

TOWN OF WHITE SPRINGS, FLORIDA

ANNUAL FINANCIAL REPORT

September 30, 2013

TOWN OF WHITE SPRINGS, FLORIDA

ANNUAL FINANCIAL REPORT

September 30, 2013

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TOWN OF WHITE SPRINGS, FLORIDA

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INTRODUCTORY SECTION

TOWN OF WHITE SPRINGS, FLORIDA

September 30, 2013

LIST OF PRINCIPAL OFFICIALS

MAYOR

Dr. Helen Miller

VICE-MAYOR

Walter McKenzie

TOWN COUNCIL

Richard Marshall

John Bullard

Tonja Brown

TOWN MANAGER

Bob Farley

TOWN CLERK

Shirley Heath

TOWN ATTORNEY

Fred Koberlein

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

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

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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, 2013, 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.

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, 2013, 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.

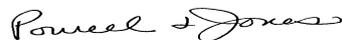
Other Matters

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 June 24, 2014, 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
June 24, 2014

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, 2013 and 2012, follows:

Net Position at September 30, 2013 and 2012

	Governmental Activities	Business-type Activities	Total Government	
			2013	2012
Assets				
Cash and cash equivalents	\$ 125,352	\$ 108,539	\$ 233,891	\$ 600,227
Other current assets	25,098	5,993	31,091	32,371
Capital assets	2,319,908	7,193,060	9,512,968	9,541,464
Total assets	2,470,358	7,307,592	9,777,950	10,174,062
Liabilities				
Other current liabilities	6,532	95,777	102,309	209,352
Long term debt outstanding	78,714	1,078,825	1,157,539	1,842,229
Total liabilities	85,246	1,174,602	1,259,848	2,051,581
Net position				
Invested in capital assets, net of related debt	2,253,383	6,084,044	8,337,427	7,961,835
Restricted, debt service	-	-	-	36,954
Unrestricted	131,729	48,946	180,675	123,692
Total net assets	\$ 2,385,112	\$ 6,132,990	\$ 8,518,102	\$ 8,122,481

98% of the Town's net position reflect 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 represent resources that are dedicated or subject to restriction on how they may be used. The remaining balance of unrestricted net position of \$117,285 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 decrease in Governmental net position is due primarily to ongoing operations. The increase 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, 2013 and 2012

	Governmental Activities	Business-type Activities	Total Government	
			2013	2012
Revenues				
Program revenues				
Charges for services	\$ 44,815	\$ 341,932	\$ 386,747	\$ 326,648
Grants	152,752	205,422	358,174	487,830
SRF Grant earned	-	374,786	374,786	69,568
Contributions	90,292	-	90,292	57,917
General revenues				
Taxes	211,434	-	211,434	196,439
Franchise fees	28,966	-	28,966	31,209
Motor fuel rebate	969	-	969	1,484
Licenses	4,265	-	4,265	4,282
Fines and forfeitures	2,347	-	2,347	1,229
State shared revenues	58,318	-	58,318	58,164
Interest	22	66	88	3,031
Miscellaneous	29,192	6,700	35,892	46,875
Total revenues	<u>623,372</u>	<u>928,906</u>	<u>1,552,278</u>	<u>1,284,676</u>
Expenses				
General government	156,852	42,124	198,976	179,219
Public safety	255,139	-	255,139	269,005
Transportation	67,193	-	67,193	97,846
Economic environment	27,976	-	27,976	27,976
Human services	62,623	-	62,623	55,204
Culture/recreation	11,792	-	11,792	25,811
Interest on long-term debt	4,054	47,947	52,001	31,634
Water	-	71,382	71,382	61,634
Garbage services	-	81,936	81,936	80,119
Sewer	-	327,639	327,639	305,459
Total expenses	<u>585,629</u>	<u>571,028</u>	<u>1,156,657</u>	<u>1,133,907</u>
Change in net assets	37,743	357,878	395,621	150,769
Transfers	8,000	(8,000)	-	-
Beginning net assets	<u>2,339,369</u>	<u>5,783,112</u>	<u>8,122,481</u>	<u>7,971,712</u>
Ending net assets	<u>\$ 2,385,112</u>	<u>\$ 6,132,990</u>	<u>\$ 8,518,102</u>	<u>\$ 8,122,481</u>

Governmental activities:

While grants and contributions provide 39% of the revenue for Governmental Activities, taxes provide 34% and state shared revenues provide 9%. Most of the Governmental Activities resources are spent for General Government (27%), Public Safety (44%), and Transportation (11%). Governmental activities increased the Town's net position by \$37,743.

Business-type activities:

Business-type activities increased the Town's net position by \$357,878.

