

**TOWN OF WHITE SPRINGS, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**September 30, 2014**

**TOWN OF WHITE SPRINGS, FLORIDA**

**ANNUAL FINANCIAL REPORT**

September 30, 2014

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>INTRODUCTORY SECTION</b>	
List of Principal Officials	5
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7 - 8
Management's Discussion and Analysis	9 - 13
<b>Basic Financial Statements</b>	
Statement of Net Position	15 - 16
Statement of Activities	17
Governmental Fund	
Balance Sheet	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Fund	
Statement of Net Position	21 - 22
Statement of Revenues, Expenses and Changes in Net Position	23 - 24
Statement of Cash Flows	25 - 26
Notes to Financial Statements	27 - 43
<b>Required Supplementary Information</b>	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	45 - 50
Notes to Required Supplementary Information	51

**TOWN OF WHITE SPRINGS, FLORIDA**

**ANNUAL FINANCIAL REPORT**

September 30, 2014

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>COMPLIANCE SECTION</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	53
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	54
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55 - 56
Management Letter	57 - 58
Independent Accountant's Report	59
Communication with Those Charged with Governance	60 - 61

## **INTRODUCTORY SECTION**

**TOWN OF WHITE SPRINGS, FLORIDA**

September 30, 2014

**LIST OF PRINCIPAL OFFICIALS**

**MAYOR**

Rhett Bullard

**VICE-MAYOR**

Walter McKenzie

**TOWN COUNCIL**

Willie Jefferson

Dr. Helen Miller

Tonja Brown

**TOWN MANAGER (ACTING)**

Shirley Heath

**TOWN CLERK**

Pam Tomlinson

**TOWN ATTORNEY**

Fred Koberlein

## **FINANCIAL SECTION**



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
admin@powellandjonescpa.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and the Town Council  
Town of White Springs, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information of the Town of White Springs, Florida as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

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

### **Opinion**

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, the major funds and the aggregate remaining fund information of the Town of White Springs, Florida, as of September 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

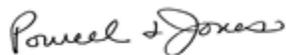
### **Other Matters**

#### *Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2015, on our consideration of the Town of White Springs, Florida'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 of White Springs, Florida's internal control over financial reporting and compliance.



**POWELL & JONES**  
Certified Public Accountants  
August 3, 2015

## **TOWN OF WHITE SPRINGS, FLORIDA Management's Discussion and Analysis**

This discussion and analysis is intended to be an easily readable analysis of the Town of White Springs (Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

### **Report Layout**

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police and fire control, public works, parks and recreation, library, community development and general governmental administration. The Town's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

### ***Basic Financial Statements***

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, for the first time, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town has one major governmental fund, the General Fund. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

## Town as a Whole

### Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2014 and 2013, follows:

#### Net Position at September 30, 2014 and 2013

	Governmental	Business-type	Total Government	
	Activities	Activities	2014	2013
<b>Assets</b>				
Cash and cash equivalents	\$ 223,443	150,083	\$ 373,526	\$ 233,891
Other current assets	25,696	14,499	40,195	31,091
Capital assets	2,363,389	7,051,967	9,415,356	9,512,968
Total assets	<u>2,612,528</u>	<u>7,216,549</u>	<u>9,829,077</u>	<u>9,777,950</u>
<b>Liabilities</b>				
Other current liabilities	117,978	98,718	216,696	102,309
Long term debt outstanding	53,715	1,047,050	1,100,765	1,157,539
Total liabilities	<u>171,693</u>	<u>1,145,768</u>	<u>1,317,461</u>	<u>1,259,848</u>
<b>Net position</b>				
Invested in capital assets, net of related debt	2,320,286	5,973,143	8,293,429	8,337,427
Restricted, debt service	-	90,886	90,886	-
Unrestricted	120,549	6,752	127,301	180,675
Total net position	<u>\$ 2,440,835</u>	<u>\$ 6,070,781</u>	<u>\$ 8,511,616</u>	<u>\$ 8,518,102</u>

97% of the Town's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, 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 liquidate these liabilities.

An additional 1% of the Town's net position represents resources that are dedicated or subject to restriction on how they may be used. The remaining balance of unrestricted net position of \$127,301 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The increase in Governmental net position is due primarily to ongoing operations. The decrease during the year through Business-type Activities net position is due to receiving a CDBG grant and a State Revolving Fund grant.

A condensed version of the Statement of Activities follows:

**Change in Net Position**  
For the Fiscal Year Ended September 30, 2014 and 2013

	Governmental Activities	Business-type Activities	Total Government	
			2014	2013
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 53,660	\$ 458,887	\$ 512,547	\$ 386,747
Grants and contributions	202,124	45,000	247,124	358,174
SRF Grant earned	-	51,341	51,341	374,786
General revenues				
Taxes	261,222	-	261,222	211,434
Franchise fees	40,206	-	40,206	28,966
Licenses	3,127	-	3,127	4,265
Fines and forfeitures	1,851	-	1,851	2,347
State shared revenues	56,876	-	56,876	58,318
Interest	6	67	73	88
Miscellaneous	28,732	2,939	31,671	35,892
<b>Total revenues</b>	<b>647,804</b>	<b>558,234</b>	<b>1,206,038</b>	<b>1,552,278</b>
<b>Expenses</b>				
General government	266,514	-	266,514	198,976
Public safety	259,689	-	259,689	255,139
Transportation	79,184	-	79,184	67,193
Economic environment	8,104	-	8,104	27,976
Human services	27,976	-	27,976	62,623
Culture/recreation	47,319	-	47,319	11,792
Interest on long-term debt	3,295	43,345	46,640	52,001
Water	-	144,629	144,629	71,382
Garbage services	-	76,421	76,421	81,936
Sewer	-	256,048	256,048	327,639
<b>Total expenses</b>	<b>692,081</b>	<b>520,443</b>	<b>1,212,524</b>	<b>1,156,657</b>
Transfers	100,000	(100,000)	-	-
Change in net assets	55,723	(62,209)	(6,486)	395,621
Beginning net assets	2,385,112	6,132,990	8,518,102	8,122,481
<b>Ending net position</b>	<b>\$ 2,440,835</b>	<b>\$ 6,070,781</b>	<b>\$ 8,511,616</b>	<b>\$ 8,518,102</b>

**Governmental activities:**

While grants and contributions provide 31% of the revenue for Governmental Activities, taxes provide 40% and state shared revenues provide 9%. Most of the Governmental Activities resources are spent for General Government (39%), Public Safety (38%), and Transportation (11%). Governmental activities increased the Town's net position by \$55,723.

