

# Town of Hastings, Florida

## Audit Report

September 30, 2014

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September 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Hastings, Florida (the "Town"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Water Fund***

As discussed in Note 7 to the financial statements, the Town has not implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities and the Water Fund are not reasonably determinable.

***Qualified Opinions***

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 45, as described in the preceding paragraph, 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 the Water Fund of the Town as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Town as of September 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the OPEB schedule of funding progress that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Palatka, Florida

March 11, 2015

# Town of Hastings, Florida

## Management's Discussion and Analysis

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This discussion and analysis of the Town of Hastings's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the Town's financial statements, which follow this section.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

#### ***Government-wide Financial Statements***

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

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

In these statements, the Town's activities are divided as follows:

*Governmental activities* – Most of the Town's basic services are reported here, including administration, and road and street maintenance. Taxes and charges for services finance most of these activities.

*Business-type activities* – These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water and sewer system are reported as a business-type activity.

#### ***Fund Financial Statements***

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

*Governmental funds* – The General Fund is the Town's only governmental fund. This fund is accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

*Proprietary funds* – The Water Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

# Town of Hastings, Florida

## Management's Discussion and Analysis

### CONDENSED FINANCIAL INFORMATION

The following tables present condensed, government-wide, comparative data about net position and changes in net position.

#### Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 119,578	\$ 128,475	\$ 415,645	\$ 405,564	\$ 535,223	\$ 534,039
Capital assets	1,164,968	1,208,523	3,170,309	3,286,451	4,335,277	4,494,974
Total assets	1,284,546	1,336,998	3,585,954	3,692,015	4,870,500	5,029,013
Long-term liabilities outstanding	27,100	31,700	975,904	1,043,346	1,003,004	1,075,046
Other liabilities	14,798	7,283	147,243	107,543	162,041	114,826
Total liabilities	41,898	38,983	1,123,147	1,150,889	1,165,045	1,189,872
Net position:						
Net investment in capital assets	1,164,968	1,208,523	2,198,909	2,287,051	3,363,877	3,495,574
Restricted	-	-	85,006	83,361	85,006	83,361
Unrestricted	77,680	89,492	178,892	170,714	256,572	260,206
Total net position	\$1,242,648	\$1,298,015	\$2,462,807	\$2,541,126	\$3,705,455	\$3,839,141

#### Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for service	\$ 63,689	\$ 58,293	\$ 593,462	\$ 582,239	\$ 657,151	\$ 640,532
Operating grants and contributions	-	-	30,000	30,000	30,000	30,000
General revenues:						
Property taxes	189,696	207,549	-	-	189,696	207,549
Other taxes	205,427	205,750	-	-	205,427	205,750
Other	7,756	8,938	93	135	7,849	9,073
Total revenues	466,568	480,530	623,555	612,374	1,090,123	1,092,904
Expenses:						
General government	359,455	330,922	-	-	359,455	330,922
Public safety	1,717	1,254	-	-	1,717	1,254
Transportation	171,004	157,489	-	-	171,004	157,489
Culture and recreation	6,120	31,155	-	-	6,120	31,155
Interest on long-term debt	538,296	1,203	-	-	538,296	1,203
Water and sewer	-	-	685,513	702,092	685,513	702,092
Total expenses	1,076,592	522,023	685,513	702,092	1,762,105	1,224,115
Change in net position before transfers	(610,024)	(41,493)	(61,958)	(89,718)	(671,982)	(131,211)
Transfers	16,361	(3,000)	(16,361)	3,000	-	-
Change in net position	(593,663)	(44,493)	(78,319)	(86,718)	(671,982)	(131,211)
Net position - October 1, 2013	1,298,015	1,342,508	2,541,126	2,627,844	3,839,141	3,970,352
Net position - September 30, 2014	\$ 704,352	\$1,298,015	\$2,462,807	\$2,541,126	\$3,167,159	\$3,839,141

Town of Hastings, Florida  
Management's Discussion and Analysis

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**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities**

The governmental activities generated \$63,689 in program revenues and \$402,879 of general revenues, incurred \$538,296 of program expenses, and transferred in \$16,361. This resulted in a \$55,367 decrease in net position.

**Business-type Activities**

Revenues of the Water Fund were \$623,555, before transfers out of \$16,361, compared to expenses of \$685,513. This resulted in a loss for the year of \$78,319.