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 \$200,158 more than was budgeted, while the general fund's expenditures were \$177,615 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, 2013, the Town had \$9.5 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 increase (additions, deductions, and depreciation) of \$28,496 over last year.

Capital Assets at September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
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	446,726	-	446,726	49,950
Improvements	2,127,135	2,127,135	6,883,239	7,483,239	9,010,374	9,610,374
Equipment	450,684	482,073	280,924	278,424	731,608	760,497
Subtotal	2,780,114	2,861,453	8,715,065	8,865,839	11,495,179	11,727,292
Accumulated depreciation	(472,563)	(541,545)	(1,481,152)	(1,672,779)	(1,953,715)	(2,214,324)
Capital assets, net	<u>\$ 2,307,551</u>	<u>\$ 2,319,908</u>	<u>\$ 7,233,913</u>	<u>\$ 7,193,060</u>	<u>\$ 9,541,464</u>	<u>\$ 9,512,968</u>

Debt Outstanding

At year-end, the Town had \$1.2 million in long-term obligations outstanding versus \$1.5 million last year, a decrease of \$379,737

Debt Outstanding at September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
USDA bonds	\$ -	\$ -	\$ 655,000	\$ 643,000	\$ 655,000	\$ 643,000
State revolving fund loans	-	-	830,910	466,016	830,910	466,016
USDA loan	51,000	43,000	-	-	51,000	43,000
Lease payable	30,557	23,525	-	-	30,557	23,525
Compensated absences	-	12,189	-	-	-	12,189
Total long-term obligations	<u>\$ 81,557</u>	<u>\$ 78,714</u>	<u>\$ 1,485,910</u>	<u>\$ 1,109,016</u>	<u>\$ 1,567,467</u>	<u>\$ 1,187,730</u>

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 8.2%. This is approximately the same as Hamilton County.
- The official population for the Town in 2013 was 776 and is estimated to be approximately the same in 2014.
- The ad valorem tax millage rate for the Town was 4.387 mills in 2013.

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, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 125,352	\$ 53,750	\$ 179,102
Accounts receivable - net	15,556	5,993	21,549
Due from other governmental units	9,542	-	9,542
Total current assets	<u>150,450</u>	<u>59,743</u>	<u>210,193</u>
Restricted assets			
Cash	-	47,208	47,208
Investments	-	7,581	7,581
Total restricted assets	<u>-</u>	<u>54,789</u>	<u>54,789</u>
Capital assets - net	2,319,908	7,193,060	9,512,968
Total assets	<u><u>\$ 2,470,358</u></u>	<u><u>\$ 7,307,592</u></u>	<u><u>\$ 9,777,950</u></u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 4,268	\$ 14,617	\$ 18,885
Accrued liabilities	113	302	415
Accrued compensated absences	2,151	1,971	4,122
Lease payable	7,422	-	7,422
Total current liabilities	<u>13,954</u>	<u>16,890</u>	<u>30,844</u>
Current liabilities (payable from restricted assets)			
Accrued interest payable	-	6,821	6,821
Deposits	-	33,995	33,995
Loans payable - FDEP	-	18,191	18,191
Loans payable - USDA	8,000	12,000	20,000
Total current liabilities (payable from restricted assets)	<u>8,000</u>	<u>71,007</u>	<u>79,007</u>
(continued)			

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET POSITION

September 30, 2013

	Governmental Activities	Business-type Activities	Total
Long-term liabilities			
Loans payable - FDEP	\$ -	\$ 447,825	\$ 447,825
Loans payable - USDA	35,000	631,000	666,000
Lease payable	16,103	-	16,103
Accrued compensated absences	12,189	7,880	20,069
Total long-term liabilities	<u>63,292</u>	<u>1,086,705</u>	<u>1,149,997</u>
Total liabilities	<u>85,246</u>	<u>1,174,602</u>	<u>1,259,848</u>
 NET POSITION			
Invested in capital assets, net of related debt	2,253,383	6,084,044	8,337,427
Unrestricted	<u>131,729</u>	<u>48,946</u>	<u>180,675</u>
Total net position	<u>2,385,112</u>	<u>6,132,990</u>	<u>8,518,102</u>
Total liabilities and net position	<u>\$ 2,470,358</u>	<u>\$ 7,307,592</u>	<u>\$ 9,777,950</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2013

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Fines and forfeitures	\$ 2,347	\$ -	\$ 2,347
SRF Grant earned	-	374,786	374,786
Interest	22	66	88
Rents and Royalties	15,988	-	15,988
Miscellaneous	13,204	6,700	19,904
Total general revenues	335,513	381,552	717,065
Transfers	8,000	(8,000)	-
Change in net assets	45,743	349,878	395,621
Net position beginning	2,339,369	5,783,112	8,122,481
Net position ending	\$ 2,385,112	\$ 6,132,990	\$ 8,518,102