**Business-type activities:**

Business-type activities decreased the Town's net position by \$62,209.

## Budgetary Highlights

At the end of the year there were several individual departments with budget shortfalls due to unexpected events. In total, the general fund's revenues were \$239,560 more than was budgeted, while the general fund's expenditures were \$23,208 more than budgeted. These variances were primarily related to activities of the Town's educational program and grants.

## Capital Assets and Debt Administration

### Capital Assets

At September 30, 2014, the Town had \$9.4 million invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities. This amount represents a net decrease (additions, deductions, and depreciation) of \$97,612 over last year.

### Capital Assets at September 30, 2014 and 2013

	Governmental		Business-type		Totals	
	Activities		Activities			
	2013	2014	2013	2014	2013	2014
Land	\$ 114,440	\$ 114,440	\$ 3,570	\$ 3,570	\$ 118,010	\$ 118,010
Buildings	87,855	87,855	1,100,606	1,100,606	1,188,461	1,188,461
Construction in progress	49,950	49,950	-	51,341	49,950	101,291
Improvements	2,127,135	2,219,797	7,483,239	7,483,239	9,610,374	9,703,036
Equipment	482,073	504,176	278,424	278,424	760,497	782,600
Subtotal	2,861,453	2,976,218	8,865,839	8,917,180	11,727,292	11,893,398
Accumulated depreciation	(541,545)	(612,829)	(1,672,779)	(1,865,213)	(2,214,324)	(2,478,042)
Capital assets, net	\$ 2,319,908	\$ 2,363,389	\$ 7,193,060	\$ 7,051,967	\$ 9,512,968	\$ 9,415,356

### Debt Outstanding

At year-end, the Town had \$1.97 million in long-term obligations outstanding versus \$1.81 million last year, a decrease of \$16,042

### Debt Outstanding at September 30, 2014 and 2013

	Governmental		Business-type		Totals	
	Activities		Activities			
	2013	2014	2013	2014	2013	2014
USDA bonds	\$ -	\$ -	\$ 643,000	\$ 631,000	\$ 643,000	\$ 631,000
State revolving fund loans	-	-	466,016	447,824	466,016	447,824
USDA loan	43,000	35,000	-	-	43,000	35,000
Lease payable	23,525	16,103	-	-	23,525	16,103
Compensated absences	12,189	18,446	9,851	14,720	22,040	33,166
Total long-term obligations	\$ 78,714	\$ 69,549	\$ 1,118,867	\$ 1,093,544	\$ 1,197,581	\$ 1,163,093

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

## **OTHER FINANCIAL INFORMATION**

### **Economic Factors and Rates**

- The current unemployment rate for the Town was 7.7%. This is approximately the same as Hamilton County.
- The official population for the Town in 2014 was 772 and is estimated to be approximately the same in 2015.
- The ad valorem tax millage rate for the Town was 4.369 mills in 2014.

### **Financial 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, please contact the Town Manager at P. O. Drawer D, White Springs, Florida 32096.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF NET POSITION**

**September 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 223,443	\$ 57,682	\$ 281,125
Accounts receivable - net	15,366	14,499	29,865
Due from other governmental units	10,330	-	10,330
<b>Total current assets</b>	<u>249,139</u>	<u>72,181</u>	<u>321,320</u>
<b>Restricted assets</b>			
Cash and investments	-	92,401	92,401
<b>Total restricted assets</b>	<u>-</u>	<u>92,401</u>	<u>92,401</u>
<b>Capital assets - net</b>	<u>2,363,389</u>	<u>7,051,967</u>	<u>9,415,356</u>
<b>Total assets</b>	<u><u>\$ 2,612,528</u></u>	<u><u>\$ 7,216,549</u></u>	<u><u>\$ 9,829,077</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 6,091	\$ 4,419	\$ 10,510
Accrued liabilities	136	310	446
Accrued compensated absences	3,255	14,720	17,975
Lease payable	7,834	-	7,834
Due to other governments	92,662	-	92,662
<b>Total current liabilities</b>	<u>109,978</u>	<u>19,449</u>	<u>129,427</u>
<b>Current liabilities (payable from restricted assets)</b>			
Accrued interest payable	-	6,555	6,555
Deposits	-	40,940	40,940
Loans payable - FDEP	-	18,774	18,774
Loans payable - USDA	8,000	13,000	21,000
<b>Total current liabilities (payable from restricted assets)</b>	<u>8,000</u>	<u>79,269</u>	<u>87,269</u>
(continued)			

