:		
General government	48,366	48,366
Debt service:		
Principal payments	2,698	2,698
Interest and fiscal charges	1,393	1,393
Capital outlay	<u>41,345</u>	<u>41,345</u>
	<u>93,802</u>	<u>93,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>288,868</u>	<u>288,868</u>
Transfers	(292,348)	(292,348)
Net change in fund balances	(3,480)	(3,480)
Fund balances - beginning	<u>5,557</u>	<u>5,557</u>
Fund balances - ending	<u><u>\$ 2,077</u></u>	<u><u>\$ 2,077</u></u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Net changes in fund balances - total governmental funds	\$ (3,480)
<p>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. These differences are reflected as follows:</p>	
Capital outlay	41,345
Depreciation expense	(27,532)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets, reflected as follows:</p>	
	<u>2,698</u>
Change in net assets	<u><u>\$ 13,031</u></u>

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS
SEPTEMBER 30, 2011

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash	\$ (1,782)	\$ -	\$ (1,782)
Accounts receivable, net	14,320	-	14,320
Total current assets	12,538	-	12,538
Non-Current Assets			
Capital assets			
Water and sewer system	452,408	1,002,039	1,454,447
Accumulated depreciation	(172,651)	(79,608)	(252,259)
Total non-current assets	279,757	922,431	1,202,188
Total assets	292,295	922,431	1,214,726
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	1,831	-	1,831
Customer deposits	4,050	-	4,050
Long-term liabilities			
Bonds payable	5,200	-	5,200
Total current liabilities	11,081	-	11,081
Non-Current Liabilities			
Bonds payable	36,522	-	36,522
Total non-current liabilities	36,522	-	36,522
Total Liabilities	47,603	-	47,603
NET ASSETS			
Investment in capital assets, net of related debt	238,035	922,431	1,160,466
Restricted for:			
Customer deposits	4,050	-	4,050
Debt service	5,200	-	5,200
Unrestricted	(2,593)	-	(2,593)
Total net assets	\$ 244,692	\$ 922,431	\$ 1,167,123

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 42,013	\$ -	\$ 42,013
	<u>42,013</u>	<u>-</u>	<u>42,013</u>
OPERATING EXPENSES			
Salaries and benefits	18,365	-	18,365
Services and supplies	31,440	-	31,440
Depreciation	8,000	15,554	23,554
	<u>57,805</u>	<u>15,554</u>	<u>73,359</u>
Total Operating Expenses			
	<u>(15,792)</u>	<u>(15,554)</u>	<u>(31,346)</u>
Operating Income (Loss)			
	(15,792)	(15,554)	(31,346)
Income (Loss) Before Transfers			
	<u>292,348</u>	<u>-</u>	<u>292,348</u>
Tranfers In/Out			
	276,556	(15,554)	261,002
Change in Net Assets			
	<u>(31,864)</u>	<u>937,985</u>	<u>906,121</u>
Net Assets - beginning			
	<u>\$ 244,692</u>	<u>\$ 922,431</u>	<u>\$ 1,167,123</u>
Net Assets - ending			

See accompanying notes and independent auditors' report.

TOWN OF NOMA
STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 42,013	\$ -	\$ 42,013
Payments to suppliers/vendors	(31,440)	-	(31,440)
Payments to employees	(18,365)	-	(18,365)
Net Cash Provided (Used) by Operating Activities	<u>(7,792)</u>	<u>-</u>	<u>(7,792)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	292,348	236,519	528,867
Transfers out	(236,519)	-	(236,519)
Net Cash Provided (Used) by Non-capital Operating Activities	<u>55,829</u>	<u>236,519</u>	<u>292,348</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases and construction of capital assets	(49,969)	(236,519)	(286,488)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(49,969)</u>	<u>(236,519)</u>	<u>(286,488)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(1,932)	-	(1,932)
Beginning Balance	<u>150</u>	<u>-</u>	<u>150</u>
Ending Balance	<u><u>(1,782)</u></u>	<u><u>-</u></u>	<u><u>(1,782)</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(15,792)	(15,554)	(31,346)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Depreciation expense	<u>8,000</u>	<u>15,554</u>	<u>23,554</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ (7,792)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,792)</u></u>

See accompanying notes and independent auditors' report.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Noma (the “Town”) was incorporated in 1847 under the provisions of the State of Florida. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, street maintenance, water and sewer services, public improvements, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The accompanying financial statements present the activities of the Town.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investments earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund: This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT
PRESENTATION**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, if the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, excise taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

The Town considers cash and cash equivalents in proprietary funds to be cash on hand, certificates of deposit, and demand deposits.