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2013

	General Fund
ASSETS	
Cash	\$ 125,352
Accounts receivable	15,556
Due from other governmental units	9,542
Total assets	<u>\$ 150,450</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 4,268
Accrued payroll deductions	113
Accrued compensated absences	2,151
Total liabilities	<u>6,532</u>
FUND BALANCES	
Unassigned	<u>143,918</u>
Total fund balances	143,918
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	2,319,908
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds	(78,714)
Net position of governmental activities	<u>\$ 2,385,112</u>

TOWN OF WHITE SPRINGS, FLORIDA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended September 30, 2013

	General Fund
REVENUES	
Taxes	\$ 240,400
Licenses and permits	4,265
Intergovernmental revenue	212,039
Charges for services	44,815
Fines and forfeitures	2,347
Miscellaneous	119,506
Total revenues	<u>623,372</u>
EXPENDITURES	
Current expenditures	
General government	146,147
Public safety	213,226
Transportation	63,412
Health and human services	62,623
Culture/recreation	8,104
Capital outlay	
Public safety	33,691
Culture/recreation	49,950
Debt service	
Principal	15,032
Interest	4,054
Grants/aids	
Public safety	4,590
Total expenditures	<u>600,829</u>
Excess of revenues over expenditures	<u>22,543</u>
Other financing sources	
Interfund transfers in	<u>8,000</u>
Net change in fund balances	30,543
Fund balance at beginning of year	113,375
Fund balance at end of year	<u>\$ 143,918</u>

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, 2013

Net change in fund balances - total governmental funds \$ 30,543

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	83,641	
Less current year depreciation	<u>(71,284)</u>	12,357

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 (increase) decrease in leases payable	7,032	
Net (increase) decrease in loans payable	8,000	
Net (increase) decrease in compensated absences	<u>(12,189)</u>	<u>2,843</u>

Change in net position of governmental activities \$ 45,743

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2013

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 53,750
Accounts receivable	5,993
Total current assets	<u>59,743</u>
Non-current assets	
Restricted cash	
Investments	47,208
Investments	7,581
Total restricted assets	<u>54,789</u>
Fixed assets	
Land	3,570
Buildings and improvements	1,100,606
Improvements other than buildings	7,483,239
Equipment	278,424
Less accumulated depreciation	<u>(1,672,779)</u>
Total fixed assets	<u>7,193,060</u>
Total assets	<u>\$ 7,307,592</u>

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2013

	<u>Enterprise Fund</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 14,617
Accrued payroll deductions and matching	302
Accrued compensated absences	1,971
Total current liabilities	<u>16,890</u>
Current liabilities payable from restricted assets:	
Accrued interest payable	6,821
Deposits	33,995
Loan payable FDEP	18,191
Loan payable USDA	12,000
Total current liabilities payable from restricted assets	<u>71,007</u>
Non-current liabilities	
Accrued compensated absences	7,880
Loan payable FDEP	447,825
Loan payable USDA	631,000
Total non-current liabilities	<u>1,086,705</u>
Total liabilities	<u>1,174,602</u>
NET POSITION	
Invested in capital assets, net of related debt	6,084,044
Unrestricted	48,946
Total net position	<u>6,132,990</u>
Total liabilities and net position	<u>\$ 7,307,592</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Fiscal Year Ended September 30, 2013

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	
Water revenues	\$ 115,712
Water tax	11,145
Garbage/solid waste revenue	
Garbage revenue	101,191
Sewer utility revenue	
Sewer revenue	86,681
Sewer tax	8,666
Water-sewer combination	
Service charges	18,537
Miscellaneous income	6,700
Total operating revenues	<u>348,632</u>
OPERATING EXPENSES	
Legislative	
Personnel services	
Executive salaries	2,865
FICA	139
Total personnel services	<u>3,004</u>
Financial and administration	
Personnel services	
Regular salaries	17,871
FICA	1,140
Retirement	2,340
Life and health insurance	10,037
Total personnel services	<u>31,388</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Fiscal Year Ended September 30, 2013

	<u>Enterprise Fund</u>
Operating expenses	
Accounting and auditing	\$ 5,209
Travel and per diem	817
Communication services	480
Legal advertising	425
Other current charges and obligations	249
Office supplies	<u>552</u>
Total operating supplies	<u>7,732</u>
Total financial and administrative	<u>39,120</u>
Water utility services	
Personnel services	
Regular salaries	37,787
FICA	3,128
Retirement	2,080
Life and health insurance	<u>11,014</u>
Total personnel services	<u>54,009</u>
Operating expenses	
Communications services	810
Postage	1,486
Insurance	3,790
Repair and maintenance	6,419
Other current charges and obligations	11
Gas and oil	<u>4,857</u>
Total operating expenses	<u>17,373</u>
Total water utility services	<u>71,382</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Fiscal Year Ended September 30, 2013