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF NET POSITION**

**September 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Long-term liabilities			
Loans payable - FDEP	\$ -	\$ 429,050	\$ 429,050
Loans payable - USDA	27,000	618,000	645,000
Lease payable	8,269	-	8,269
Accrued compensated absences	18,446	-	18,446
Total long-term liabilities	<u>53,715</u>	<u>1,047,050</u>	<u>1,100,765</u>
Total liabilities	<u>171,693</u>	<u>1,145,768</u>	<u>1,317,461</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,320,286	5,973,143	8,293,429
Restricted for debt service	-	90,886	90,886
Unrestricted	<u>120,549</u>	<u>6,752</u>	<u>127,301</u>
Total net position	<u>2,440,835</u>	<u>6,070,781</u>	<u>8,511,616</u>
Total liabilities and net position	<u>\$ 2,612,528</u>	<u>\$ 7,216,549</u>	<u>\$ 9,829,077</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended September 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
General government	\$ 266,514	\$ 1,112	\$ -	\$ -	\$ (265,402)	\$ -	\$ (265,402)
Public safety	259,689	19,400	133,403	-	(106,886)	-	(106,886)
Transportation	79,184	20,603	-	-	(58,581)	-	(58,581)
Economic environment	8,104	-	-	-	(8,104)	-	(8,104)
Human services	27,976	-	-	-	(27,976)	-	(27,976)
Culture/recreation	47,319	12,545	68,721	-	33,947	-	33,947
Interest on long-term debt	3,295	-	-	-	(3,295)	-	(3,295)
<b>Total governmental activities</b>	<b>692,081</b>	<b>53,660</b>	<b>202,124</b>	<b>-</b>	<b>(436,297)</b>	<b>-</b>	<b>(436,297)</b>
<b>Business-type activities</b>							
General government							
Water utility	144,629	129,752	-	-	-	(14,877)	(14,877)
Garbage services	76,421	106,286	-	-	-	29,865	29,865
Sewer utility	256,048	202,290	-	51,341	-	(2,417)	(2,417)
Water/Sewer combination	-	20,559	-	-	-	20,559	20,559
Interest on long-term debt	43,345	-	-	-	-	(43,345)	(43,345)
<b>Total business-type activities</b>	<b>520,443</b>	<b>458,887</b>	<b>-</b>	<b>51,341</b>	<b>-</b>	<b>(10,215)</b>	<b>(10,215)</b>
<b>Total government</b>	<b>\$ 1,212,524</b>	<b>\$ 512,547</b>	<b>\$ 202,124</b>	<b>\$ 51,341</b>	<b>(436,297)</b>	<b>(10,215)</b>	<b>(446,512)</b>
			<b>General revenues</b>				
			Sale and use taxes		261,222	-	261,222
			Franchise fees		40,206	-	40,206
			Licenses and permits		3,127	-	3,127
			Intergovernmental		56,876	-	56,876
			Interest		6	67	73
			Fine and forfeiture		1,851	-	1,851
			Bond		-	45,000	45,000
			Miscellaneous		28,732	2,939	31,671
			Interfund transfers		100,000	(100,000)	-
			<b>Total general revenues</b>		<b>492,020</b>	<b>(51,994)</b>	<b>440,026</b>
			Change in net position		55,723	(62,209)	(6,486)
			Net position beginning of year		2,385,112	6,132,990	8,518,102
			Net position ending of year		<b>\$ 2,440,835</b>	<b>\$ 6,070,781</b>	<b>\$ 8,511,616</b>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**GOVERNMENTAL FUND**

**BALANCE SHEET**

**September 30, 2014**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 223,443
Accounts receivable	15,366
Due from other governmental units	10,330
Total assets	<u>\$ 249,139</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 6,091
Accrued payroll deductions	136
Accrued compensated absences	3,255
Due to other governments	92,662
Total liabilities	<u>102,144</u>
<b>FUND BALANCES</b>	
Unassigned	<u>146,995</u>
Total fund balances	146,995

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,363,389
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds	(69,549)
Net position of governmental activities	<u>\$ 2,440,835</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**GOVERNMENTAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**For the Fiscal Year Ended September 30, 2014**

	General Fund
<b>REVENUES</b>	
Taxes	\$ 301,428
Licenses and permits	3,127
Intergovernmental revenue	177,607
Charges for services	53,660
Fines and forfeitures	1,851
Contributions	60,741
Miscellaneous	49,390
<b>Total revenues</b>	<u>647,804</u>
<b>EXPENDITURES</b>	
<b>Current expenditures</b>	
General government	261,409
Public safety	222,698
Transportation	75,403
Health and human services	8,104
Culture/recreation	43,631
<b>Capital outlay</b>	
General government	5,809
Public safety	6,044
Transportation	102,912
<b>Debt service</b>	
Principal	15,422
Interest	3,295
<b>Total expenditures</b>	<u>744,727</u>
<b>Deficit of revenues under expenditures</b>	<u>(96,923)</u>
<b>Other financing sources</b>	
Interfund transfers in	<u>100,000</u>
<b>Net change in fund balances</b>	3,077
<b>Fund balance at beginning of year</b>	143,918
<b>Fund balance at end of year</b>	<u>\$ 146,995</u>

**See notes to financial statements.**

**TOWN OF WHITE SPRINGS, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended September 30, 2014**

Net change in fund balances - total governmental fund \$ 3,077

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

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense.

Expenditures for capital assets	114,765	
Less current year depreciation	<u>(71,284)</u>	43,481

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

Net decrease in leases payable	7,422	
Net decrease in loans payable	8,000	
Net increase in compensated absences	<u>(6,257)</u>	<u>9,165</u>

Change in net position of governmental activities \$ 55,723

**See notes to financial statements.**

**TOWN OF WHITE SPRINGS, FLORIDA**

**PROPRIETARY FUND**

**STATEMENT OF NET POSITION**

**September 30, 2014**

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 57,682
Accounts receivable	14,499
Total current assets	<u>72,181</u>
Non-current assets	
Restricted assets	
Cash and cash equivalents	90,886
Investments	1,515
Total restricted assets	<u>92,401</u>
Fixed assets	
Land	3,570
Construction in progress	51,341
Buildings and improvements	1,100,606
Improvements other than buildings	7,483,239
Equipment	278,424
Less accumulated depreciation	<u>(1,865,213)</u>
Total fixed assets	<u>7,051,967</u>
Total assets	<u>\$ 7,216,549</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**September 30, 2014**

	<u>Enterprise Fund</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 4,419
Accrued compensated absences	14,720
Accrued payroll liabilities	310
Total current liabilities	<u>19,449</u>
Current liabilities payable from restricted assets:	
Accrued interest payable	6,555
Deposits	40,940
Loan payable FDEP	18,774
Loan payable USDA	13,000
Total current liabilities payable from restricted assets	<u>79,269</u>
Non-current liabilities	
Loan payable FDEP	429,050
State revolving grant	-
Total non-current liabilities	<u>1,047,050</u>
Total liabilities	<u>1,145,768</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	5,973,143
Restricted for debt service	90,886
Unrestricted	6,752
Total net position	<u>6,070,781</u>
Total liabilities and net position	<u>\$ 7,216,549</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND**

**For the Fiscal Year Ended September 30, 2014**

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Physical environment	
Water utility revenue	
Water revenues	\$ 118,472
Water tax	11,280
Garbage/solid waste revenue	
Garbage revenue	106,286
Sewer utility revenue	
Sewer revenue	184,622
Sewer tax	17,668
Water-sewer combination	
Service charges	20,559
Miscellaneous income	2,939
<b>Total operating revenues</b>	<b>461,826</b>
<b>OPERATING EXPENSES</b>	
Water utility services	
Personnel services	21,204
Operating expenses	23,359
Depreciation	100,066
<b>Total water utility services</b>	<b>144,629</b>
Garbage and solid waste services	
Operating expenses	76,421
Sewer services	
Personnel services	48,231
Operating expenses	115,449
Depreciation	92,368
<b>Total sewer services</b>	<b>256,048</b>
<b>Total operating expenses</b>	<b>477,098</b>
<b>Operating loss</b>	<b>(15,272)</b>

