

**TOWN OF WHITE SPRINGS, FLORIDA**

**FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2016**



**TOWN OF WHITE SPRINGS, FLORIDA**

**TOWN OFFICIALS**

September 30, 2016

OFFICIALS

POSITION

Rhett Bullard

Mayor

Walter McKenzie

Vice Mayor

Dr. Helen B Miller

Council member

Willie Jefferson

Council member

Tonja Brown

Council member

Stacy Tebo

Town Manager

Pam Tomlinson

Finance Director/Town  
Clerk

Fred Koberlein

Town Attorney



**TOWN OF WHITE SPRINGS, FLORIDA**

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**TOWN OF WHITE SPRINGS, FLORIDA**

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**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2016, 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**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–10 and 35–36 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of White Springs, Florida's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Financial Assistance and the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance and Schedule of

Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 28, 2017, on my consideration of the Town of White Springs, Florida's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of White Springs, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels  
Certified Public Accountant  
March 28, 2017



**MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS**



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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended September 30, 2016

Our discussion and analysis of the Town of White Springs, Florida's (the Town), financial performance provides an overview of Town's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Town's financial statements, which begin on page 11.

#### **FINANCIAL HIGHLIGHTS**

The Town completed construction of its Fire Station. The project was funded by a Community Development Block Grant passed through the Florida Department of Economic Opportunity in the amount of \$600,000 and a \$25,000 grant from the Hamilton County Development Authority.

With a Community Facilities Grant from the United States Department of Agriculture in the amount of \$46,700, the Town was able to purchase two police vehicles with a total cost of \$61,872.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer – term view of the Town's finances.

Fund financial statements start page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government – wide statements by providing information about the Town's most significant funds.

#### **Reporting the Town as a Whole**

Our analysis of the Town as a whole begins on page 6. The Statement of Net Position and the Statement of Activities on pages 11 and 12 includes all assets, liabilities, revenues, and expenses using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements also report the Town's net position and changes in it. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. Consideration of other nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's capital assets, are also necessary to assess its overall financial health.

In the Statement of Net Position and the Statement of Changes in Net Position, the Town is divided into two kinds of activities:

- Governmental activities – the Town’s basic services are reported here, including the finance and administration functions, public safety, economic development, and culture and recreation. Property taxes, intergovernmental revenues, and grants finance most of these activities.
- Business–type activities – the Town charges a fee to customers to help it cover all or most of the costs of the water and sewer/wastewater utility services it provides.

## **Reporting the Town’s Most Significant Funds**

Our analysis of the Town’s major funds begins on page 8. The fund financial statements begin on page 13 and provide detailed information about the most significant funds, not the Town as a whole. The Town has a General Fund (governmental) and an Enterprise (proprietary) Fund. The Town’s two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental funds*

The Town’s basic services are reported in governmental funds, which focus on how money flows into and out of the fund and the balances left at year end that are available for spending. The fund is reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short–term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs.

The differences between governmental activities reported in the Statement of Net Position and Statement of Activities and the governmental funds are described in the reconciliations accompanying the fund financial statements.

- *Proprietary funds*

When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The Town’s Enterprise Fund, a proprietary fund, is the same as the business–type activities reported in the government–wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## **The Town as a Whole**

The Town’s total Net Position increased approximately \$64,000. Increased fuel taxes (due to a re-allocation via population) and grants from the Florida Department of Economic Opportunity and U.S Department of Agriculture were muted by reduced utility rates and depreciation expense in the business-type activities.

The Governmental Activities' Net Position increased slightly - \$32,000. The Business-type Activities Net Position also increased approximately \$32,000.

Analysis of the changes in net position follows. Table 1 focuses on the Town's net position. Table 2 focuses on the changes in the net position.

**Table 1**  
**Net Position**  
**In Thousands**

	Governmental		Business type		Totals	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 590	\$ 226	\$ 221	\$ 202	\$ 811	\$ 428
Capital assets	<u>2,964</u>	<u>2,346</u>	<u>6,754</u>	<u>6,946</u>	<u>9,718</u>	<u>9,292</u>
Total assets	<u>\$ 3,554</u>	<u>\$ 2,572</u>	<u>\$ 6,975</u>	<u>\$ 7,148</u>	<u>\$ 10,529</u>	<u>\$ 9,720</u>
Long term liabilities	\$ 49	\$ 59	\$ 1,031	\$ 1,063	\$ 1,080	\$ 1,122
Other liabilities	<u>339</u>	<u>14</u>	<u>53</u>	<u>63</u>	<u>392</u>	<u>77</u>
Total liabilities	<u>388</u>	<u>73</u>	<u>1,084</u>	<u>1,126</u>	<u>1,472</u>	<u>1,199</u>
Net position:						
Invested in Cap Assets	2,946	2,311	5,739	5,899	8,685	8,210
Restricted	-	-	-	4	-	4
Unrestricted	<u>220</u>	<u>188</u>	<u>152</u>	<u>119</u>	<u>372</u>	<u>307</u>
Total net position	<u>3,166</u>	<u>2,499</u>	<u>5,891</u>	<u>6,022</u>	<u>9,057</u>	<u>8,521</u>
Total liabilities & net position	<u>\$ 3,554</u>	<u>\$ 2,572</u>	<u>\$ 6,975</u>	<u>\$ 7,148</u>	<u>\$ 10,529</u>	<u>\$ 9,720</u>

**Table 2**  
**Changes in Net Position**  
**(in Thousands)**

Revenues	Governmental		Business type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Program revenues						
General government	\$ 4	\$ 8	\$ -	\$ -	\$ 4	\$ 8
Public safety	676	54	-	-	676	54
Physical environment	-	-	-	-	-	-
Transportation	22	22	-	-	22	22
Economic environment	21	55	-	-	21	55
Culture/recreation	24	9	-	-	24	9
Water utility services	-	-	116	121	116	121
Garbage/solid waste control	-	-	116	115	116	115
Sewer utility	-	-	-	-	-	-
Sewer/wastewater services	-	-	216	315	216	315
General revenues						
Taxes						
Ad valorem	70	69	-	-	70	69
Local option gas	162	114	-	-	162	114
Discretionary sales tax	57	53	-	-	57	53
Franchise fees	34	39				
Utility service	43	45	28	27	71	72
Local Communications	18	17	-	-	18	17
Intergovernmental	60	59	-	-	60	59
Interest	-	-	-	-	-	-
Miscellaneous	23	62	-	-	23	62
Total revenues	<u>1,214</u>	<u>606</u>	<u>476</u>	<u>578</u>	<u>1,656</u>	<u>1,145</u>
Program expenses						
General government	239	253	-	-	239	253
Public safety	225	239	-	-	225	239
Physical environment	-	48	-	-	-	48
Transportation	68	52	-	-	68	52
Economic environment	40	3	-	-	40	3
Human services	18	-	-	-	18	-
Culture/recreation	26	56	-	-	26	56
Interest on long term debt	2	3	-	-	2	3
Water utility services	-	-	175	71	175	71
Garbage/solid waste control	-	-	84	89	84	89
Sewer/wastewater services	-	-	277	389	277	389
Total expenses	<u>618</u>	<u>654</u>	<u>536</u>	<u>549</u>	<u>1,154</u>	<u>1,203</u>
Excess (deficiency) before special item and transfers	596	(48)	(60)	29	536	(19)
Special item	-	27	-	-	-	27
Transfers	71	78	(71)	(78)	-	-
Change in net position	667	57	(131)	(49)	536	8
Net position - beginning	2,499	2,442	6,022	6,071	8,521	8,513
Net position - ending	<u>\$ 3,166</u>	<u>\$ 2,499</u>	<u>\$ 5,891</u>	<u>\$ 6,022</u>	<u>\$ 9,057</u>	<u>\$ 8,521</u>