	<u>Enterprise Fund</u>
Garbage and solid waste services	
Operating expenses	
Other contractual services	<u>\$ 81,936</u>
Sewer services	
Personnel services	
Regular salaries	36,454
FICA	2,731
Retirement	1,300
Life and health insurance	1,963
Total personnel services	<u>42,448</u>
Operating expenses	
Depreciation	194,127
Professional services	10,335
Other contractual services	10,100
Travel and per diem	1,150
Communication services	1,896
Utility services	29,675
Insurance	6,168
Repair and maintenance	19,428
Other current charges and obligations	1,708
Operating supplies	4,861
Books, publications and subscriptions	901
Vehicle expense	1,894
Gas and oil	2,948
Total operating expenses	<u>285,191</u>
Total sewer services	<u>327,639</u>
Total operating expenses	<u>523,081</u>
Operating loss	<u>(174,449)</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Fiscal Year Ended September 30, 2013

	<u>Enterprise Fund</u>
NONOPERATING REVENUES (EXPENSES)	
CDBG Grant	\$ 149,196
FEMA Grant	11,226
Grants from other local units	45,000
Interest earnings	
Interest on investments	66
SRF Grant earned	374,786
Debt service	
Interest	(47,947)
Total nonoperating revenues (expenses)	<u>532,327</u>
Net gain	357,878
OTHER FINANCING SOURCES (USES)	
Transfer out	<u>(8,000)</u>
Increase in net position	349,878
Total net position, beginning of year	<u>5,783,112</u>
Total net position end of year	<u><u>\$ 6,132,990</u></u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2013

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 347,551
Miscellaneous receipts	6,700
Cash payments to employees for services	(133,671)
Cash payments for goods and services	(194,854)
Net cash provided by operating activities	<u>25,726</u>
Cash flows from capital and related financing activities:	
CDBG Grant	149,196
FEMA Grant	11,226
Contractual grant revenue from County	45,000
Transfers out to other funds	(8,000)
Acquisitions of property and equipment	(153,274)
Principal payments	(376,894)
Interest payments	(53,288)
Net cash used for capital financing activities	<u>(386,034)</u>
Cash flows from investing activities:	
Redemption of Investments	366,011
Interest income	1,260
Net cash provided by investing activities	<u>367,271</u>
Net increase in cash	6,963
Cash and cash equivalents, beginning of year	93,995
Cash and cash equivalents, end of year	<u>\$ 100,958</u>
Cash and cash equivalents classified as:	
Current assets	\$ 53,750
Restricted assets	47,208
Total cash and cash equivalents	<u>\$ 100,958</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2013

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (174,449)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	194,127
Decrease in accounts receivable	2,139
Increase in customer deposits	3,480
Increase in accounts payable	3,251
Increase in accrued payroll deductions and matching	275
Decrease in accrued compensated absences	(3,097)
Total adjustments	<u>200,175</u>
Net cash provided by for operating activities	<u><u>\$ 25,726</u></u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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, 2013, 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, 2013. 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, 2013, 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, 2013.
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:

<u>Assets</u>	<u>Years</u>
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, 2013, 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, 2013, fund balances are composed of the following:

	<u>Amount</u>
Unassigned	<u>\$ 143,918</u>
	<u>\$ 143,918</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, 2013, net position are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	<u>\$ 6,084,044</u>
Unrestricted	<u>48,946</u>
	<u>\$ 6,132,990</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 \$143,918 differs from "net position" of governmental activities \$2,385,112 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	\$ 2,861,453
Accumulated depreciation	(541,545)
Total	<u>\$ 2,319,908</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, 2013, were:

Compensated absences	\$ 12,189
Lease payable	23,525
Loan payable	43,000
	<u>\$ 78,714</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
ASSETS				
Cash and cash equivalents	\$ 125,352	\$ -	\$ -	\$ 125,352
Accounts receivable	15,556	-	-	15,556
Due from other governmental units	9,542	-	-	9,542
Capital assets - net	-	2,319,908	-	2,319,908
Total assets	\$ 150,450	\$ 2,319,908	\$ -	\$ 2,470,358
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,268	\$ -	\$ -	\$ 4,268
Accrued liabilities	113	-	-	113
Accrued compensated absences	2,151	-	-	2,151
Loans payable	-	-	78,714	78,714
Total liabilities	6,532	-	78,714	85,246
Fund balances/net position	143,918	2,319,908	(78,714)	2,385,112
Total liabilities and fund balance/net asset	\$ 150,450	\$ 2,319,908	\$ -	\$ 2,470,358