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND**

**For the Fiscal Year Ended September 30, 2014**

	<u>Enterprise Fund</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
SRF revenue	\$ 51,341
Grants from other local units	45,000
Interest earnings	67
Interest expense	(43,345)
Transfer out	(100,000)
Total nonoperating revenues (expenses)	<u>(46,937)</u>
Change in net position	(62,209)
Total net position, beginning of year	6,132,990
Total net position, end of year	<u>\$ 6,070,781</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

**For the Fiscal Year Ended September 30, 2014**

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 460,265
Cash payments to employees for services	(64,824)
Cash payments for goods and services	(225,427)
Net cash provided by operating activities	<u>170,014</u>
Cash flows from capital and related financing activities:	
Proceeds from capital grants	51,341
Acquisitions of property and equipment	(51,341)
Loan payments	(30,192)
Interest payments	(43,345)
Net cash used for capital financing activities	<u>(73,537)</u>
Cash flows from investing activities:	
Interest income	<u>67</u>
Net cash provided by investing activities	<u>67</u>
Cash flows from noncapital and related financing activities:	
Transfers	(100,000)
Contractual grant revenue from County	45,000
Net cash flows from investing activities:	<u>(55,000)</u>
Net increase in cash	41,544
Cash and cash equivalents, beginning of year	108,539
Cash and cash equivalents, end of year	<u>\$ 150,083</u>

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA**

**PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

**For the Fiscal Year Ended September 30, 2014**

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (15,272)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	192,434
Increase in accounts receivable	(8,506)
Increase in customer deposits	6,945
Decrease in accounts payable	(10,198)
Decrease in accrued payroll deductions	(258)
Increase in accrued compensated absences	4,869
Total adjustments	<u>185,286</u>
Net cash provided by for operating activities	<u>\$ 170,014</u>

See notes to financial statements.

## TOWN OF WHITE SPRINGS, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of White Springs (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The Town has implemented all other applicable provisions of this Statement.

**A. Reporting Entity** - The Town of White Springs, Florida is a municipal, political subdivision of the State of Florida created under the provisions of Chapter 165, *Florida Statutes*. The present Town government structure was created and organized under Town Ordinance 96-1, which was adopted by a Town referendum of Town voters. Accordingly, it is controlled by the Florida Constitution and various *Florida Statutes* as well as its own local charter, ordinances and policies. It is governed by an elected Mayor and Town Council.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

**B. Measurement Focus and Basis of Accounting** - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

## **1. Government-wide Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

## **2. Fund Financial Statements**

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds.

**Governmental Funds** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Proprietary Funds** - The Town's Enterprise Fund, which administers water, sewer and solid waste services, is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

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. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

**C. Basis of Accounting** - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town classifies all of its funds as major funds.

**1. Governmental Major Fund:**

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

**2. Proprietary Major Funds:**

**Enterprise Fund** - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.

**3. Non-current Governmental Assets/Liabilities:**

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

**D. Assets, Liabilities and Net Position or Equity**

**1. Cash and Cash Equivalents** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. All such deposits are insured and collateralized as required by state law. The Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**2. Cash and Investments** - Cash deposits are held by a bank qualified as a public depository under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, *Florida Statutes*.

Investments in the Proprietary Fund consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund and the Fund B Surplus Fund Trust Fund investment pools created by Sections 218.405 and 218.417, *Florida Statutes*. On December 4, 2007, the State Board of Administration restructured the Local Government Surplus Funds Trust Fund (Pool) to also establish the Fund B Surplus Funds Trust Fund. The Town's investments in the Pool, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2014, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The Town's investments in the Fund B Surplus Trust Fund are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.13262284 at September 30, 2014. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the State Board of Administration, are effected by transferring eligible cash or securities to the Local Government Surplus Funds Trust Fund, consistent with the pro rata allocation of Pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within the Local Government Surplus Funds Trust Fund.

3. **Allowance for Doubtful Accounts** - The Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2014, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2014.
4. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

5. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
6. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads

and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Building and improvements	10 - 50
Machinery and equipment	5 - 12
Streets and related infrastructure	20 - 40

9. **Capitalization of Interest** - Interest related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
10. **Deferred Revenues** - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
11. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
12. **Proprietary Activity Accounting and Financial Reporting** - The Town applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinion and Account Research Bulletins (ARB's).
13. **Fund Balances/Net Position**
  - A. **Governmental Funds**

As of September 30, 2014, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purpose because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s general policy, only the Town Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2014, fund balances are composed of the following:

	<u>Amount</u>
Unassigned	<u>\$ 146,995</u>

When an expenditure is incurred for purposes to which both restricted and unrestricted fund balance is available, the Town considered restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

**B. Proprietary Funds**

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

As of September 30, 2014, net position are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 5,973,143
Unrestricted	90,886
Restricted for debt service	6,752
	<u>\$ 6,070,781</u>

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide State of Net Position.**

“Total fund balances” of the Town’s governmental funds \$239,657 differs from “net position” of governmental activities \$2,440,835 reported in the statement of net position. This difference primarily results from the long-term economical focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 2,976,218
Accumulated depreciation	(612,829)
Total	<u>\$ 2,363,389</u>

Long-term debt transactions

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. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2014, were:

Compensated absences	\$ 18,446
Lease payable	16,103
Loan payable	35,000
	<u>\$ 69,549</u>