**THE TOWN'S INDIVIDUAL FUNDS**

**General Fund**

The General Fund's fund balance decreased by \$12,412, from \$121,192 to \$108,780.

**Water Fund**

The Water and Sewer Fund's net position decreased by \$78,319, from \$2,541,126 to \$2,462,807.

**BUDGETARY HIGHLIGHTS**

Amendments between the original and final budgets for the General Fund consisted of an increase of \$12,000 in general government expenditures for health insurance and an increase of \$14,490 in transportation repair and maintenance expenditures; and a projected \$16,000 carryforward.

Revenues of the General Fund were below budgeted amounts.

General Fund expenditures were below budgeted amounts.

There were no significant differences between budgeted and actual results.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Significant capital asset activity during the year, consisted of improvements to the Library's roof. Please refer to a note to the accompanying financial statements entitled *Capital Asset Activity* for more detailed information about the Town's capital asset activity.

**Debt Administration**

The Town incurred no additional long-term debt during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the Town's long-term debt activity.

**ECONOMIC FACTORS**

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



Town of Hastings, Florida  
Management's Discussion and Analysis

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**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Town of Hastings Town Office located in the HHS Community Building, 6195 South Main Street, Suite A, Hastings, Florida 32145, Telephone number (904) 692-1420 or fax (904) 692-2844.

Town of Hastings, Florida

Statement of Net Position  
September 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 38,644	\$ 219,609	\$ 258,253
Investments	75,000	22,500	97,500
Prepaid expenses	4,689	8,858	13,547
Due from other governments	1,245	-	1,245
Accounts receivable	-	55,379	55,379
Restricted cash and equivalents	-	109,299	109,299
Capital assets:			
Non-depreciable	107,387	1,625	109,012
Depreciable, net	1,057,581	3,168,684	4,226,265
<b>Total assets</b>	<b>1,284,546</b>	<b>3,585,954</b>	<b>4,870,500</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	10,798	5,473	16,271
Deposits	-	78,672	78,672
Accrued interest	-	26,398	26,398
Noncurrent liabilities:			
Due within one year	4,000	36,700	40,700
Due in more than one year	27,100	975,904	1,003,004
<b>Total liabilities</b>	<b>41,898</b>	<b>1,123,147</b>	<b>1,165,045</b>
<b>Net position</b>			
Net investment in capital assets	1,164,968	2,198,909	3,363,877
Restricted for:			
Renewal and replacement	-	66,257	66,257
Debt service	-	18,749	18,749
Unrestricted	77,680	178,892	256,572
<b>Total net position</b>	<b>\$ 1,242,648</b>	<b>\$ 2,462,807</b>	<b>\$ 3,705,455</b>

See accompanying notes.

Town of Hastings, Florida

Statement of Activities  
Year ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 359,455	\$ 49,405	\$ -	\$ -	\$ (310,050)	\$ -	\$ (310,050)
Public safety	1,717	114	-	-	(1,603)	-	(1,603)
Transportation	171,004	14,170	-	-	(156,834)	-	(156,834)
Culture and recreation	6,120	-	-	-	(6,120)	-	(6,120)
Total governmental activities	538,296	63,689	-	-	(474,607)	-	(474,607)
Business-type activities:							
Water & sewer	685,513	593,462	30,000	-	-	(62,051)	(62,051)
<b>Total</b>	<b>\$ 1,223,809</b>	<b>\$ 657,151</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>(474,607)</b>	<b>(62,051)</b>	<b>(536,658)</b>
General revenues:							
Property taxes					189,696	-	189,696
Sales tax and other shared revenues					100,872	-	100,872
Franchise fees					40,885	-	40,885
Utility taxes					36,121	-	36,121
Communications service tax					24,957	-	24,957
Other taxes					2,592	-	2,592
Investment earnings					2,683	93	2,776
Miscellaneous					5,073	-	5,073
Transfers					16,361	(16,361)	-
Total general revenues and transfers					419,240	(16,268)	402,972
<b>Change in net position</b>					(55,367)	(78,319)	(133,686)
<b>Net position – beginning of year</b>					1,298,015	2,541,126	3,839,141
<b>Net position – end of year</b>					<b>\$ 1,242,648</b>	<b>\$ 2,462,807</b>	<b>\$ 3,705,455</b>

See accompanying notes.