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

The "net change in fund balances" for governmental funds \$30,543 differs from the "change in net position" for governmental activities \$45,743 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	\$ 83,641
Depreciation expense	(71,284)
Difference	<u>\$ 12,357</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	\$ 15,032
Increase in compensated absences	(12,189)
	<u>\$ 2,843</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
REVENUES				
Taxes	\$ 240,400	\$ -	\$ -	\$ 240,400
Licenses and permits	4,265	-	-	4,265
Intergovernmental	212,039	-	-	212,039
Charges for services	44,815	-	-	44,815
Fines and forfeitures	2,347	-	-	2,347
Miscellaneous	119,506	-	-	119,506
Total revenues	<u>623,372</u>	<u>-</u>	<u>-</u>	<u>623,372</u>
EXPENDITURES				
Current expenditures				
General government	146,147	3,783	6,922	156,852
Public safety	217,816	32,056	5,267	255,139
Transportation	63,412	3,781	-	67,193
Health and human services	62,623	-	-	62,623
Economic environment	-	27,976	-	27,976
Culture/recreation	8,104	3,688	-	11,792
Capital outlays				
Public safety	33,691	(33,691)	-	-
Culture/recreation	49,950	(49,950)	-	-
Debt service				
Principal	15,032	-	(15,032)	-
Interest	4,054	-	-	4,054
Total expenditures	<u>600,829</u>	<u>(12,357)</u>	<u>(2,843)</u>	<u>585,629</u>
Excess of revenues over (under) expenditures	<u>22,543</u>	<u>12,357</u>	<u>2,843</u>	<u>37,743</u>
Other financing sources				
Transfers	8,000	-	-	8,000
Net change in fund balance	<u>30,543</u>	<u>12,357</u>	<u>2,843</u>	<u>45,743</u>
Fund balances at beginning of year	<u>113,375</u>	<u>2,307,551</u>	<u>(81,557)</u>	<u>2,339,369</u>
Fund balances at end of year	<u>\$ 143,918</u>	<u>\$ 2,319,908</u>	<u>\$ (78,714)</u>	<u>\$ 2,385,112</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, 2013, the carrying amount of the Town's bank deposits was \$225,835. 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, 2013, 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	43.9 Day Average	\$ 7,141
Fund B Surplus Funds Trust Fund	4.04 Year Average	440
Total Investments		<u>\$ 7,581</u>

As of September 30, 2013, the Council's investment in the Local Government Surplus Funds Trust Fund investment pool is rated AAAM by Standard & Poors. The Fund B Surplus Trust Fund is unrated.

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 2012-2013 fiscal year were levied in October 2012. 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, 2013, was as follows:

	Beginning Balance	Additions/ Reclassifications	Deletions/ Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Land	\$ 114,440	\$ -	\$ -	\$ 114,440
Construction in progress	-	49,950	-	49,950
Buildings	87,855	-	-	87,855
Improvements	2,127,135	-	-	2,127,135
Equipment and vehicles	450,684	33,691	(2,302)	482,073
Total capital assets	2,780,114	83,641	(2,302)	2,861,453
Less accumulated depreciation	(472,563)	(71,284)	2,302	(541,545)
Governmental activities capital assets, net	<u>\$ 2,307,551</u>	<u>\$ 12,357</u>	<u>\$ -</u>	<u>\$ 2,319,908</u>
<u>Business-type activities:</u>				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	446,726	153,274	(600,000)	-
Buildings and improvements	1,100,606	-	-	1,100,606
Improvements other than buildings	6,883,239	600,000	-	7,483,239
Equipment	280,924	-	(2,500)	278,424
Total capital assets	8,715,065	753,274	(602,500)	8,865,839
Less accumulated depreciation	(1,481,152)	(194,127)	2,500	(1,672,779)
Business-type activities capital assets, net	<u>\$ 7,233,913</u>	<u>\$ 559,147</u>	<u>\$ (600,000)</u>	<u>\$ 7,193,060</u>

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

Governmental activities:	
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>
Business-type activities:	
Water and sewer utility	\$ 194,127
Total depreciation expense - business-type activities	<u>\$ 194,127</u>

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2013, were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General	\$ 15,556	\$ 9,542	\$ 25,098
Business-type activities:			
Enterprise	5,993	-	5,993
	<u>\$ 21,549</u>	<u>\$ 9,542</u>	<u>\$ 31,091</u>

Payables

Payables at September 30, 2013, were as follows:

Governmental activities:	
General	<u>\$ 4,268</u>
Business-like activities:	
Enterprise	<u>\$ 14,617</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, 2013, the balance of this loan was \$43,000.