## TOWN OF WHITE SPRINGS, FLORIDA

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Differences Between Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
<b>ASSETS</b>				
Cash and cash equivalents	\$ 223,443	\$ -	\$ -	\$ 223,443
Accounts receivable	15,366	-	-	15,366
Due from other governmental units	10,330	-	-	10,330
Capital assets - net	-	2,363,389	-	2,363,389
<b>Total assets</b>	<b>\$ 249,139</b>	<b>\$ 2,363,389</b>	<b>\$ -</b>	<b>\$ 2,612,528</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,091	\$ -	\$ -	\$ 6,091
Accrued liabilities	136	-	-	136
Accrued compensated absences	95,917	-	-	95,917
Loans payable	-	-	69,549	69,549
<b>Total liabilities</b>	<b>102,144</b>	<b>-</b>	<b>69,549</b>	<b>171,693</b>
<b>Fund balances/net position</b>	<b>146,995</b>	<b>2,363,389</b>	<b>(69,549)</b>	<b>2,440,835</b>
<b>Total liabilities and fund balance/net position</b>	<b>\$ 249,139</b>	<b>\$ 2,363,389</b>	<b>\$ -</b>	<b>\$ 2,612,528</b>

**B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for governmental funds \$95,739 differs from the “change in net position” for governmental activities \$55,723 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 114,765
Depreciation expense	(71,284)
Difference	<u>\$ 43,481</u>

Long-term debt transactions

Repayment of debt principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Debt principal payments made	\$ 15,422
Increase in compensated absences	(6,257)
	<u>\$ 9,165</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities**

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
<b>REVENUES</b>				
Taxes	\$ 261,222	\$ -	\$ -	\$ 261,222
Franchise fees	40,206			40,206
Licenses and permits	3,127	-	-	3,127
Grants	120,731			120,731
Intergovernmental	56,876	-	-	56,876
Charges for services	53,660	-	-	53,660
Fines and forfeitures	1,851	-	-	1,851
Interest	6			6
Miscellaneous	110,125	-	-	110,125
<b>Total revenues</b>	<u>647,804</u>	<u>-</u>	<u>-</u>	<u>647,804</u>
<b>EXPENDITURES</b>				
<b>Current expenditures</b>				
General government	261,409	3,783	1,322	266,514
Public safety	222,698	32,056	4,935	259,689
Transportation	75,403	3,781	-	79,184
Health and human services	8,104	-	-	8,104
Economic environment	-	27,976	-	27,976
Culture/recreation	43,631	3,688	-	47,319
<b>Capital outlays</b>				
General government	5,809	(5,809)	-	-
Public safety	6,044	(6,044)	-	-
Transportation	102,912	(102,912)	-	-
Health and human services	-	-	-	-
Economic environment	-	-	-	-
Culture/recreation	-	-	-	-
<b>Debt service</b>				
Principal	15,422	-	(15,422)	-
Interest	3,295	-	-	3,295
<b>Total expenditures</b>	<u>744,727</u>	<u>(43,481)</u>	<u>(9,165)</u>	<u>692,081</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(96,923)</u>	<u>43,481</u>	<u>9,165</u>	<u>(44,277)</u>
<b>Other financing sources</b>				
Transfers	100,000	-	-	100,000
<b>Net change in fund balance/net position</b>	<u>3,077</u>	<u>43,481</u>	<u>9,165</u>	<u>55,723</u>
<b>Fund balances/net position, beginning of year</b>	<u>143,918</u>	<u>2,319,908</u>	<u>(78,714)</u>	<u>2,385,112</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 146,995</u>	<u>\$ 2,363,389</u>	<u>\$ (69,549)</u>	<u>\$ 2,440,835</u>

**NOTE 3. LEGAL COMPLIANCE–BUDGETS**

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

1. Prior to September 1, the Town Manager develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the Town Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the Town Council.
5. Budgets for all Town funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were amended.

**NOTE 4. DEPOSITS AND INVESTMENTS**

**1. Deposits**

At September 30, 2014, the carrying amount of the Town’s bank deposits was \$371,327. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer pursuant to the Public Depository Security Act of the State of Florida. The Act established a Trust Fund, maintained by the State Treasurer, which is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

**2. Investments**

**Proprietary Fund**

As of September 30, 2014, the Town’s general fund had the following investments and maturities:

Investment	Maturities	Fair Value
State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool	39 Day Average	\$ 5,306
Total Investments		<u>\$ 5,306</u>

As of September 30, 2014, the Council’s investment in the Local Government Surplus Funds Trust Fund investment pool is rated AAAM by Standard & Poors.

**NOTE 5. PROPERTY TAX REVENUES**

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2013-2014 fiscal year were levied in October 2013. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions/ Reclassifications	Deletions/ Reclassifications	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets:</b>				
Land	\$ 114,440	\$ -	\$ -	\$ 114,440
Construction in progress	49,950	-	-	49,950
Buildings	87,855	-	-	87,855
Improvements	2,127,135	92,662	-	2,219,797
Equipment and vehicles	482,073	22,103	-	504,176
Total capital assets	<u>2,861,453</u>	<u>114,765</u>	-	<u>2,976,218</u>
Less accumulated depreciation	<u>(541,545)</u>	<u>(71,284)</u>	-	<u>(612,829)</u>
Governmental activities capital assets, net	<u>\$ 2,319,908</u>	<u>\$ 43,481</u>	<u>\$ -</u>	<u>\$ 2,363,389</u>
<b>Business-type activities:</b>				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	-	51,341	-	51,341
Buildings and improvements	1,100,606	-	-	1,100,606
Improvements other than buildings	7,483,239	-	-	7,483,239
Equipment	278,424	-	-	278,424
Total capital assets	<u>8,865,839</u>	<u>51,341</u>	-	<u>8,917,180</u>
Less accumulated depreciation	<u>(1,672,779)</u>	<u>(192,434)</u>	-	<u>(1,865,213)</u>
Business-type activities capital assets, net	<u>\$ 7,193,060</u>	<u>\$ (141,093)</u>	<u>\$ -</u>	<u>\$ 7,051,967</u>

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

<b>Governmental activities:</b>	
General government	\$ 3,783
Public safety	32,056
Transportation	3,781
Economic environment	27,976
Culture/recreation	3,688
Total depreciation expense - governmental activities	<u>\$ 71,284</u>
<b>Business-type activities:</b>	
Water and sewer utility	\$ 192,434
Total depreciation expense - business-type activities	<u>\$ 192,434</u>

**NOTE 7. RECEIVABLE AND PAYABLE BALANCES**

**Receivables**

Receivables at September 30, 2014, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General	\$ 15,366	\$ 10,330	\$ 25,696
Business-type activities:			
Enterprise	14,499	-	14,499
	<u>\$ 29,865</u>	<u>\$ 10,330</u>	<u>\$ 40,195</u>

**Payables**

Payables at September 30, 2014, were as follows:

Governmental activities:	
General	<u>\$ 6,091</u>
Business-like activities:	
Enterprise	<u>\$ 4,419</u>

**NOTE 8. LONG-TERM LIABILITIES**

**Governmental Activities**

**A. Revenue Bond – Series 2008**

On September 1, 2009, the Town entered into a loan agreement with the Rural Development, U.S. Department of Agriculture, in the amount of \$76,660, for the purchase of police and fire vehicles. This loan is secured by pledged revenues from Hamilton County. The loan will be repaid in ten annual payments, which will average \$9,878, including 4.625% interest. As of September 30, 2014, the balance of this loan was \$35,000. Payments are made from General Fund revenues.