### **Governmental Activities**

- The increase in the Governmental Activities current and other assets is due to the amounts owed to the Town at year end by the State of Florida relating to the CDBG Grant funding construction of its fire station.
- Other liabilities increased due to contractual liabilities related to the above project.
- Invested in capital assets increased approximately \$635,000 due to the completion of the Town's fire station.
- Increases/decreases in governmental revenues are explained as follows: economic environment program revenues decreased due to receiving a Growth Management Implementation Grant from the Florida Department of Economic Opportunity in the prior year; culture/recreation program revenues increased due to assistance from the Hamilton County School District in funding the Town's Summer Enrichment Program.
- Increases/decreases in governmental expenses are explained as follows: transportation expenses increased due roof repair of the Town's Pole Barn; human services increased due to the correct classification of personal services and operating expenses for the Town's Hope Program; culture/recreation expenses decreased due to the reduction of costs associated with its Summer Enrichment Program.

### **Business-type Activities**

- Current and other assets increased slightly due to the receipt of grant funds owed in the prior year.
- Capital assets decreased due to the depreciation of the water/waste water system.
- Net position decreased slightly largely due to depreciation on capital assets.
- The Town's sewer/wastewater receipts decreased due to the adoption of Ordinance 15-01 reducing the Town's sewer rates.
- Water utility expenses increased and sewer/wastewater decreased due to changes in allocations between departments.

### **Significant Changes in Major Governmental Fund Balances**

General Fund's Unassigned Fund Balance increased by approximately \$37,000 due to increases in the fuel tax and continued contributions from Potash Corp.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's 2016 General Fund's budgetary highlights are as follows:

Actual revenues were greater than budgeted due to the CDBG Grant funding the Fire Station construction.

General government expenditures exceeded those budgeted by approximately \$580,000 again due to the Fire Station construction.

### CAPITAL ASSET AND DEBT ADMINISTRATION

As indicated in the table below, the Town has approximately \$13.0 million invested in capital assets such as land, buildings, recreation facilities, water/sewer utility facilities, and equipment. The above amount represents a \$686,000 increase over the previous year's total. The Town's capital asset increases were due to the Fire Station construction and purchase of two police vehicles.

**Table 3**  
**Capital Assets (in Thousands)**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 114	\$ 114	\$ 4	\$ 4	\$ 118	\$ 118
Construction in progress	48	106	138	138	186	244
Buildings	757	88	1,101	1,101	1,858	1,189
Infrastructure	2,220	2,220	7,483	7,483	9,703	9,703
Equipment, furniture, and vehicles					-	-
and vehicles	<u>579</u>	<u>504</u>	<u>278</u>	<u>278</u>	<u>857</u>	<u>782</u>
Totals	<u>\$ 3,718</u>	<u>\$ 3,032</u>	<u>\$ 9,004</u>	<u>\$ 9,004</u>	<u>\$ 12,722</u>	<u>\$ 12,036</u>

### Debt

At year-end, the Town's debt consisted of compensated absences, a note payable (Florida Department of Environmental Protection), and a bond payable (US Department of Agriculture). The totals are as indicated below. There are no debt ratings for the Town.

**TABLE 4**  
**OUTSTANDING DEBT AT YEAR-END**  
**(in Thousands)**

Debt	Governmental		Business-type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Compensated absences	\$ 30	\$ 24	\$ 17	\$ 15	\$ 47	\$ 39
Capital leases	-	8	-	-	-	8
Notes	-	-	410	429	410	429
Bonds	<u>18</u>	<u>27</u>	<u>605</u>	<u>618</u>	<u>623</u>	<u>645</u>
Totals	<u>\$ 48</u>	<u>\$ 59</u>	<u>\$ 1,032</u>	<u>\$ 1,062</u>	<u>\$ 1,080</u>	<u>\$ 1,121</u>

## **2017 BUDGET AND CURRENTLY KNOWN FACTS**

### **2017 Budget**

Notable changes in the Town's 2016-17 budgets are as follows:

General Fund: Expenditures totaling \$1.2 million which includes grant revenues and expenditures of \$469,000 and debt service of \$39,500.

Enterprise Fund: revenues are budgeted at \$805,000. The budget includes debt service of \$77,900.

### **Currently Known Facts**

At the Town Council meeting on February 14, 2017, the Council approved application for a Community Development Block Grant from the Florida Department of Economic Activity.

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

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the Town's finances and to show the Town's accountability for the money that it receives. If you have questions about this report or need additional financial information, contact the Town at PO Drawer D, 10363 Bridge Street, White Springs, FL 32096.