Town of Hastings, Florida

Balance Sheet  
Governmental Funds  
September 30, 2014

	General Fund
<b>Assets</b>	
Cash and equivalents	\$ 38,644
Investments	75,000
Prepaid expenses	4,689
Due from other governments	1,245
Total assets	\$ 119,578
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 10,798
<b>Fund balances</b>	
Nonspendable	4,689
Unassigned	104,091
Total fund balances	108,780
Total liabilities and fund balances	\$ 119,578

See accompanying notes.

Town of Hastings, Florida

Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds  
September 30, 2014

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<b>Fund balance - total governmental funds</b>	<b>\$ 108,780</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets – net	1,164,968
Long-term liabilities are not reported in the governmental funds.	
Compensated absences	(31,100)

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<b>Net position of governmental activities</b>	<b>\$ 1,242,648</b>
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See accompanying notes.

Town of Hastings, Florida

Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Year ended September 30, 2014

	General Fund
<b>Revenues</b>	
Taxes	\$ 273,577
Permits, fees & special assessments	40,885
Intergovernmental	80,661
Charges for services	63,575
Fines and forfeitures	114
Miscellaneous	7,756
<b>Total revenues</b>	<b>466,568</b>
<b>Expenditures</b>	
Current:	
General government	344,473
Public safety	1,717
Transportation	149,151
<b>Total expenditures</b>	<b>495,341</b>
<b>Excess of revenues over expenditures</b>	<b>(28,773)</b>
<b>Other financing sources (uses)</b>	
Transfers in	20,000
Transfers out	(3,639)
<b>Total other financing sources (uses)</b>	<b>16,361</b>
<b>Net change in fund balance</b>	<b>(12,412)</b>
<b>Fund balance – beginning of year</b>	<b>121,192</b>
<b>Fund balance – end of year</b>	<b>\$ 108,780</b>

See accompanying notes.

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance to the Statement of Activities  
Governmental Funds  
Year ended September 30, 2014

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<b>Net change in fund balance – total governmental funds</b>	<b>\$ (12,412)</b>
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Amounts reported for governmental activities in the statement of activities  
are different because:

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

Acquisitions of capital assets	30,771
Current year depreciation expense	(74,326)

Some expenses reported in the statement of activities do not require the  
use of current financial resources and therefore are not reported as  
expenditures in governmental funds.

Compensated absences	600
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<b>Change in net position of governmental activities</b>	<b>\$ (55,367)</b>
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See accompanying notes.

Town of Hastings, Florida

Statement of Net Position  
Proprietary Funds  
September 30, 2014

	Water Fund
<b>Current assets</b>	
Cash and equivalents	\$ 219,609
Investments	22,500
Prepaid expenses	8,858
Accounts receivable, net	55,379
<b>Total current assets</b>	<b>306,346</b>
<b>Noncurrent assets</b>	
Restricted cash and equivalents	109,299
Capital assets, net	3,170,309
<b>Total noncurrent assets</b>	<b>3,279,608</b>
<b>Total assets</b>	<b>3,585,954</b>
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	5,473
Deposits	78,672
Accrued interest	26,398
Current portion of long-term liabilities	36,700
<b>Total current liabilities</b>	<b>147,243</b>
<b>Noncurrent liabilities</b>	<b>975,904</b>
<b>Total liabilities</b>	<b>1,123,147</b>
<b>Net position</b>	
Net investment in capital assets	2,198,909
Restricted for renewal and replacement	66,257
Restricted for debt service	18,749
Unrestricted	178,892
<b>Total net position</b>	<b>\$ 2,462,807</b>

See accompanying notes.



Town of Hastings, Florida

Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Funds  
 Year ended September 30, 2014

	Water Fund
<b>Operating revenues</b>	
User fees	\$ 593,462
<b>Operating expenses</b>	
Personal services	314,634
Operating expenses	207,070
Depreciation	127,478
Total operating expenses	649,182
<b>Operating loss</b>	(55,720)
<b>Nonoperating revenues (expenses)</b>	
Operating grants	30,000
Investment earnings	93
Interest expense	(36,331)
Total nonoperating revenues (expenses)	(6,238)
<b>Loss before transfers</b>	(61,958)
Transfers in	3,639
Transfers out	(20,000)
<b>Change in net position</b>	(78,319)
<b>Net position – beginning of year</b>	2,541,126
<b>Net position – end of year</b>	\$ 2,462,807

See accompanying notes.