Repayments are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 8,000	\$ 1,619	\$ 9,619
2016	9,000	1,249	10,249
2017	9,000	833	9,833
2018	9,000	416	9,416
	<u>\$ 35,000</u>	<u>\$ 4,117</u>	<u>\$ 39,117</u>

## B. Lease Payable

On January 24, 2012, the Town entered into a lease agreement with Ring Investments, in the amount of \$39,285, for the purchase of a 2008 Cat Backhoe Loader. The lease will be paid in five annual payments of \$8,728, including 5.55% interest. As of September 30, 2014, the balance of this loan was \$16,103. Payments are made from General Fund revenues.

Payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 7,834	\$ 894	\$ 8,728
2016	8,269	460	8,729
	<u>\$ 16,103</u>	<u>\$ 1,354</u>	<u>\$ 17,457</u>

## B. Changes in Governmental-type Debt

A schedule of changes in governmental-type debt follows:

Description	Balance October 1, 2013	Additions	Retirements	Balance September 30, 2014	Due Within One Year
USDA Bond 2008	\$ 43,000	\$ -	\$ (8,000)	\$ 35,000	\$ 8,000
Lease payable	23,525	-	(7,422)	16,103	7,834
Compensated absences	12,189	6,257	-	18,446	3,255
	<u>\$ 78,714</u>	<u>\$ 6,257</u>	<u>\$ (15,422)</u>	<u>\$ 69,549</u>	<u>\$ 19,089</u>

## Business-Type Activities

### A. State Revolving Fund Loan

On March 10, 1999, the Town entered into a loan agreement with the Florida Department of Environmental Protection (FDEP) under its "State Revolving Fund" loan program. The total original loan amount of \$337,824 was utilized to pay for certain pre-construction costs of its planned wastewater facilities improvement project.

In April, 2001, this loan agreement was amended to increase the loan amount by \$1,071,276 for a total of \$1,409,100. The purpose of the increase was to provide partial construction funds for the project. This amended loan will be repaid in forty semi-annual payments of \$48,827, including interest at 3.18%. The payments began October 15, 2002, and semi-annually thereafter. This loan is secured by the "funds appropriated by the State of Florida for the purpose of wastewater facilities improvements and the investment earnings thereon, all as held under the Escrow Agreement." These funds and the escrow agreement is described in Note 11.

On February 1, 2013, the Town refinanced this loan with the FDEP. After applying the escrowed repayment funds the new loan balance was \$479,401. This loan will be repaid in forty semiannual installments of \$16,434, including interest at 3.18%. In addition to the pledged revenues of the original loan, this loan carries a subordinate pledge of water and sewer net revenues.

As of September 30, 2014, the balance on this loan was \$447,824. Payments, including interest of \$143,794, are scheduled as follows:

Fiscal Year Ending September 30,	Amount
2016	\$ 32,867
2017	32,867
2018	32,867
2019	32,867
2020-2024	164,335
2025-2029	164,335
2030-2032	98,613
	<u>\$ 558,751</u>

**B. Water and Sewer Revenue Bonds, Series 2001 A & B**

On November 1, 2001, the Town issued Water and Sewer Revenue Bonds Series A & B in the amount of \$738,500 through the Rural Development, U.S. Department of Agriculture for the purpose of providing permanent financing for the water and sewer project. The following apply to these bonds:

Gross revenues from the operation of the combined water and sewer system are pledged to service this debt. The outstanding balance at September 30, 2014, is \$631,000. The remaining bond certificates mature annually January 1, 2009 through September 1, 2041. Annual payments will average \$40,784, including interest at 4.5%.

**Sinking Fund.** Monthly deposits are required by the bond ordinance to accumulate sufficient funds to meet principal and interest payments through transfers from the revenue accounts. Deposits in an amount equal to one-twelfth of annual payments coming due, are made into the respective sinking fund.

**Reserve Account.** A reserve is required by the bond ordinance to accumulate sufficient funds to be used for: (a) repair and replacement of the water and sewer system due to catastrophe, (b) constructing improvements to increase net revenues, and (c) payment of any principal and interest if the funds of the sinking funds are insufficient. A reserve of at least \$41,665 is required to be maintained for the revenue bonds, which is to be funded over a 10 year period. The reserve balance at September 30, 2014, was \$47,207.

Proprietary fund debt service requirements to maturity, including \$469,437 of interest are as follows:

Fiscal Year Ending September 30,	Series 2001A	Series 2001B	Total
2015	\$ 28,710	\$ 12,685	\$ 41,395
2016	28,305	12,505	40,810
2017	28,952	12,348	41,300
2018	28,450	12,145	40,595
2019	28,675	12,290	40,965
2020-2024	142,928	61,254	204,182
2025-2029	143,614	61,548	205,162
2030-2034	143,399	61,457	204,856
2035-2039	141,489	60,638	202,127
2040-2041	55,331	23,714	79,045
	<u>\$ 769,853</u>	<u>\$ 330,584</u>	<u>\$ 1,100,437</u>

### C . Changes in Business-type Debt

A schedule of changes in business-type debt follows:

Description	Balance	Additions	Retirements	Balance	Due
	October 1, 2013			September 30, 2014	Within One Year
State Revolving Fund Loan	\$ 466,016	\$ -	\$ (18,192)	\$ 447,824	\$ 18,774
Water and Sewer Revenue					
Bonds 2001	643,000	-	(12,000)	631,000	13,000
Compensated absences	9,851	4,869	-	14,720	-
	<u>\$ 1,118,867</u>	<u>\$ 4,869</u>	<u>\$ (30,192)</u>	<u>\$ 1,093,544</u>	<u>\$ 31,774</u>

#### NOTE 9. RETIREMENT PLAN

Effective October 1, 1996, the Town adopted a deferred compensation plan for its employees under Section 457 of the Internal Revenue Code. This plan is administered by the ICMA Retirement Corporation and plan assets are invested in the ICMA Retirement Trust. Under this defined contribution type of plan, the Town contributes 5 percent of compensation of eligible employees, who elect to participate in the plan and make matching contributions. Two employees have grandfathered rates of 15%. The Town's contribution for 2014 was \$16,410. Contributions for 2013 and 2012 were \$14,144 and \$8,754, respectively

#### NOTE 10. CONTINGENT LIABILITIES

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

The Town is defendant in certain pending litigation. Although the outcome of this lawsuit is not presently determinable, in the opinion of the Town Attorney, the resolution of these matters will not have an adverse effect on the financial condition of the Town.