Stacy Tebo, Manager  
Town of White Springs, Florida



Pam Tomlinson, Finance Director/Town Clerk  
Town of White Springs, Florida



**BASIC  
FINANCIAL  
STATEMENTS**



**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF NET POSITION**

September 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 267,652	\$ 97,580	\$ 365,232
Utility tax receivable	4,186	-	4,186
Accounts receivable, net	-	10,750	10,750
Franchise fees receivable	3,241	-	3,241
Due from other governmental units	314,556	-	314,556
<b>Restricted assets</b>			
Cash	-	112,327	112,327
<b>Capital assets</b>			
Land	114,440	3,570	118,010
Construction in progress	47,642	138,175	185,817
Other capital assets, net of depreciation	<u>2,801,872</u>	<u>6,612,192</u>	<u>9,414,064</u>
Total capital assets, net	<u>2,963,954</u>	<u>6,753,937</u>	<u>9,717,891</u>
<b>Total assets</b>	<u><u>\$ 3,553,589</u></u>	<u><u>\$ 6,974,594</u></u>	<u><u>\$ 10,528,183</u></u>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 68,320	\$ 4,035	\$ 72,355
Contracts payable	254,882	-	254,882
Due to other governments	15,901	-	15,901
Interest payable	-	5,996	5,996
Payroll taxes/withholding payable	181	311	492
Customer deposits	-	42,165	42,165
<b>Long-term liabilities</b>			
Due within one year			
Compensated absences	4,567	16,620	21,187
Notes payable	-	19,993	19,993
Bonds payable	9,000	14,000	23,000
Due in more than one year			
Compensated absences	25,885	-	25,885
Notes payable	-	389,686	389,686
Bonds payable	<u>9,000</u>	<u>591,000</u>	<u>600,000</u>
<b>Total liabilities</b>	<u><u>387,736</u></u>	<u><u>1,083,806</u></u>	<u><u>1,471,542</u></u>
<b>Net position</b>			
Net investment in capital assets	2,945,954	5,739,258	8,685,212
Unrestricted	<u>219,899</u>	<u>151,530</u>	<u>371,429</u>
<b>Total net position</b>	<u><u>3,165,853</u></u>	<u><u>5,890,788</u></u>	<u><u>9,056,641</u></u>
<b>Total liabilities and net position</b>	<u><u>\$ 3,553,589</u></u>	<u><u>\$ 6,974,594</u></u>	<u><u>\$ 10,528,183</u></u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities							
General government	\$ 239,054	\$ 3,971	\$ -	\$ -	\$ (235,083)	\$ -	\$ (235,083)
Public safety	225,165	29,057	1,000	646,338	451,230	-	451,230
Transportation	67,727	21,952	-	-	(45,775)	-	(45,775)
Economic environment	40,311	18,262	2,500	-	(19,549)	-	(19,549)
Human services	17,967	-	-	-	(17,967)	-	(17,967)
Culture/recreation	26,474	8,791	15,000	-	(2,683)	-	(2,683)
Interest on long-term debt	<u>1,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,708)</u>	<u>-</u>	<u>(1,708)</u>
Total governmental activities	<u>618,406</u>	<u>82,033</u>	<u>18,500</u>	<u>646,338</u>	<u>128,465</u>	<u>-</u>	<u>128,465</u>
Business type activities							
Water utility services	175,205	116,222	-	-	-	(58,983)	(58,983)
Garbage/solid waste control	84,267	116,038	-	-	-	31,771	31,771
Sewer/wastewater services	<u>276,783</u>	<u>170,905</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>(60,878)</u>	<u>(60,878)</u>
Total business type activities	<u>536,255</u>	<u>403,165</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>(88,090)</u>	<u>(88,090)</u>
Totals	<u>\$ 1,154,661</u>	<u>\$ 485,198</u>	<u>\$ 63,500</u>	<u>\$ 646,338</u>	<u>128,465</u>	<u>(88,090)</u>	<u>40,375</u>
General revenues							
Taxes							
Ad valorem					69,770	-	69,770
Local option gas					161,774	-	161,774
Discretionary sales surtax					57,380	-	57,380
Franchise fees					33,968	-	33,968
Utility service					43,372	27,706	71,078
Local Communications					17,791	-	17,791
Intergovernmental					59,628	-	59,628
Interest					100	187	287
Miscellaneous					23,727	-	23,727
Transfers					<u>71,470</u>	<u>(71,470)</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>538,980</u>	<u>(43,577)</u>	<u>495,403</u>
Change in net position					667,445	(131,667)	535,778
Net position - beginning					<u>2,498,408</u>	<u>6,022,455</u>	<u>8,520,863</u>
Net position - ending					<u>\$ 3,165,853</u>	<u>\$ 5,890,788</u>	<u>\$ 9,056,641</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2016

	General <u>Fund</u>
Assets	
Cash	\$ 267,652
Utility tax receivable	4,186
Franchise fees receivable	3,241
Due from other governmental units	<u>314,556</u>
Total assets	<u>\$ 589,635</u>
Liabilities and fund balances	
Accounts payable	\$ 68,320
Contracts payable	254,882
Due to other governments	15,901
Payroll taxes/withholding payable	182
Compensated absences	<u>4,567</u>
Total liabilities	<u>343,852</u>
Fund balances	
Unassigned	<u>245,783</u>
Total liabilities and fund balances	<u>\$ 589,635</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

September 30, 2016

Total fund balances for governmental funds \$ 245,783

Total net position reported for governmental activities in the statement of net position is different because of the following:

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

Land	114,440
Buildings	756,943
Accumulated depreciation - buildings	(49,270)
Infrastructure	2,219,797
Accumulated depreciation - infrastructure	(340,063)
Equipment, furniture, and vehicles	579,342
Accumulated depreciation - equipment	(364,878)
Construction in progress	<u>47,643</u>
Total capital assets (See Note 5.)	<u>2,963,954</u>

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, 2016, are as follows:

Compensated absences - long-term	(25,884)
Capital leases	-
Revenue bonds	<u>(18,000)</u>
Total long-term liability adjustments	<u>(43,884)</u>
Total net position of governmental activities	<u>\$ 3,165,853</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE  
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2016

		<u>General Fund</u>
<b>Revenues</b>		
Taxes	\$	386,391
Licenses and permits		-
Intergovernmental revenue		746,418
Charges for services		37,669
Fines and forfeits		1,814
Interest		100
Miscellaneous revenues		<u>41,989</u>
Total revenues		<u>1,214,381</u>
<b>Expenditures</b>		
Current		
General Government		228,665
Public safety		214,354
Transportation		61,909
Economic environment		719
Human services		17,967
Culture/Recreation		19,815
Capital outlay		686,054
Debt service		
Principal		17,269
Interest		<u>1,708</u>
Total expenditures		<u>1,248,460</u>
Excess of revenues over expenditures		(34,079)
<b>Other financing sources and uses, including transfers</b>		
Transfers in		<u>71,470</u>
Net change in fund balances		37,391
Fund balances - beginning		<u>208,392</u>
Fund balance - ending	\$	<u><u>245,783</u></u>

**TOWN OF WHITE SPRINGS, FLORIDA**

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

For the Year Ended September 30, 2016

Net change in fund balances - total governmental funds \$ 37,391

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 and reported as depreciation expense. Expenses are reduced by the capital outlay and increased by the current period's depreciation. Gain/loss is recognized on the disposal of capital assets.

Capital outlay - construction in progress and equipment	686,054
Depreciation	(67,885)

Government funds report principal reductions as expenditures. However, in the statement of activities the expenditure is eliminated. The payment reduces long-term liabilities in the statement of net position.

Principal	17,269
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The changes in the long-term portion of accrued annual leave is not reported as an expenditure in the governmental funds. However, the changes in the liability are reported as increases (decreases) to salaries in the statement of activities.