Town of Hastings, Florida

Statement of Cash Flows  
Proprietary Funds  
Year ended September 30, 2014

	Water Fund
<b>Operating activities</b>	
Receipts from customers	\$ 602,677
Payments to suppliers	(215,452)
Payments to employees	(317,351)
Net cash provided by operating activities	69,874
<b>Noncapital financing activities</b>	
Operating grants	30,000
Transfers in	3,639
Transfers out	(20,000)
Net cash provided by noncapital financing activities	13,639
<b>Capital and related financing activities</b>	
Acquisition of capital assets	(11,336)
Principal paid on debt	(28,000)
Interest paid on debt	(37,181)
Net cash used by capital and related financing activities	(76,517)
<b>Investing activities</b>	
Interest received	93
<b>Change in cash and equivalents</b>	7,089
<b>Cash and equivalents – beginning of year</b>	321,819
<b>Cash and equivalents – end of year</b>	\$ 328,908
Operating loss	\$ (55,720)
Depreciation	127,478
Change in:	
Accounts receivable	5,866
Prepays	(8,858)
Accounts payable and accrued liabilities	500
Compensated absences	3,350
Customer deposits	(2,742)
Net cash provided by operating activities	\$ 69,874

See accompanying notes.

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

The accounting policies of the Town of Hastings (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

***Reporting Entity***

The Town was established by Chapter 6695, Laws of Florida, 1913. The Town operates under a Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social services, public improvements and general administrative services.

As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. Component units, if any, would also be presented. Component units are entities for which a primary government is considered to be financially accountable.

There are no component units included in the Town’s financial reporting entity.

The Town did not participate in any joint ventures during the 2013-2014 fiscal year.

***Government-wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

***Fund Financial Statements***

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Town of Hastings, Florida  
Notes to Financial Statements

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

The Town reports the following major governmental fund:

*General Fund* – The primary operating fund, used to account for and report all financial resources not accounted for and reported in another fund.

The Town reports the following major enterprise fund:

*Water Fund* – Used to account for the assets, operation and maintenance of the Town-owned water and sewer system.

***Measurement Focus and Basis of Accounting***

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 at the time liabilities are 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.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures for compensated absences and claims and judgments, are recorded only when payment is due.

***Cash and Cash Equivalents***

For purpose of the Statement of Cash Flows, the Town considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

***Accounts Receivable***

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Water Fund are net of a \$10,130 allowance.

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

***Prepays***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. An offsetting “nonspendable” fund balance is reported in the fund financial statements to indicate that prepaids do not represent available spendable resources.

***Capital Assets***

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at fair value at the date of contribution. The Town uses a capitalization threshold of \$1,000 for all classes of capital assets.

In accordance with GASB Statement No. 34, the Town has elected not to record and depreciate general infrastructure assets acquired prior to October 1, 2003.

Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	30
Furniture and equipment	3 – 10
Plant assets and equipment	20 – 50

For its business-type activities, the Town’s policy is to capitalize construction period interest costs on projects funded specifically through debt financing. Interest earnings are offset against construction costs for qualified projects financed with tax-exempt debt. No interest costs were capitalized during 2014.

***Claims and Judgments***

For governmental funds, a fund liability is reported to account for the portion of the liability that will be liquidated with expendable available financial resources. The liability is accrued when incurred in the government-wide and proprietary fund financial statements.

***Compensated Absences***

The Town’s policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

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

***Property Taxes***

The St. Johns County Tax Collector bills and collects property taxes for the Town. Details of the Town's tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount period	November - February
No discount period	March
Delinquent date	April 1

***Operating Revenues and Expenses***

The enterprise fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for the enterprise fund 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.

***Restricted Net Position***

In the accompanying government-wide and proprietary fund's statement of net position, *restricted net position* is subject to restrictions beyond the Town's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation. At September 30, 2014, no net position was restricted by enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

***Fund Balance***

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

Town of Hastings, Florida  
Notes to Financial Statements

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

***Fund Balance***

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

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

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

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

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

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

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

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Town of Hastings, Florida  
Notes to Financial Statements

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

***Deposits***

All of the Town's demand deposits and certificates of deposit are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, and are entirely insured by Federal depository insurance or collateralized pursuant to the Florida Security for Public Deposits Act.