#### NOTE 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets, and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverages for the past three years. There has been no reduction in insurance coverage from the previous year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 67,000	\$ 67,181	\$ 181
Sales and use taxes			
Local option gas tax/alternative fuel	34,000	87,353	53,353
Infrastructure surtax	46,354	42,511	(3,843)
Franchise fees			
Electricity	31,000	40,206	9,206
Utility and service taxes			
Electricity	42,000	45,833	3,833
Propane			
Suburban	1,100	1,551	451
Amerigas	400	27	(373)
Ferrell/Home Gas	1,100	967	(133)
Live Oak Gas	-	-	-
Local Gas	375	417	42
Communications services taxes	14,750	15,382	632
Total taxes	<u>238,079</u>	<u>301,428</u>	<u>63,349</u>
Licenses and permits			
Occupational licenses	3,500	2,927	(573)
Other licenses and permits			
LDR compliance	2,000	200	(1,800)
Other licenses and permits	1,000	-	(1,000)
Total licenses and permits	<u>6,500</u>	<u>3,127</u>	<u>(3,373)</u>
Intergovernmental revenue			
Federal grants			
FEMA grant	-	92,662	92,662
Bulletproof vest grant	-	2,209	2,209
Byrne grant	1,000	1,000	-
COPS grant	31,000	24,860	(6,140)

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
State shared revenues			
General government			
State revenue sharing	\$ 33,000	\$ 32,703	\$ (297)
Mobile home licenses	500	719	219
Alcoholic beverage licenses	175	249	74
Local government half-cent sales tax	26,500	22,445	(4,055)
Transportation			
Motor fuel tax rebate	1,000	760	(240)
<b>Total intergovernmental revenue</b>	<b>93,175</b>	<b>177,607</b>	<b>84,432</b>
Charges for services			
General government			
Certification, copying, record search	150	394	244
Faxes	175	165	(10)
Notary	300	553	253
Public safety			
Fire protection services			
Fire Department	17,000	19,400	2,400
Transportation			
DOT state highway lighting	9,223	9,223	-
DOT Greenscape	11,000	11,380	380
Culture/recreation			
Special events	-	7,545	7,545
Grants	-	5,000	5,000
<b>Total charges for services</b>	<b>37,848</b>	<b>53,660</b>	<b>15,812</b>

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Fines and forfeitures</b>			
<b>Court cases</b>			
Court fines	2,000	1,627	(373)
Law enforcement education	200	74	(126)
Police reports	15	10	(5)
Code enforcement/permits	200	140	(60)
<b>Total fines and forfeitures</b>	<u>2,415</u>	<u>1,851</u>	<u>(564)</u>
<b>Miscellaneous</b>			
<b>Interest earnings</b>			
Interest on investments	\$ 10	\$ 6	\$ (4)
Rents and royalties	14,300	14,324	24
<b>Contributions and donations</b>			
Police department	-	9,226	9,226
Fire department	-	3,446	3,446
Education	-	60,741	60,741
Recreation	-	7,114	7,114
Special events	-	866	866
Other miscellaneous	15,917	14,408	(1,509)
<b>Total miscellaneous</b>	<u>30,227</u>	<u>110,131</u>	<u>79,904</u>
<b>Total revenues</b>	<u>408,244</u>	<u>647,804</u>	<u>239,560</u>
<b>EXPENDITURES</b>			
<b>General government</b>			
<b>Legislative</b>			
Personnel services	10,077	10,422	(345)
Operating expenses	3,000	3,128	(128)
<b>Total legislative</b>	<u>13,077</u>	<u>13,550</u>	<u>(473)</u>
<b>Executive</b>			
Personnel services	32,500	39,479	(6,979)

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Financial and administrative</b>			
Personnel services	107,990	95,291	12,699
Operating expenses	199,096	85,522	113,574
Capital outlay	3,500	5,809	(2,309)
<b>Total financial and administrative</b>	<u>310,586</u>	<u>186,622</u>	<u>123,964</u>
<b>Legal counsel</b>			
Operating expenses	15,000	15,821	(821)
<b>Comprehensive planning</b>			
Operating expenses	8,500	11,746	(3,246)
<b>Total general government</b>	<u>379,663</u>	<u>267,218</u>	<u>112,445</u>
<b>Public safety</b>			
<b>Law enforcement</b>			
Personnel services	\$ 131,240	\$ 124,356	\$ 6,884
Operating expenses	74,242	64,963	9,279
Capital outlay	-	5,045	(5,045)
<b>Total law enforcement</b>	<u>205,482</u>	<u>194,364</u>	<u>11,118</u>
<b>Fire control</b>			
Personnel services	4,521	4,521	-
Operating expenses	26,272	37,586	(11,314)
Capital outlay	21,900	999	20,901
Debt service-principal	-	8,000	(8,000)
Debt service-interest	-	1,989	(1,989)
<b>Total fire control</b>	<u>52,693</u>	<u>53,095</u>	<u>(402)</u>
<b>Protective inspections</b>			
Operating expenses	1,500	-	1,500
<b>Total protective inspections</b>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<b>Total public safety</b>	<u>259,675</u>	<u>247,459</u>	<u>12,216</u>