Repayments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 8,000	\$ 1,989	\$ 9,989
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>\$ 43,000</u>	<u>\$ 6,106</u>	<u>\$ 49,106</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, 2013, the balance of this loan was \$23,525.

Payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 7,422	\$ 1,306	\$ 8,728
2015	7,834	894	8,728
2016	8,269	459	8,728
2017	-	1	1
	<u>\$ 23,525</u>	<u>\$ 2,660</u>	<u>\$ 26,185</u>

B. Changes in Governmental -type Debt

A schedule of changes in governmental -type debt follows:

Description	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013	Due Within One Year
USDA Bond 2008	\$ 51,000	\$ -	\$ (8,000)	\$ 43,000	\$ 8,000
Lease payable	30,557	-	(7,032)	23,525	7,422
Compensated absences	-	12,189	-	12,189	2,151
	<u>\$ 81,557</u>	<u>\$ 12,189</u>	<u>\$ (15,032)</u>	<u>\$ 78,714</u>	<u>\$ 17,573</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, 2013, the balance on this loan was \$466,016. Payments, including interest of \$158,460, are scheduled as follows:

Fiscal Year Ending September 30,	Amount
2014	\$ 32,867
2015	32,867
2016	32,867
2017	32,867
2018-2022	493,009
	<u>\$ 624,477</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, 2013, is \$643,000. 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, 2013, was \$47,241.

Proprietary fund debt service requirements to maturity, including \$498,372 of interest are as follows:

Fiscal Year Ending September 30,	Series 2001A	Series 2001B	Total
2014	\$ 28,070	\$ 12,865	\$ 40,935
2015	28,710	12,685	41,395
2016	28,305	12,505	40,810
2017	28,952	12,348	41,300
2018-2041	677,870	299,062	976,932
	<u>\$ 791,907</u>	<u>\$ 349,465</u>	<u>\$ 1,141,372</u>

C . Changes in Business -type Debt

A schedule of changes in business -type debt follows:

Description	Balance	Additions	Retirements	Balance	Due
	October 1, 2012			September 30, 2013	Within One Year
State Revolving Fund Loan	\$ 830,910	\$ -	\$ (364,894)	\$ 466,016	\$ 18,191
Water and Sewer Revenue					
Bonds 2001	655,000	-	(12,000)	643,000	12,000
	<u>\$ 1,485,910</u>	<u>\$ -</u>	<u>\$ (376,894)</u>	<u>\$ 1,109,016</u>	<u>\$ 30,191</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 2013 was \$14,144. Contributions for 2012 and 2011 were \$8,754 and \$9,920, 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. FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION GRANT

In March, 1998, the Town was awarded a grant of \$900,000 from the Florida Department of Environmental Protection (DEP), through its State Revolving Fund Program. This grant was used as a component of the financing of the Town's planned wastewater facilities improvement project, which cost approximately \$4,000,000. In accordance with the terms of this grant, the funds were placed in escrow with a depository, Capital City Trust Company, which continuously invests these funds in eligible securities. These grant funds and accumulated interest were used to make debt service payments on loans made to the Town by DEP to fund this project, including the loan described in Note 10. These funds were fully expended in the current year.

NOTE 12. CAPITAL GRANTS

The following is a schedule of capital grants received by the Town, during the year, in support of the ongoing sewer system improvement project:

Hamilton County	\$ 45,000
United States Department of Housing and Urban Development - Community Development Block Grant	<u>149,196</u>
	<u><u>\$ 194,196</u></u>

NOTE 13. 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.

NOTE 14. COMMUNITY DEVELOPMENT BLOCK GRANTS

During 2011, the Town received a Community Development Block Grant, Contract #11DB-4N-03-34-02-N03, in the amount of \$600,000. This grant was used to improve sewer lines. Construction was completed in December, 2012.