***Investments***

Section 218.415, Florida Statutes, authorizes the Town to invest excess public funds in the following:

- ◆ Direct obligations of the U.S. Treasury;
- ◆ Savings accounts and certificates of deposit in qualified public depositories;
- ◆ The Local Government Surplus Funds Trust Fund;
- ◆ Securities and Exchange Commission registered money market funds with the highest credit quality rating.

In the accompanying financial statements, nonnegotiable certificates of deposit of \$97,500 comprise *Investments*. The certificates of deposit are reported at cost and are entirely insured or collateralized. For purposes of risk disclosures, the Town holds no investments.

**NOTE 3 – INTERFUND BALANCES AND TRANSFERS**

There are no interfund balances as of September 30, 2014.

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.



Town of Hastings, Florida  
Notes to Financial Statements

**NOTE 4 – CAPITAL ASSET ACTIVITY**

During the year ended September 30, 2014, the following changes in capital assets occurred:

Governmental Activities	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets not being depreciated:				
Land and improvements	\$ 25,870	\$ -	\$ -	\$ 25,870
Construction in progress	81,517	-	-	81,517
Total capital assets not being depreciated	107,387	-	-	107,387
Capital assets being depreciated:				
Buildings and improvements	1,434,102	16,950	-	1,451,052
Furniture and equipment	298,724	13,821	-	312,545
Assets under capital lease	164,035	-	-	164,035
Total capital assets being depreciated	1,896,861	30,771	-	1,927,632
Less accumulated depreciation for:				
Buildings and improvements	428,427	49,448	-	477,875
Furniture and equipment	258,734	8,475	-	267,209
Assets under capital lease	108,564	16,403	-	124,967
Total accumulated depreciation	795,725	74,326	-	870,051
Total capital assets being depreciated, net	1,101,136	(43,555)	-	1,057,581
Governmental activities capital assets, net	\$ 1,208,523	\$ (43,555)	\$ -	\$ 1,164,968

Business-type Activities	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets not being depreciated:				
Land and improvements	\$ 1,625	\$ -	\$ -	\$ 1,625
Capital assets being depreciated:				
Plant assets and equipment	5,681,179	11,336	-	5,692,515
Less accumulated depreciation for:				
Plant assets and equipment	2,396,353	127,478	-	2,523,831
Total capital assets being depreciated, net	3,284,826	(116,142)	-	3,168,684
Business-type activities capital assets, net	\$ 3,286,451	\$ (116,142)	\$ -	\$ 3,170,309

## Notes to Financial Statements

**NOTE 4 – CAPITAL ASSET ACTIVITY (CONTINUED)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 46,053
Transportation	22,153
Culture and recreation	6,120
<hr/>	
Total depreciation expense – governmental activities	\$ 74,326
<hr/>	
Business-type activities:	
Water and sewer	\$ 127,478
<hr/>	

**NOTE 5 – LONG-TERM OBLIGATIONS*****Business-type Activities***

\$123,000 Water and Sewer System Improvement Revenue Bonds, Series 1988, payable in annual installments ranging from \$6,800 to \$7,800 through January 2029, interest at 5%, secured by a pledge of the gross revenues of the water and sewer system and certain municipal excise taxes. The approximate amount of the pledge is equal to the remaining principal and interest of \$109,650. During the current year, the Town recognized pledged revenues of \$593,214 and made \$6,950 principal and interest payments. \$ 76,000

\$51,500 Water and Sewer System Improvement Revenue Bonds, Series 1989, payable in annual installments ranging from \$2,250 to \$3,350 through January 2029, interest at 5%, secured by a pledge of the gross revenues of the water and sewer system and certain municipal excise taxes. The approximate amount of the pledge is equal to the remaining principal and interest of \$41,600. During the current year, the Town recognized pledged revenues of \$593,214 and made \$2,500 principal and interest payments. 29,000

\$677,700 Water and Sewer Revenue Bonds, Series 1990, issued initially in the form of two single bonds in the principal amounts of \$576,700 and \$101,000, payable in annual installments ranging from \$38,335 to \$40,435 through January 2032, interest at 5%, secured by a pledge of the gross revenues of the water and sewer system and certain municipal excise taxes. The approximate amount of the pledge is equal to the remaining principal and interest of \$708,230. During the current year, the Town recognized pledged revenues of \$593,214 and made \$39,785 principal and interest payments. 459,700