(5,384)
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Change in net position of governmental activities

<u>\$ 667,445</u>
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**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

September 30, 2016

Assets	
Current assets	
Cash	\$ 97,580
Accounts receivable	13,750
Allowance for doubtful accounts	<u>(3,000)</u>
Total current assets	<u>108,330</u>
Noncurrent assets	
Restricted assets	
Cash - deposits	41,829
Cash - debt service	1,573
Cash - debt service	<u>68,925</u>
Total restricted assets	<u>112,327</u>
Capital assets	
Land	3,570
Construction in progress	138,175
Buildings and improvements	1,100,606
Improvement other than buildings	7,483,239
Equipment, furniture, and vehicles	278,424
Accumulated depreciation	<u>(2,250,077)</u>
Total capital assets net	<u>6,753,937</u>
Total noncurrent assets	<u>6,866,264</u>
Total assets	<u>\$ 6,974,594</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 4,035
Compensated absences	16,620
Accrued interest payable	5,996
Payroll and withholding payable	311
Deposits	42,165
Note payable	19,993
Bonds payable	<u>14,000</u>
Total current liabilities	<u>103,120</u>
Long term liabilities	
Note payable	389,686
Bonds payable	<u>591,000</u>
Total long term liabilities	<u>980,686</u>
Total liabilities	<u>1,083,806</u>
Net position	
Net investment in capital assets	5,739,258
Unrestricted	<u>151,530</u>
Total net position	<u>5,890,788</u>
Total liabilities and net position	<u>\$ 6,974,594</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

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

For the Year Ended September 30, 2016

Operating revenues	
Water utility	\$ 108,675
Installation fees	1,250
Solid waste	108,503
Sewer/wastewater	159,808
Service charge	21,173
Miscellaneous	<u>3,756</u>
Total operating revenues	<u>403,165</u>
Operating expenses	
Water utility services	
Personal services	23,035
Operating expenses	57,577
Garbage/solid waste control	
Operating expenses	84,267
Sewer/waste water services	
Personal services	22,936
Operating expenses	212,825
Water-sewer combination services	
Personal services	60,377
Operating expenses	<u>34,216</u>
Total operating expenses	<u>495,233</u>
Operating income (loss)	<u>(92,068)</u>
Non-operating revenues (expenses)	
Interest revenue	187
Utility service tax	27,706
Grants - other local units	45,000
Interest expense	<u>(41,022)</u>
Total non-operating revenues (expenses)	<u>31,871</u>
Income (loss) before transfers	(60,197)
Transfers out	<u>(71,470)</u>
Change in net position	(131,667)
Net position - beginning	<u>6,022,455</u>
Net position - ending	<u>\$ 5,890,788</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

For the Year Ended September 30, 2016

Cash flows from operating activities	
Cash received from customers and users	\$ 409,010
Cash payments for employees and benefits	(105,233)
Cash payments to contractors, suppliers, and others	<u>(209,327)</u>
Net cash provided by (used for) operating activities	<u>94,450</u>
Cash flows from noncapital financing activities	
Transfers out	(71,470)
Utility service tax	27,706
Nonoperating grants	<u>63,857</u>
Net cash provided by (used for) noncapital financing activities	<u>20,093</u>
Cash flows from capital and related financing activities	
Principal paid on notes and bonds payable	(32,371)
Interest paid on note and bonds payable	<u>(41,306)</u>
Cash flows provided by (used for) capital and related financing activities	<u>(73,677)</u>
Cash flows from investing activities	
Interest revenue	<u>187</u>
Net increase (decrease) in cash	41,053
Cash - beginning	<u>168,854</u>
Cash - ending	<u>\$ 209,907</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	<u>\$ (92,068)</u>

(Continued)

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

For the Year Ended September 30, 2016

Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	\$ 192,432
Changes in assets and liabilities	
Decrease (increase) in	
Accounts receivable (net)	3,380
Increase (decrease) in	
Accounts payable	(12,874)
Compensated absences	1,115
Deposits	<u>2,465</u>
Total adjustments	<u>186,518</u>
Net cash provided by (used for) operating activities	<u>\$ 94,450</u>
 Noncash transactions	 <u>\$ -</u>
 Reconciliation of cash per the statement of net assets to the statement of cash flows:	
 Cash per the Statement of Net Assets	
Cash	\$ 97,580
Restricted assets - cash	<u>112,327</u>
Total cash per the Statement of Cash Flows	<u>\$ 209,907</u>

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2016

**Note 1. Summary of Significant Accounting Policies**

The Town of White Springs, a political subdivision of the State of Florida, incorporated under the authority of Chapter 165, *Florida Statutes* and currently operates under Town Ordinance 96-1 which was adopted by a referendum of Town voters. Accordingly, the Town is subject to restrictions imposed by the Florida Constitution and Statutes as well as by its own ordinances. The Town operates under a Council-Manager form of government. The Town's major operations include finance, administration, public safety, street maintenance, and parks and recreation. In addition, the Town owns and operates water and sewer/wastewater utility systems.

The Town of White Springs's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies used by the Town are discussed below.

**A. Reporting Entity**

These financial statements present only the Town of White Springs (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are to be included in the Town of White Springs's reporting entity because of the significance of the operating or financial relationships with the Town.

At September 30, 2016, the Town of White Springs's financial statements consist only of those functions and activities administered directly by the Mayor and Town Council and include no component units.

**B. Basis of Presentation**

The Town of White Springs's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). The government-wide statements categorize primary activities as either governmental or business type. The Town's finance, administration, police and fire protection, street maintenance, and parks and recreation are classified as governmental activities. The Town's water and sewer/wastewater utility services are classified as a business-type activity.

**Government-wide Statements**

In the government-wide Statement of Net Position, both governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual,

economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Eliminations of internal activities have been made to minimize the double-counting of internal transactions.

The Town's net position is reported in three parts - invested in capital assets, net of related debt; restricted; and unrestricted. Neither fiduciary funds nor component units that are fiduciary in nature are included.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental and business-type activities (general government, public safety, physical environment, transportation, economic environment, transportation, and culture/recreation, etc.).

The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, permits and charges, etc.) and service charges (utilities).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, physical environment, transportation, economic environment, transportation, and culture/recreation, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

The Town does not allocate indirect costs to functions in the statement of activities.

### Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. If applicable, all remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

### Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Town's major governmental 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.

#### Proprietary Funds:

The Town's proprietary fund accounts for its water and sewer/wastewater utility operations.

#### C. Measurement Focus, Basis of Accounting

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements use the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. Revenues are considered available if 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 sixty days after the end of the current fiscal period.

Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principle and interest on general obligation long-term debt, if any, is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long term debt and acquisitions under capital leases are reported as other financing sources.

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

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.

The Town considers all exchange transactions to be operating revenues. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

#### D. Financial Statement Amounts

##### Cash and Cash Equivalents

For its Proprietary Fund, the Town has defined cash and cash equivalents to include cash on hand, demand deposits, and funds placed in the State of Florida Board of Administration Local Government Investment Pool which can be deposited or withdrawn at any time without prior notice or penalty.

##### Inventories

It is the policy of the Town to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time is nominal in amount and is considered immaterial.