The budget and current status of this grant is as follows:

	<u>Total Budget</u>	<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Balance</u>
Administration	\$ 48,000	\$ (42,107)	\$ (1,815)	\$ 4,078
Engineering	91,100	(89,550)	(1,550)	-
Sewer lines	423,987	(310,847)	(113,140)	-
New sewer line replacments	5,000	-	(5,000)	-
Sewer hook-ups	31,913	(4,222)	(27,691)	-
	<u><u>\$ 600,000</u></u>	<u><u>\$ (446,726)</u></u>	<u><u>\$ (149,196)</u></u>	<u><u>\$ 4,078</u></u>

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 66,000	\$ 65,758	\$ (242)
Sales and use taxes			
Local option gas tax/alternative fuel	32,373	36,034	3,661
Infrastructre surtax	42,719	46,927	4,208
Franchise fees			
Electricity	40,000	28,966	(11,034)
Utility and service taxes			
Electricity	46,500	44,296	(2,204)
Propane			
Suburban	1,000	1,102	102
Amerigas	500	306	(194)
Ferrell/Home Gas	3,000	1,039	(1,961)
Live Oak Gas	1,500	-	(1,500)
Local Gas	1,000	416	(584)
Communications services taxes	16,360	15,556	(804)
Total taxes	<u>250,952</u>	<u>240,400</u>	<u>(10,552)</u>
Licenses and permits			
Occupational licenses	3,500	3,170	(330)
Other licenses and permits			
LDR compliance	2,000	875	(1,125)
Other licenses and permits	200	220	20
Total licenses and permits	<u>5,700</u>	<u>4,265</u>	<u>(1,435)</u>
Intergovernmental revenue			
Federal grants			
FEMA Grant	-	26,590	26,590
Public safety Grants	1,000	8,000	7,000
Fish/Wildlife Grant	-	64,500	64,500
COPS Grant	31,000	27,647	(3,353)

(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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
State shared revenues			
General government			
State revenue sharing	\$ 32,462	\$ 32,689	\$ 227
Mobile home licenses	800	459	(341)
Alcoholic beverage licenses	500	147	(353)
Local government half-cent sales tax	28,599	25,023	(3,576)
Transportation			
Motor fuel tax rebate	1,500	969	(531)
Grants from other local units			
Economic environment			
Hamilton County	-	26,015	26,015
Total intergovernmental revenue	<u>95,861</u>	<u>212,039</u>	<u>116,178</u>
Charges for services			
General government			
Certification, copying, record search	400	223	(177)
Faxes	300	164	(136)
Notary	400	257	(143)
Public safety			
Fire protection services			
Fire Department	17,000	19,250	2,250
Transportation			
DOT state highway lighting	7,801	7,801	-
DOT Greenscape	11,000	11,380	380
Culture/recreation			
Special events	-	5,740	5,740
Total charges for services	<u>36,901</u>	<u>44,815</u>	<u>7,914</u>
Fines and forfeitures			
Court cases			
Court fines	2,000	2,218	218
Law enforcement education	200	121	(79)
Police reports	50	8	(42)
Code enforcement fines	50	-	(50)
Total fines and forfeitures	<u>2,300</u>	<u>2,347</u>	<u>47</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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Miscellaneous			
Interest earnings			
Interest on investments	\$ 100	\$ 22	\$ (78)
Rents and royalties	17,400	15,988	(1,412)
Contributions and donations			
Fire department	-	30,828	30,828
Education	-	57,214	57,214
Recreation	-	1,085	1,085
Special events	-	1,165	1,165
Other miscellaneous	14,000	13,204	(796)
Total miscellaneous	<u>31,500</u>	<u>119,506</u>	<u>88,006</u>
Total revenues	<u>423,214</u>	<u>623,372</u>	<u>200,158</u>
EXPENDITURES			
General government			
Legislative			
Personnel services	5,038	6,912	(1,874)
Operating expenses	3,000	3,095	(95)
Total legislative	<u>8,038</u>	<u>10,007</u>	<u>(1,969)</u>
Executive			
Personnel services	<u>32,500</u>	<u>20,282</u>	<u>12,218</u>
Financial and administrative			
Personnel services	41,837	52,776	(10,939)
Operating expenses	35,340	41,584	(6,244)
Total financial and administrative	<u>77,177</u>	<u>94,360</u>	<u>(17,183)</u>
Legal counsel			
Operating expenses	<u>10,000</u>	<u>18,298</u>	<u>(8,298)</u>
Comprehensive planning			
Operating expenses	<u>2,500</u>	<u>3,200</u>	<u>(700)</u>
Total general government	<u>130,215</u>	<u>146,147</u>	<u>(15,932)</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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public safety			
Law enforcement			
Personnel services	\$ 155,241	\$ 137,937	\$ 17,304
Operating expenses	35,427	44,926	(9,499)
Capital outlay	-	7,000	(7,000)
Debt service-principal	5,521	5,520	1
Debt service-interest	1,638	1,638	-
Total law enforcement	<u>197,827</u>	<u>197,021</u>	<u>806</u>
Fire control			
Personnel services	6,190	5,205	985
Operating expenses	7,076	24,883	(17,807)
Capital outlay	25,000	26,691	(1,691)
Debt service-principal	-	2,480	(2,480)
Debt service-interest	-	720	(720)
Grants/aids	-	4,590	(4,590)
Total fire control	<u>38,266</u>	<u>64,569</u>	<u>(26,303)</u>
Protective inspections			
Operating expenses	2,250	275	1,975
Total protective inspections	<u>2,250</u>	<u>275</u>	<u>1,975</u>
Total public safety	<u>238,343</u>	<u>261,865</u>	<u>(23,522)</u>
Transportation			
Roads and streets			
Personnel services	9,765	6,158	3,607
Operating expenses	43,841	57,254	(13,413)
Debt service-principal	-	7,032	(7,032)
Debt service-interest	-	1,696	(1,696)
Total transportation	<u>53,606</u>	<u>72,140</u>	<u>(18,534)</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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Health and human services			
Health			
Operating expenses	\$ 200	\$ 7,200	\$ (7,000)
Other human services			
Operating expenses	-	55,423	(55,423)
Total health and human services	<u>200</u>	<u>62,623</u>	<u>(62,423)</u>
Culture/recreation			
Parks and recreation			
Operating expenses	850	1,435	(585)
Capital outlay	-	49,950	(49,950)
Special events			
Operating expenses	-	6,669	(6,669)
Total culture/recreation	<u>850</u>	<u>58,054</u>	<u>(57,204)</u>
Total expenditures	<u>423,214</u>	<u>600,829</u>	<u>(177,615)</u>
Excess of revenue over (under) expenditures	-	22,543	22,543
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	-	8,000	8,000
Total other financing sources (uses)			
Net change in fund balance	-	30,543	30,543
Fund balance at beginning of year	113,375	113,375	-
Fund balance at end of year	<u>\$ 113,375</u>	<u>\$ 143,918</u>	<u>\$ 30,543</u>