## Notes to Financial Statements

**NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)*****Business-type Activities***

\$73,700 Water and Sewer Revenue Bonds, Series 1995, payable in annual installments ranging from \$3,482 to \$4,562 through January 2036, interest at 4.5%, secured by a pledge of the gross revenues of the water and sewer system and certain municipal excise taxes. The approximate amount of the pledge is equal to the remaining principal and interest of \$88,478. During the current year, the Town recognized pledged revenues of \$593,214 and made \$3,552 principal and interest payments. 55,700

\$115,000 Water and Sewer Revenue Bonds, Series 1999, payable in annual installments ranging from \$5,825 to \$8,360 through January 2039, interest at 4.5%, secured by a pledge of the gross revenues of the water and sewer system and certain municipal excise taxes. The approximate amount of the pledge is equal to the remaining principal and interest of \$171,090. During the current year, the Town recognized pledged revenues of \$593,214 and made \$6,545 principal and interest payments. 99,000

\$302,000 note payable to the Florida Department of Transportation at 0% interest. The note is payable in annual installments of \$5,000 through 2065. 252,000

**Total** **\$ 971,400**

***Revenue Bonds and Notes***

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2015	\$ 30,000	\$ 35,197
2016	32,000	33,961
2017	33,000	32,632
2018	33,000	31,251
2019	35,000	29,872
2020-2024	194,000	125,962
2025-2029	248,000	79,568
2030-2034	171,700	25,877
2035-2039	67,700	5,328
2040-2044	25,000	-
2045-2049	25,000	-
2050-2054	25,000	-
2055-2059	25,000	-
2060-2064	25,000	-
2065	2,000	-
<b>Totals</b>	<b>\$ 971,400</b>	<b>\$ 399,648</b>

## Notes to Financial Statements

**NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)*****Governmental Activities***

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
Compensated absences	\$ 31,700	\$ 20,400	\$ 21,000	\$ 31,100	\$ 4,000

***Business-type Activities***

	Balance October 1, 2013	Additions	Deductions	Balance September 30 2014	Due Within One Year
Note Payable FDOT	\$ 257,000	\$ -	\$ 5,000	\$ 252,000	\$ 5,000
Revenue Bonds:					
Series 1988	79,000	-	3,000	76,000	4,000
Series 1989	30,000	-	1,000	29,000	1,000
Series 1990	475,700	-	16,000	459,700	17,000
Series 1995	56,700	-	1,000	55,700	1,000
Series 1999	101,000	-	2,000	99,000	2,000
Total revenue bonds and notes	999,400	-	28,000	971,400	30,000
Compensated absences	43,946	22,203	24,945	41,204	6,700
Total	\$ 1,043,346	\$ 22,203	\$ 52,945	\$ 1,012,604	\$ 36,700

**NOTE 6 – DEFINED BENEFIT PENSION PLAN**

*Plan Description.* The Town contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315, or by calling (850) 488-6491.

*Funding Policy.* The Town is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2014 were as follows: Regular Employees 7.37%; Special Risk Employees 19.82%; Senior Management 21.14%; Elected Officials 43.24%.

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Employees are required to contribute 3%. The contribution requirements of plan members and the Town are established and may be amended by the Florida Legislature. The Town's contributions to the System for the years ended September 30, 2014, 2013 and 2012 were approximately \$35,400, \$22,500, and \$21,900, respectively, equal to the required contributions for each year.

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS**

The Town provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Town has not implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

**NOTE 8 – RISK MANAGEMENT**

The Town carries commercial insurance for certain risks, including health insurance. There were no significant reductions in insurance coverage during 2014. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 9 – FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective 2015. The statements address:

- Accounting and financial reporting for pensions; and
- Mergers, acquisitions and transfers of operations.

The Town is currently evaluating the effects that these statements will have on its 2015 financial statements.