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-50 years
Improvements other than buildings	10-50 years
Equipment, furniture, and vehicles	5-12 years

GASBS No. 34 required the Town to report and depreciate new infrastructure assets effective as of October 1, 2003. Infrastructure assets include roads, bridges, underground pipe, traffic signals, sidewalks, etc. In the future, these infrastructure assets are likely to be the largest asset class of the Town. The Town, a Phase 3 Government, elected not to retroactively report infrastructure but to capitalize current and future asset acquisitions.

##### Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities

and expenses and the recipient recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met.

#### E. Compensated Absences

The Town has adopted personnel policies providing annual vacation and sick leave benefits to employees. Accrued vacation and sick leave vests with a maximum of 240 hours for each leave type being paid upon a separation of service in good standing.

The Town accrues unpaid vacation costs when earned by the employee. The non-current portion for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

#### F. Governmental Funds - Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The Town does not have a policy regarding the commitment or assignment of fund balances. As a result, the Town does not report any committed fund balance. In accordance with GASB 54, the Town reports the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the general fund, if applicable.

When committed, assigned, and unassigned funds are available for use, the Town's procedures are to use the restricted funds first, followed by assigned funds, and then the unassigned funds. When both restricted and unrestricted funds are available for expenditure, the Town's policy is to expend restricted amounts until exhausted.

#### G. Ad Valorem Taxes

Article VII of the Florida Constitution provides that municipalities are authorized to impose ad valorem taxes on real and intangible personal property. The Town's property taxes, levied by November 1 on assessed valuations as of January 1, are due and payable November 1. Taxes not paid by the following April 1, are considered delinquent and subject to collection through issuance of tax warrants (personal property taxes) and the sale of tax certificates (real property taxes). All taxes imposed pursuant to the constitution and the laws of the State of Florida constitute a first lien as of January 1, superior to all other liens, continuing in force until discharged by payment or until barred by the provisions of Chapter 95, *Florida Statutes*. The elected officials of Hamilton County, Florida perform the property assessment and tax collection functions.

## H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## I. Interfund Activity

Interfund activity is reported as loans, services provided, or reimbursements of transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

## J. Deferred Inflows of Resources

When applicable, the Town's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period.

## **Note 2. Deposits and Investments**

Pursuant to *Florida Statutes* 218.415(17), the Town is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in *Florida Statutes* 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02
- (d) Direct obligations of the U.S. Treasury.

During the year ended September 30, 2016, the Town complied with the above requirements.

Chapter 218 *Florida Statutes* governs funds invested in Florida PRIME, the state's investment service for public funds. The Town's deposits in Florida PRIME, a Securities and Exchange

Commission Rule 2a7-like external investment pool 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. As of September 30, 2016, the Florida PRIME rating as established by Standard and Poors was AAAM. The weighted average day to maturity is 50 days.

The Florida PRIME investment policies can be viewed at: [www.sbafla.com/prime](http://www.sbafla.com/prime).

The Town's deposits are as follows:

Cash	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Deposits	\$ 267,652	\$ 89,830	\$ 357,482
Florida Prime	-	7,748	7,748
Total unrestricted deposits	<u>267,652</u>	<u>97,578</u>	<u>365,230</u>
Deposits	-	112,328	112,328
Florida Prime	-	2	2
Total restricted deposits	<u>-</u>	<u>112,330</u>	<u>112,330</u>
Total cash	<u>\$ 267,652</u>	<u>\$ 209,908</u>	<u>\$ 477,560</u>

### Note 3. Accounts Receivable

Accounts receivable at September 30, 2016, of the Enterprise Fund, consisted of the following:

	<u>Billed</u> <u>Accounts</u>
Gross	\$ 13,750
Allowance for doubtful accounts	<u>(3,000)</u>
Net accounts receivable	<u>\$ 10,750</u>

At September 30, 2016, the Town's allowance for doubtful accounts was based on an estimate of those accounts not deemed collectible.

### Note 4. Due from Other Governmental Units

Due from other governmental units at September 30, 2016, consists of the following:

Hamilton County, FL	\$ 850
Hamilton County Development Authority	25,000
State of Florida	<u>288,706</u>
Total	<u>\$ 314,556</u>

## Note 5. Capital Assets

Capital asset activity for the year ending September 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 114,440	\$ -	\$ -	\$ 114,440
Construction in progress	<u>105,843</u>	<u>610,888</u>	<u>669,089</u>	<u>47,642</u>
Total capital assets not being depreciated	<u>220,283</u>	<u>610,888</u>	<u>669,089</u>	<u>162,082</u>
Other capital assets				
Buildings	87,855	669,088	-	756,943
Infrastructure	2,219,797	-	-	2,219,797
Equipment, furniture, and vehicles	<u>504,176</u>	<u>75,167</u>	-	<u>579,343</u>
Total other capital assets	<u>2,811,828</u>	<u>744,255</u>	-	<u>3,556,083</u>
Less accumulated depreciation for				
Buildings	(47,250)	(2,020)	-	(49,270)
Infrastructure	(294,466)	(45,597)	-	(340,063)
Equipment, furniture, and vehicles	<u>(344,610)</u>	<u>(20,268)</u>	-	<u>(364,878)</u>
Total accumulated depreciation	<u>(686,326)</u>	<u>(67,885)</u>	-	<u>(754,211)</u>
Other capital assets, net	<u>2,125,502</u>	<u>676,370</u>	-	<u>2,801,872</u>
Governmental activities capital assets, net	<u>\$ 2,345,785</u>	<u>\$ 1,287,258</u>	<u>\$ 669,089</u>	<u>\$ 2,963,954</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	<u>138,175</u>	-	-	<u>138,175</u>
Total capital assets not being depreciated	<u>141,745</u>	-	-	<u>141,745</u>
Other capital assets				
Buildings	1,100,606	-	-	1,100,606
Infrastructure	7,483,239	-	-	7,483,239
Equipment, furniture, and vehicles	<u>278,424</u>	-	-	<u>278,424</u>
Total other capital assets	<u>8,862,269</u>	-	-	<u>8,862,269</u>
Less accumulated depreciation for				
Buildings	(393,118)	(27,515)	-	(420,633)
Infrastructure	(1,494,309)	(156,467)	-	(1,650,776)
Equipment, furniture, and vehicles	<u>(170,218)</u>	<u>(8,450)</u>	-	<u>(178,668)</u>
Total accumulated depreciation	<u>(2,057,645)</u>	<u>(192,432)</u>	-	<u>(2,250,077)</u>
Other capital assets, net	<u>6,804,624</u>	<u>(192,432)</u>	-	<u>6,612,192</u>
Business-type activities capital assets, net	<u>\$ 6,946,369</u>	<u>\$ (192,432)</u>	<u>\$ -</u>	<u>\$ 6,753,937</u>

Depreciation expense was charged the following functions as follows:

Governmental activities	
General government	\$ 5,967
Public safety	9,849
Physical environment	-
Transportation	5,818
Economic environment	39,592
Culture/recreation	<u>6,659</u>
Total governmental activities depreciation expense	<u>\$ 67,885</u>
Business-type activities	
Physical environment	<u>\$ 192,432</u>

## Note 6. Long-Term Obligations

### Governmental Activities

#### A. Revenue Bond – Series 2008

The Town has a loan agreement (bond) with the U.S. Department of Agriculture in the amount of \$76,660, for the purchase of police and fire vehicles. The loan is secured by a pledge of the Town's non-ad valorem funds. The bonds are to be repaid in ten annual installments averaging \$9,878 including interest of 4.625%.