See notes to financial statements.

COMPLIANCE SECTION

TOWN OF WHITE SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2013

<u>GRANTOR PROGRAM TITLE</u>	<u>CFDA # CSFA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Received in Prior Years</u>	<u>Balance 10-01-12</u>	<u>Revenue Received or Receivable</u>	<u>Expenditures</u>	<u>Balance (Deferred) 09-30-13</u>
FEDERAL AWARDS								
NONMAJOR PROGRAMS								
U.S. Department of H.U.D.								
Passed through the Florida Department of Community Affairs								
Community Development Block Grant -								
Florida Small Cities Program - Wastewater development	14.228	11DB-4N-03-34-02-N-03	\$ 600,000	\$ 446,726	\$ -	\$ 149,196	\$ 149,196	\$ -
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	37,816	-	-	37,816	37,816	-
U.S. Department of Justice								
Passed through the Florida Department of Law Enforcement								
E. Byrne Memorial Justice Assistance Grant	16.738	2013-JAGD-HAMI-1-D8-061	1,000	-	-	1,000	1,000	-
Community Oriented Policing Services	16.710	2011UMWX0041	79,365	20,104	-	27,648	27,648	-
U.S. Department of Transportation								
Passed through the Florida Department of Highway Safety and								
Motor Vehicles								
Click it or Ticket Equipment Grant	20.602	2013	7,000	-	-	7,000	7,000	-
Total federal awards			<u>\$ 725,181</u>	<u>\$ 466,830</u>	<u>\$ -</u>	<u>\$ 222,660</u>	<u>\$ 222,660</u>	<u>\$ -</u>
STATE FINANCIAL ASSISTANCE								
NONMAJOR PROGRAMS								
Florida Fish and Wildlife Conservation Commission								
Florida Boating Improvement Program	77.006	11156	\$ 64,500	\$ -	\$ -	\$ 64,500	\$ 64,500	\$ -
Florida Department of Environmental Protection								
State revolving fund grant	37.039	N/A	900,000	211,626	(373,592)	374,786	373,592	-
Total state financial assistance			<u>\$ 964,500</u>	<u>\$ 211,626</u>	<u>\$ (373,592)</u>	<u>\$ 439,286</u>	<u>\$ 438,092</u>	<u>\$ -</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, 2013

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, 2013, 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 June 24, 2014.

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 June 24, 2014.

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, CPAS
Lake City, Florida
June 24, 2014

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, 2013, 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, 2013, 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, 2013.

Investment of Public Funds - The Town complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the fiscal year.

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.

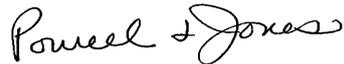
Financial Emergency Status – We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Deteriorating Financial Conditions – From our audit procedures, we noted that the prior year "deteriorating financial conditions" as defined by *Florida Statutes* had been reversed and corrected.

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
June 24, 2014



WN W TE P G

Tom Tomlinson