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Transportation			
Roads and streets			
Personnel services	28,746	30,654	(1,908)
Operating expenses	52,335	36,021	16,314
Debt service-principal	-	7,422	(7,422)
Debt service-interest	-	1,306	(1,306)
Capital outlay	-	102,912	(102,912)
Total transportation	<u>81,081</u>	<u>178,315</u>	<u>(97,234)</u>
Health and human services			
Other human services			
Operating expenses	-	8,104	(8,104)
Total health and human services	<u>-</u>	<u>8,104</u>	<u>(8,104)</u>
Culture/recreation			
Parks and recreation			
Operating expenses	1,100	569	531
Special events			
Operating expenses	-	18,585	(18,585)
Contribution expenses	-	6,226	(6,226)
Donation expense	-	18,251	(18,251)
Total culture/recreation	<u>1,100</u>	<u>43,631</u>	<u>(42,531)</u>
Total expenditures	<u>721,519</u>	<u>744,727</u>	<u>(23,208)</u>
Excess of revenue over (under) expenditures	(313,275)	(96,923)	216,352

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers in	195,000	100,000	(95,000)
<b>Total other financing sources (uses)</b>			
Net change in fund balance	(118,275)	3,077	121,352
Fund balance at beginning of year	143,918	143,918	-
Fund balance at end of year	<u>\$ 25,643</u>	<u>\$ 146,995</u>	<u>\$ 121,352</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2014**

**I. Stewardship, Compliance, and Accountability**

**A. Budgetary information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

**COMPLIANCE SECTION**

**TOWN OF WHITE SPRINGS, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**For the Fiscal Year Ended September 30, 2014**

<u>GRANTOR PROGRAM TITLE</u>	<u>CFDA # CSFA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Received in Prior Years</u>	<u>Revenue Received or Receivable</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>						
<b>NONMAJOR PROGRAMS</b>						
U.S. Department of Homeland Security						
Passed through the Florida Division of Emergency Management						
Public Assistance Grant	97.036	13-DB-73-03-34-01-636	130,478	37,816	92,662	92,662
U.S. Department of Justice						
Passed through the Florida Department of Law Enforcement						
E. Byrne Memorial Justice Assistance Grant	16.738	2014-JAGD-HAMI-1-E8-072	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
Community Oriented Policing Services	16.710	2011UMWX0041	79,365	47,752	24,860	24,860
Bulletproof vest partnership	16.607		2,209	-	2,209	2,209
			<u>\$ 82,574</u>	<u>\$ 47,752</u>	<u>\$ 28,069</u>	<u>\$ 28,069</u>
Total federal awards			<u>\$ 213,052</u>	<u>\$ 85,568</u>	<u>\$ 120,731</u>	<u>\$ 120,731</u>
<b>STATE FINANCIAL ASSISTANCE</b>						
<b>NONMAJOR PROGRAMS</b>						
Florida Department of Environmental Protection						
State revolving fund grant	37.039	N/A	900,000	586,412	51,341	51,341
Total state financial assistance			<u>\$ 900,000</u>	<u>\$ 586,412</u>	<u>\$ 51,341</u>	<u>\$ 51,341</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

## **TOWN OF WHITE SPRINGS, FLORIDA**

### **Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**

**For the Fiscal Year Ended September 30, 2014**

#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the Town of White Springs, Florida, (the "Town") have been designed to conform to generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

##### **A. Reporting Entity**

This reporting entity consists of the Town of White Springs, Florida. The Town includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

##### **B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The modified accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 40 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

##### **C. Loan Proceeds**

As required by OMB Circular A-133, any federal loan proceeds drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards.

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

To the Mayor and Members  
Of the Town Council  
Town of White Springs, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and the major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of White Springs, Florida's basic financial statements and have issued our report thereof dated August 3, 2015.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**2011-01 (second preceding year)  
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **MANAGEMENT'S RESPONSE**

***We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.***

***At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.***

## **Compliance and Other Matters**

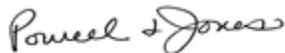
As part of obtaining reasonable assurance about whether the Town of White Springs, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

We also noted certain matters that we reported to management of the Town of White Springs, Florida, in a separate "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated August 3, 2015.

## **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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**POWELL & JONES**  
Certified Public Accountants  
August 3, 2015

## MANAGEMENT LETTER

To the Mayor and Members  
of the Town Council  
Town of White Springs, Florida

In planning and performing our audit of the financial statements of the Town of White Springs, Florida, for the year ended September 30, 2014, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter furnishes the following information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters.

### PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

### CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

### USDA RURAL DEVELOPMENT DEPARTMENT OF AGRICULTURE REQUIREMENTS

We are providing the following additional information relative to our audit of the financial statements of the Town of White Springs, Florida, for the year ended September 30, 2014, as provided in the audit requirements for USDA – Rural Development borrowers.

1. Generally accepted auditing procedures were performed in this audit.
2. Internal control was evaluated and is discussed in the prior sections of this audit report.
3. Accounting records and physical control over assets were adequate.
4. The accounting records of the Town have been adjusted to agree with the audited financial statements.
5. The Town's funds are in institutions insured by the Federal Government and are authorized depositories of Florida public funds.
6. A summary of the Town's insurance coverage is shown in the annual report to USDA – Rural Development.
7. The Town is exempt from Federal Income Tax.
8. We found nothing to indicate that financial compliance with the loan agreements had not occurred.

### AUDITOR GENERAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the Town of White Springs, Florida, for the fiscal year ended September 30, 2014.

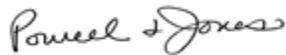
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(7)(c) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(f).

## **CONCLUSION**

We have reviewed each of our specific findings with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year's audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



**POWELL & JONES**  
Certified Public Accountants  
August 3, 2015

## INDEPENDENT ACCOUNTANT'S REPORT

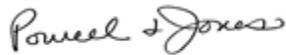
To the Mayor and Members  
of the Town Council  
Town of White Springs, Florida

We have examined the Town of White Springs, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds 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 the Town of White Springs, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



**POWELL & JONES**  
Certified Public Accountants  
August 3, 2015

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and Members  
of the Town Council  
Town of White Springs, Florida

We have audited the financial statements of the Town of White Springs, Florida for the year ended September 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of White Springs, Florida are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town of White Springs, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 3, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

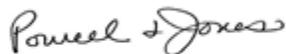
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Town Council and management of the Town of White Springs, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**POWELL AND JONES**  
Certified Public Accountants  
August 3, 2015