At September 30, 2016, debt service to maturity is as follows:

Fiscal year ending	Revenue Bond, Series 2008		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/30/2017	\$ 9,000	\$ 833	\$ 9,833
9/30/2018	<u>9,000</u>	<u>416</u>	<u>9,416</u>
Totals	<u>\$ 27,000</u>	<u>\$ 2,498</u>	<u>\$ 29,498</u>

Interest paid on the above was \$1,249 for the year ending September 30, 2016.

#### B. Capital lease

The Town had a capital lease agreement with Ring Investments in the amount of \$39,285 for the purchase of a Cat 416E Backhoe Loader. The lease was paid in five annual installments of \$8,728 including interest of 5.55%. The lease agreement was extinguished during the 2015-16 fiscal year.

Interest paid on the above was \$460 for the year ending September 30, 2016.

## Business-type Activities

### A. Debt Purchase Agreement

The Town has a Debt Purchase Agreement, Funding Number CS120 22902P, with the State of Florida Department of Environmental Protection. The Agreement provided funding for the collection, transmission, and major rehabilitation of the Town's Wastewater System.

The debt is to be repaid in forty semiannual payments of \$48,827 including interest of 3.8%. The Agreement is secured by "specific revenues (all income or earnings received by the Town from the ownership or operation of its Water and Sewer Systems, including investment income) pledged as security for repayment of the Debt and shall be 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."

The Town incurred interest expense of \$13,496 during the year ending September 30, 2016. The amount is included in the direct expense of the Town's Sewer/waste water Department.

Debt service to maturity is as follows:

Agreement CS120 22902P				
<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 32,867	\$ 19,993	\$ 12,875	
2018	32,867	20,634	12,233	
2019	32,867	21,295	11,572	
2020	32,867	21,978	10,889	
2021	32,867	22,683	10,184	
2022-26	164,336	124,805	39,531	
2027-31	164,336	146,141	18,195	
2032	<u>32,867</u>	<u>32,099</u>	<u>768</u>	
	<u>\$ 525,875</u>	<u>\$ 409,628</u>	<u>\$ 116,246</u>	

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

On November 1, 2001, the Town issued Water and Sewer Bonds Series A&B in the amount of \$738,500 through the U.S. Department of Agriculture for the purpose of providing permanent financing for the water and sewer project. The Bonds are secured by the gross revenues from the combined water and sewer system.

The bonds mature annually on January 1 through September 1, 2041. Annual payments average \$40,784, including interest of 4.5%.

A sinking fund is required by the bond ordinance to accumulate funds to meet principal and interest payments. Monthly deposits of one-twelfth of the annual payment are required. Within the sinking fund, a reserve account is also to be established and requires funding over a ten year period of a "monthly reserve deposit amount" equal to 1/120<sup>th</sup> of the "maximum bond service

requirement” or \$41,665. Funding of the reserve may cease when the maximum bond service requirement is equaled or exceeded.

At September 30, 2016, \$76,672 was held in the sinking fund for debt service and reserve purposes.

The Town incurred interest expense of \$27,810 on the Series 2001 A&B Revenue Bonds during the year ending September 30, 2016. The amount is included in the direct expense of the Town’s Sewer/waste water Department.

Debt service to maturity is as follows:

Bond Series 2001A and 2001B				
Date	Payment	Principal	Interest	
2017	\$ 41,300	\$ 14,000	\$ 27,300	
2018	40,595	14,000	26,595	
2019	40,965	15,000	25,965	
2020	41,290	16,000	25,290	
2021	40,637	16,000	24,637	
2022-26	204,344	93,000	111,344	
2027-31	205,294	117,000	88,294	
2032-36	204,616	145,000	59,616	
2037-41	<u>199,191</u>	<u>175,000</u>	<u>24,191</u>	
	<u>\$ 1,018,232</u>	<u>\$ 605,000</u>	<u>\$ 413,232</u>	

Long-term liability activity for the year ended September 30, 2016, was as follows:

Governmental Activities	10/1/2015	Additions	Deductions	9/30/2016	Amounts due
					within
					One Year
Compensated absences	\$ 24,119	\$ 24,250	\$ 17,916	\$ 30,453	\$ 4,567
Lease payable	8,269	-	8,269	-	-
USDA Bond 2008	<u>27,000</u>	<u>-</u>	<u>9,000</u>	<u>18,000</u>	<u>9,000</u>
Totals	<u>\$ 59,388</u>	<u>\$ 24,250</u>	<u>\$ 35,185</u>	<u>\$ 48,453</u>	<u>\$ 13,567</u>

Business Type	10/1/2015	Additions	Deductions	9/30/2016	Amounts due
					within
					One Year
Compensated absences	\$ 15,506	\$ 9,310	\$ 8,196	\$ 16,620	\$ 16,620
State Revolving Fund Loan	429,050	-	19,371	409,679	19,993
Water and Sewer Bonds 2001	<u>618,000</u>	<u>-</u>	<u>13,000</u>	<u>605,000</u>	<u>14,000</u>
Totals	<u>\$ 1,062,556</u>	<u>\$ 9,310</u>	<u>\$ 40,567</u>	<u>\$ 1,031,299</u>	<u>\$ 50,613</u>

**Note 7. Interfund Balances and Transfers**

Internal balances for the year ending September 30, 2016, were as follows:

Major Funds	<u>Transfers-in</u>	<u>Transfers-out</u>	<u>Description</u>
General	\$ 71,470	\$ -	Budgeted transfer
Enterprise	-	71,470	Budgeted transfer
Totals	<u>\$ 71,470</u>	<u>\$ 71,470</u>	

**NOTE 8. Fund Balance Reporting**

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) provides a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances for governmental funds: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints:

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

**Spendable**

The Town has classified the spendable fund balance as unassigned. At September 30, 2016, the unassigned general fund balance was \$245,783 or twenty percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2016, was as follows:

Description	General Fund
Fund balances:	
Spendable	
Unassigned	<u>\$ 245,783</u>

**Note 9. Defined Contribution Plan**

The Town participates in a 457 Deferred Compensation Plan administered by the International City/County Management Association (ICMA). Contributions to the plan by employees are made pre-tax. Employees control how their account is invested. Withdrawals can be made from the account upon a separation of service. Beneficiaries can receive any remaining assets upon death.