Receivables

All trade receivables are shown net of an allowance for uncollectibles.

Capital Assets and Depreciation

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Some of the Town's general infrastructure, namely roads and bridges, are not reflected in the accompanying financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	50
Office furniture & equipment	5-10
Park improvements	25-50
Water and sewage system	20-50

Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Town's service. In governmental and proprietary funds, the cost of vacation leave is recognized when earned.

TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE B – CAPITAL ASSETS

	Balance Beginning Of Year	Increases	Decreases	Balances End of Year
Governmental Activities				
Non-Depreciated Assets:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Depreciated Assets:				
Buildings	125,000	-	-	125,000
Park improvements	602,999	41,345	-	644,344
Office equipment	10,367	-	-	10,367
	<u>738,366</u>	<u>41,345</u>	<u>-</u>	<u>779,711</u>
Accumulated Depreciation				
Buildings	56,250	2,500	-	58,750
Park improvements	62,939	24,120	-	87,059
Office equipment	4,866	912	-	5,778
	<u>124,055</u>	<u>27,532</u>	<u>-</u>	<u>151,587</u>
Net Depreciated Assets	<u>614,311</u>	<u>13,813</u>	<u>-</u>	<u>628,124</u>
Total - Governmental Assets	<u>\$ 619,311</u>	<u>\$ 13,813</u>	<u>\$ -</u>	<u>\$ 633,124</u>
	Balance Beginning Of Year	Increases	Decreases	Balances End of Year
Business-Type Activities				
Non-Depreciated Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciated Assets:				
Water system	402,439	49,969	-	452,408
Sewer system	765,520	236,519	-	1,002,039
	<u>1,167,959</u>	<u>286,488</u>	<u>-</u>	<u>1,454,447</u>
Accumulated Depreciation				
Water system	164,000	8,000	-	172,000
Sewer system	64,705	15,554	-	80,259
	<u>228,705</u>	<u>23,554</u>	<u>-</u>	<u>252,259</u>
Net Depreciated Assets	<u>939,254</u>	<u>262,934</u>	<u>-</u>	<u>1,202,188</u>
Total - Business Assets	<u>\$ 939,254</u>	<u>\$ 262,934</u>	<u>\$ -</u>	<u>\$ 1,202,188</u>

Depreciation expense was charged to functions as follows:

General government	\$ 27,532
Water and sewer fund	23,554

Depreciation expense charged to separately identifiable business-type activities is evident on the face of the fund financial statements, and therefore is not included here.

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE C – USE OF ESTIMATES

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE D – BUDGETS AND BUDGETARY ACCOUNTING

Generally accepted accounting principles require the presentation of a budgetary comparison for the general and special revenue fund types and other governmental fund types if such budgets have been legally adopted. In the case of the accompanying general-purpose financial statements, the Town did not adopt a budget for the year ended September 30, 2011, and was not legally required to do so.

NOTE E – LONG-TERM OBLIGATIONS

Changes in long-term obligations are as follows:

	Balance Beginning Of Year	Increases	Decreases	Balances End of Year
Governmental Activities				
Wachovia Bank; 5 %; payable in 120 payments of \$492.	\$ 31,966	\$ -	\$ 2,698	\$ 29,268
Business-type account				
System revenue bonds; 5 %; Sr. A	13,462	-	-	13,462
System revenue bonds; 5 %; Sr. B	28,260	-	-	28,260
	<u>\$ 41,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,722</u>

**TOWN OF NOMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

Maturities of long-term obligations are as follows:

FYE	Series A		Series B		Wachovia	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,900	\$ 1,276	\$ 2,300	\$ 3,532	\$ 4,626	\$ 1,278
2013	1,600	528	1,210	1,655	4,862	1,042
2014	1,700	448	1,250	1,578	5,111	793
2015	1,800	363	1,290	1,498	5,373	531
2016	1,900	273	1,330	1,416	5,646	258
2017	2,000	178	1,370	1,331	3,650	20
2018	1,562	78	1,410	1,244		
2019			1,450	1,154		
2020			1,490	1,061		
2021			1,530	966		
2022			1,630	869		
2023			1,730	765		
2024			1,830	655		
2025			1,930	538		
2026			2,030	415		
2027			2,131	286		
2028			2,349	150		
	<u>\$ 13,462</u>	<u>\$ 3,144</u>	<u>\$ 28,260</u>	<u>\$ 19,113</u>	<u>\$ 29,268</u>	<u>\$ 3,922</u>

NOTE F – SUBSEQUENT EVENTS

In preparing these financial statements, the Town's management has evaluated events and transactions for potential recognition or disclosure through July 29, 2013, the date the financial statements were available to be issued.



**Ferguson, Sizemore
& Associates**

CERTIFIED PUBLIC ACCOUNTANTS

1467 Honeysuckle Road
Dothan, AL 36305
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Town Council
Town of Noma, Florida

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Noma, Florida, as of and for the year ended September 30, 2011, which collectively comprise the Town of Noma, Florida's basic financial statements and have issued our report thereon dated July 29, 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

In planning and performing our audit, we considered Town of Noma, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Noma, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.



America Counts on CPAs®

This report is intended solely for the information and use of the audit committee, management, Town Council, and 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.

A handwritten signature in cursive script that reads "Ferguson, Sizemore & Associates".

Ferguson, Sizemore & Associates
Dothan, Alabama
July 29, 2013



**Ferguson, Sizemore
& Associates**

CERTIFIED PUBLIC ACCOUNTANTS

1467 Honeysuckle Road
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MANAGEMENT LETTER

July 29, 2013

To the Honorable Mayor and Council of
The Town of Noma, Florida

We have audited the financial statements of the Town of Noma, Florida, as of and for the year ended September 30, 2011, and have issued our report thereon dated July 29, 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*. We have issued our Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated July 29, 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, this letter is required to include the following information:

- 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 significant findings and recommendations made in the preceding annual financial audit report. The Town's management has since developed a listing of refundable customer deposits. Due to the timing of the audits, this information should be available for the September 30, 2012 year end audit.
- 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 Noma, Florida complied with Section 218.415, Florida Statutes.



- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, our comments are as follows:
 - ✓ We noted that the Town Clerk was unable to provide a listing of refundable customer water deposits. Such deposits represent a liability to the Town and should be recorded in the Town's books and records as with any other properly-accrued liability. An estimate was made and recorded and the amount so recorded is probably not materially different from the actual amount that should have been recorded. However, it is recommended that an accurate listing of such refundable customer deposits be generated and recorded as soon as possible.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse 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, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. In connection with our audit, we did not have any such findings (other than those already listed above).
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Noma, Florida was established by an incorporating charter under the Florida Statutes. The Town of Noma, Florida has no component units.
- Section 10.554(1)(i)7.a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Noma, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)7.b, Rules of the Auditor General, requires that we determine whether the annual financial report for the Town of Noma, Florida for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Section 10.554(1)(i)7.c and 10.556(7), Rules of the Auditor General, requires that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's 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.

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



Ferguson Sizemore & Associates
Dothan, Alabama
July 29, 2013

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1-850-263-3449
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Town of Noma

COUNCILMEN:

Robert L. Skipper, Mayor
Donald R. McElwain
Terry Skipper
Donald Doster
Kalo Dixon

CLERK:

Mary Ann Hayes

January 05, 2012

Auditor General, State of Florida
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Re: CPA Management Letter

Dear Sir/Madam:

In reference to the item listed in the above referenced letter, The Town Clerk is working on making a Master List of the water deposits to present to the Council and will have completed in the next 30 days.

The delay has been caused by extended illness with the clerk and her family, however she is back at work and is working diligently to accomplish the task.

Sincerely,


Robert L. Skipper, Mayor