## Required Supplementary Information

Town of Hastings, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund  
Year ended September 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues</b>				
Taxes	\$ 275,376	\$ 275,866	\$ 273,577	\$ (2,289)
Permits, fees & special assessments	36,900	40,860	40,885	25
Intergovernmental	77,750	80,150	80,661	511
Charges for services	55,870	62,970	63,575	605
Fines and forfeitures	150	150	114	(36)
Miscellaneous	1,850	6,950	7,756	806
<b>Total revenues</b>	<b>447,896</b>	<b>466,946</b>	<b>466,568</b>	<b>(378)</b>
<b>Expenditures</b>				
Current:				
General government	312,496	352,701	344,473	8,228
Public safety	2,550	1,550	1,717	(167)
Transportation	132,207	144,002	149,151	(5,149)
<b>Total expenditures</b>	<b>447,253</b>	<b>498,253</b>	<b>495,341</b>	<b>2,912</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>643</b>	<b>(31,307)</b>	<b>(28,773)</b>	<b>2,534</b>
<b>Other financing sources (uses)</b>				
Transfers in	4,000	19,950	20,000	50
Transfers out	(3,000)	(3,000)	(3,639)	(639)
<b>Total other financing sources (uses)</b>	<b>1,000</b>	<b>16,950</b>	<b>16,361</b>	<b>(589)</b>
<b>Net change in fund balances</b>	<b>1,643</b>	<b>(14,357)</b>	<b>(12,412)</b>	<b>1,945</b>
<b>Fund balances – beginning of year</b>	<b>-</b>	<b>16,000</b>	<b>121,192</b>	<b>105,192</b>
<b>Fund balances – end of year</b>	<b>\$ 1,643</b>	<b>\$ 1,643</b>	<b>\$ 108,780</b>	<b>\$ 107,137</b>

Town of Hastings, Florida

Notes to Required Supplementary Information

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The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- ❖ Informal budget workshops are held to determine proposed expenditures and the means of financing them.
- ❖ The Council adopts the proposed property tax millage rate and sets the first public hearing. The Town advertises its intention to finalize its budgets and millage rate and sets a second public hearing, at which time the final budget and millage are adopted by the Council.
- ❖ Florida Statutes stipulate that expenditures may not legally exceed budgeted appropriations at the fund level. The fund is the legal level of control.
- ❖ Appropriations lapse at year end.

There were no supplemental budget appropriations during the year ended September 30, 2014.

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles.



Additional Elements Required  
By the Rules of the Auditor General

## MANAGEMENT LETTER

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

We have audited the financial statements of the Town of Hastings (the "Town") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 11, 2015. Our report on the financial statements of the governmental activities, business-type activities, and the Water Fund was qualified because the Town did not implement the accounting and financial reporting requirements of GASB Statement No. 45. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the accompanying Schedule of Findings.

### Financial Condition

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

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

## **Annual Financial Report**

As required by the Rules of the Auditor General, we determined that the Town's annual financial report for the fiscal year ended September 30, 2014, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2014.

## **Other Matters**

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Car, Riggs & Ingram, L.L.C.*

Palatka, Florida  
March 11, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Hastings, Florida (the "Town") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 11, 2015. Our report on the financial statements of the governmental activities, the business-type activities and the Water Fund was qualified because the Town did not implement the accounting and financial reporting requirements of GASB Statement No. 45.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2014-001 and 2014-002 to be material weaknesses.

## **Compliance and Other Matters**

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

## **The Town's Response to Finding**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cam, Riggs & Ingram, L.L.C.*

Palatka, Florida  
March 11, 2015

## **INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined the Town of Hastings, Florida (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

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

*Carr, Riggs & Ingram, L.L.C.*

Palatka, Florida  
March 11, 2015

Town of Hastings, Florida  
Schedule of Findings

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2014-001      (Reported in previous audit reports as items 2013-001 and 12-1.)

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

**Recommendation** – To the extent possible, given available personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

2014-002      (Reported in previous audit reports as items 2013-002 and 12-2.)

**Condition** – As part of the audit process it was necessary for us to assist with the preparation of your financial statements, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

**Recommendation** – We recommend that you consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process.



# The TOWN OF HASTINGS

Florida's POTATO Capital

6195 S. MAIN STREET, SUITE A  
HASTINGS, FLORIDA 32145

PHONE: 904-692-1420

FAX: 904-692-2844



March 11, 2015

Honorable William O. Monroe, CPA  
Auditor General  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Monroe:

Please find the following as a response to the audit findings of Carr, Riggs and Ingram, LLC., for the audit period October 01, 2013 to September 30, 2014.

**14-01**

*This condition as you are aware has always been noted in our audits. We acknowledge that if the town's financial situation allowed more office staff, these conditions would not exist. However, we strive to segregate job duties to the best of our ability thereby minimizing the impact of this internal control weakness.*

**14-02**

*We have evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in our best interests to outsource this task to our independent auditors.*

Should you require further information, please give me a call at the above telephone number.

Sincerely,

Shelby E. Jack  
Town Manager, CMC