The Town and its participants are required to contribute five percent each of the annual covered payroll.

The Town’s contributions for its participating employees for the past four years are as follows (employees matched the amounts):

Retirement contributions for the year ending September 30,	<u>Amount</u>
2016	\$ 8,355
2015	8,111
2014	14,144
2013	8,754

**Note 10. Commitments**

The Town has an agreement with Waste Pro of Florida, Inc., for the collection of solid waste. The agreement established a base rate in 2012 for the various services provided and is annually adjusted by the changes in the Consumer Price Index, National Index for All Items (CPI). The annual adjustment of Commercial and Roll-Off Services rates under the provision shall not exceed 10 percent. Prices are subject to renegotiation if Columbia County, Florida, significantly increases its disposal rate or an alternate site must be used. The agreement was renewed in February 2017 and may be renewed for successive periods of five years with the same terms and conditions as the terms in force upon consent of Town and Waste Pro.

The Town has an agreement with Utility Service Co., Inc., for water tank maintenance. The agreement began in 2013 and continues for an indefinite period of time and can be terminated by written notice 90 days prior to the first day of the upcoming contract year. Fees are \$18,983 for the first five years, \$9,831 for year’s six to eight, and adjusted beginning in year nine to reflect the cost of service limited to a five percent annual increase.

**Note 11. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance to mitigate the risk of property loss or other liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **Note 12. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. 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.

Post year end, the Federal Emergency Management Agency (FEMA) completed its review of expenditures claimed under the Jewett Street Project (Pre-Application Number PA-04-FL-4068-RPA-0036) incurred after Tropical Storm Debby. The result of the review was a disallowance of claims totaling \$13,931. The Town recorded the liability at September 30, 2016.

## **NOTE 13. Current/Future Accounting Pronouncements**

The following statements of the Governmental Accounting Standards Board were effective for the Town's 2015-16 fiscal year:

*No. 72, Fair Value Measurement and Application*

*No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67*

*and 68 No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

*No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

*No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

As required, the Town adopted the above pronouncements. The financial statements reflect the use of the above pronouncements as applicable.

The following statements will be effective for the Town's 2017-18 fiscal year (and beyond):

*No. 77, Tax Abatement Disclosures*

*No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

*No. 79, Certain External Investment Pools and Pool Participants*

*No. 80, Blending Requirements For Certain Component Units – an amendment of GASB No. 14*

The Town is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2017.

## **Note 14. Subsequent Events**

The Town's management has evaluated subsequent events through the date of the audit report – March 28, 2017.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



**TOWN OF WHITE SPRINGS, FLORIDA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended September 30, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Beginning fund balance	\$ 146,995	\$ 146,995	\$ 208,392	\$ 61,397
Resources (inflows)				
Taxes	335,882	335,882	386,391	50,509
Licenses and permits	500	500	-	(500)
Intergovernmental revenue	81,708	81,708	746,418	664,710
Charges for services	19,565	19,565	37,669	18,104
Fines and forfeits	1,650	1,650	1,814	164
Miscellaneous revenues	23,025	23,025	42,089	19,064
Other sources	<u>59,520</u>	<u>59,520</u>	<u>71,470</u>	<u>11,950</u>
Total amount available for appropriation	<u>668,845</u>	<u>668,845</u>	<u>1,494,243</u>	<u>825,398</u>
Appropriation				
General government services	233,939	233,939	234,115	(176)
Public safety	228,770	228,770	897,362	(668,592)
Physical environment	-	-	-	-
Transportation	57,091	57,091	70,637	(13,546)
Economic environment	-	-	719	(719)
Human services	-	-	17,967	(17,967)
Culture and recreation	2,050	2,050	27,660	(25,610)
Other uses	<u>146,995</u>	<u>146,995</u>	<u>-</u>	<u>146,995</u>
Total appropriations	<u>668,845</u>	<u>668,845</u>	<u>1,248,460</u>	<u>(579,615)</u>
Reserves/ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,783</u>	<u>\$ 245,783</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

September 30, 2016

**Note 1. Budget**

As required by *Florida Statute* 166.241, budgets are adopted by the Town annually. All appropriations lapse at fiscal year-end.

On or before September 1, the Town Manager compiles and submits a comprehensive budget to the Town Council. The Town Council conducts public hearings on the proposed budget after September 1 but before September 30. On or before September 30, the Town Council adopts the budget.

The appropriated budget is prepared on a detailed line item basis by fund, function, and department. Revenues are budgeted by source. Expenditures are budgeted by department and object classification as follows: personal services, operating expenditures (expenses), capital outlay, debt service, and transfers. Increases of a fund's appropriations require the approval of the Town Council. The legal level of budgetary control is the fund level. Budgetary information is integrated into the accounting system and appropriations are controlled at the fund level for management control purposes.

The Town did not amend its budget post year end.

**Note 2. Budget to Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accounting principles follows:

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules	\$ 1,494,244
Differences - budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	(208,393)
Transfers in are available for appropriation but is not a current-year revenue for financial reporting purposes	<u>(71,470)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,214,381</u>
Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	\$ 1,248,460
Adjustments	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 1,248,460</u>

**Note 3. Budget Over-expenditure**

Contrary to *Florida Statutes* 166.221(2), the Town over-expended its General Fund's budget.

**SUPPLEMENTARY  
INFORMATION**



**TOWN OF WHITE SPRINGS, FLORIDA**

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

For the Year Ended September 30, 2016

	Federal/State CFDA/CSFA <u>Number</u>	Grant/ Contract <u>Number</u>	Contract Period		Grant <u>Amount</u>	<u>Expenditures</u>	Transfers to <u>Subrecipients</u>
			<u>Beginning</u>	<u>Ending</u>			
<b>Federal Awards</b>							
Department of Housing and Urban Development							
State of Florida Department of Economic Opportunity							
Community Development Block Grant	14.228	15DB-OJ-03-34-02-N 24	02/03/15	02/02/17	\$ 600,000	\$ 574,638	\$ -
Department of Justice							
Florida Department of Law Enforcement							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGD-HAMI-1-HI4-052	02/01/16	06/30/16	1,000	1,000	-
Department of Agriculture							
Community Facilities Grant	10.766	-	05/31/16	09/30/16	<u>46,700</u>	<u>46,700</u>	<u>-</u>
Total federal assistance					<u>\$ 647,700</u>	<u>\$ 622,338</u>	<u>\$ -</u>

Notes to Schedule:

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity for the Town of White Springs, Florida, for the year ended September 30, 2016. Because the Schedule presents only a selected portion of the operations of the Town of White Springs, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of White Springs, Florida.

Note 2. Summary of Significant Accounting Policies

Expenses/expenditures reported in the Schedule are reported on the modified accrual/accrual basis of accounting depending upon the fund in which the expenses/expenditures are incurred.

**TOWN OF WHITE SPRINGS, FLORIDA**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE  
DEEPWATER HORIZON OIL SPILL**

For the Year Ended September 30, 2016

<u>Source</u>	<u>Beginning Balance</u>	<u>Amount expended in the 2015-16 Fiscal Year</u>	<u>Ending Balance</u>
British Petroleum Agreement No. 133708	\$ <u>27,381</u>	\$ <u>-</u>	\$ <u>27,381</u>

Note to Schedule:

The above amounts do not include funds related to the Deepwater Horizon Oil Spill that are considered federal awards or state financial assistance. The Schedule of Federal Awards and State Financial Assistance does not include any funds related to the Deepwater Horizon Oil Spill.

# **COMPLIANCE SECTION**



**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Jasper, FL 32052

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kmdcpa@windstream.net

**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 Honorable Mayor and Members of the Town Council  
Town of White Springs, Florida

I 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of White Springs, Florida's basic financial statements, and have issued my report thereon dated March 28, 2017.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of White Springs, Florida's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of White Springs, Florida'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of White Springs, Florida's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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



Kenneth M. Daniels  
Certified Public Accountant  
March 28, 2017

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**INDEPENDENT ACCOUNTANT'S REPORT**

Honorable Mayor and Town Council  
Town of White Springs, Florida

I have examined the Town of White Springs, Florida's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2016. Management is responsible for the Town of White Springs's compliance with those requirements. My responsibility is to express an opinion on the Town of White Springs, Florida's compliance based on my examination.

My 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 of White Springs's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Town of White Springs, Florida's compliance with the requirements.

In my opinion, the Town of White Springs, Florida, complied in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Kenneth M. Daniels  
Certified Public Accountant  
March 28, 2017

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**MANAGEMENT LETTER**

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

**Report on the Financial Statements**

I have audited the financial statements of the Town of White Springs, Florida, as of and for the fiscal year ended September 30, 2016, and have issued my report thereon dated March 28, 2017.

**Auditor's Responsibility**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Other Reports**

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in that report, which is dated March 28, 2017, should be considered in conjunction with this management letter.

**Prior year findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

**Prior Year Findings**

2015-003 Utility Customer Deposits (2<sup>nd</sup> Year)

Criteria: The detailed listing of customer deposits held by the Town should be reconciled to the cash transactions and resulting balance on a monthly basis.

Condition: From my audit of utility deposits, I again discovered that the customer deposit list did not agree to the deposit account cash balance. The unadjusted variance totaled \$9,635. (Town reviewed and corrected)

Context: The lack of a monthly reconciliation of the detailed utility customer deposit list to the customer cash transactions/bank statements again led to the misstatement.

Effect: Failure to agree the transactions to the detailed customer list could lead to an under/over statement of the associated liability.

Recommendation: To ensure that the utility deposit liability is correctly stated and supported by accurate documentation, I again recommend that the Town reconcile its list of utility deposits to the cash transactions in the deposit account and resulting balance on a monthly basis.

#### 2015-006 Utility Billings (2<sup>nd</sup> Year)

Criteria: Utility billings should be computed in accordance with the applicable Town's Ordinance 15-01.

Condition: From the audit of utility receipts, I noted twenty-seven instances in which the receipted/billed amounts did not agree to the computation performed in accordance with Ordinance 15-01.

Context: The failure to correctly adjust the utility billing software for commercial garbage fees (\$24.90-\$24.25=\$.65 under billed per applicable customer) and sewer rates for all users with greater than minimum usage (\$17.00-\$19.85=\$-2.85 minimum overbilling per applicable customer). Minimum estimated net overbilling based on testing is \$930.

Effect: Over and under billing of utility customers.

Recommendation: Annually review software computation for accuracy based on the rates in effect.

#### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1. The Town of White Springs, Florida's financial statements included no component units.

#### **Financial Condition**

Section 10.554(1)(i)5.a., and 10.556(7), *Rules of the Auditor General*, requires that I report the results of my determination as to whether or not the Town of White Springs, Florida, has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with my audit, I determined that the Town of White Springs, Florida, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1) (i) 5.c. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Town of White Springs's financial condition, and my financial condition assessment was based in part on representations by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2016.

### **Annual Financial Report**

Section 10.554(1) (i) 5.b., and 10.556(7) *Rules of the Auditor General*, requires that I apply appropriate procedures and report the results of my determination as to whether the annual financial report for the Town of White Springs, Florida, for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with my audit, I determined that these two reports were in agreement.

### **Special District Component Units**

Section 10.554(1) (i) 5.d, *Rules of the Auditor General*, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3) (b), *Florida Statutes*. In connection with my audit, I determined that there was no financial activity in the applicable component units and, therefore, nothing to report.

### **Other Matters**

Section 10.554(1) (i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations other than those indicated above.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

### **USDA Rural Development Department of Agriculture Requirements**

1. The Town of White Springs, Florida adopted a budget in accordance with *Florida Statutes* 166.241.
2. The Town had established a sinking fund in accordance with Article III, Section 3.04(C) Covenants, Special Funds and Application Thereof of the Bond Covenant.
3. The Town's funds are collateralized in accordance with *Florida Statutes* 218.415.
4. Rates established by Ordinance 15-01 are adequate to fund reserves and operating costs.
5. Insurance is carried on the Town's real and personal property as well as dishonesty bonding on all employees who possess pledged funds.
6. The annual audit was performed using generally accepted accounting principles.
7. No instances of noncompliance with the Internal Revenue Code were noted.

8. No free utility services or preferential rates were provided by the Town.
9. No significant instances of noncompliance were noted with the loan agreements.

**Purpose of this Letter**

The management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels  
Certified Public Accountant  
March 28, 2017



**TOWN'S RESPONSE TO  
MANAGEMENT LETTER  
FINDINGS**



**Town of White Springs, Florida**  
**PO Drawer D · 10363 Bridge Street**  
**White Springs, FL 32096**  
**Ph. (386) 397-2310 · Fax (386) 397-1542**

March 28, 2017

RE: Management letter audit findings

Mr. Daniels:

Please find below the Town's responses to the referenced audit findings:

2015-003 Utility Customer Deposits

Monthly, the utility customer deposit list will be agreed to the deposit cash account and associated transactions. The agreement will be performed by the Town's Finance Director and submitted to the Town Manager for review and approval.

2015-006 Utility Billings

After any change in billing amounts, the Town's staff will determine that all billings from the utility software are being computed correctly. Periodically, the Town will check the computations to ensure that they are correct.

Conclusion

The Town's goal is to provide its citizens with accurate and timely financial information supported by appropriate internal controls and compliance with laws and regulations.

Citizens should be assured that Town management will continuously strive to improve the Town's financial circumstances.

Sincerely,



Stacy Tebo  
Town Manager