

TOWN OF WHITE SPRINGS, FLORIDA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

TOWN OF WHITE SPRINGS, FLORIDA

TOWN OFFICIALS

September 30, 2017

OFFICIALS

POSITION

Rhett Bullard

Mayor

Tonja Brown

Vice Mayor

Spencer Lofton

Council member

Willie Jefferson

Council member

Walter McKenzie

Council member

Stacy Tebo

Town Manager

Pam Tomlinson

Finance Director/Town
Clerk

Karen Hatton

Town Attorney

TOWN OF WHITE SPRINGS, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–10 and 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of White Springs, Florida's basic financial statements. The schedule of expenditures of federal awards and the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 13, 2018, on my consideration of the Town of White Springs, Florida's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of White Springs, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
April 13, 2018

**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

TOWN OF WHITE SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2017

Our discussion and analysis of the Town of White Springs, Florida's (the Town), financial performance provides an overview of Town's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

With assistance from the Florida Department of Environmental Protection, the Town continues the project outlined in the Capitalization Grants for State Revolving Funds #WW229040 (planning, design, and construction of wastewater pollution control facilities). The Town expended \$128,353 during the year ending September 30, 2017, for engineering services relating to the project.

With a Community Facilities Grant from the United States Department of Agriculture in the amount of \$50,300, the Town was able to purchase two trucks to be used for public safety and equipment the vehicles with analog radios.

The Hamilton County School District donated 6.54 acres of land to the Town. The fair market value of the land was estimated at \$78,480. The Town plans to incorporate the property into its recreation facilities.

USING THIS ANNUAL REPORT

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

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

Reporting the Town as a Whole

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

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

changes in the Town's property tax base and the condition of the Town's capital assets, are also necessary to assess its overall financial health.

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

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

Reporting the Town's Most Significant Funds

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

- *Governmental funds*

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

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

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

- *Proprietary funds*

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

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

The Town as a Whole

The Town's total Net Position increased approximately \$46,000. Increased fuel taxes, donation of land, and grants from the Florida Department of Environmental Protection and U.S Department of Agriculture were mitigated by increased legal fees and depreciation expense.

The Governmental Activities' Net Position increased slightly - \$70,500. The Business-type Activities Net Position decreased approximately \$24,000.

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

Table 1
Net Position
In Thousands

	Governmental		Business type		Totals	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 275	\$ 590	\$ 244	\$ 221	\$ 519	\$ 811
Capital assets	<u>3,044</u>	<u>2,964</u>	<u>6,699</u>	<u>6,754</u>	<u>9,743</u>	<u>9,718</u>
Total assets	<u>\$ 3,319</u>	<u>\$ 3,554</u>	<u>\$ 6,943</u>	<u>\$ 6,975</u>	<u>\$ 10,262</u>	<u>\$ 10,529</u>
Long term liabilities	\$ 40	\$ 49	\$ 998	\$ 1,031	\$ 1,038	\$ 1,080
Other liabilities	<u>43</u>	<u>339</u>	<u>78</u>	<u>53</u>	<u>121</u>	<u>392</u>
Total liabilities	<u>83</u>	<u>388</u>	<u>1,076</u>	<u>1,084</u>	<u>1,159</u>	<u>1,472</u>
Net position:						
Invested in Cap Assets	3,035	2,946	5,719	5,739	8,754	8,685
Restricted	-	-	-	-	-	-
Unrestricted	<u>201</u>	<u>220</u>	<u>148</u>	<u>152</u>	<u>349</u>	<u>372</u>
Total net position	<u>3,236</u>	<u>3,166</u>	<u>5,867</u>	<u>5,891</u>	<u>9,103</u>	<u>9,057</u>
Total liabilities & net position	<u>\$ 3,319</u>	<u>\$ 3,554</u>	<u>\$ 6,943</u>	<u>\$ 6,975</u>	<u>\$ 10,262</u>	<u>\$ 10,529</u>

Table 2
Changes in Net Position
(in Thousands)

Revenues	Governmental Activities		Business type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Program revenues						
General government	\$ 4	\$ 4	\$ -	\$ -	\$ 4	\$ 4
Public safety	77	676	-	-	77	676
Physical environment	-	-	-	-	-	-
Transportation	22	22	-	-	22	22
Economic environment	18	21	-	-	18	21
Culture/recreation	10	24	-	-	10	24
Water utility services	-	-	111	116	111	116
Garbage/solid waste control	-	-	114	116	114	116
Sewer utility	-	-	-	-	-	-
Sewer/wastewater services	-	-	321	216	321	216
General revenues						
Taxes						
Ad valorem	73	70	-	-	73	70
Local option gas	215	162	-	-	215	162
Discretionary sales tax	58	57	-	-	58	57
Franchise fees	33	34	-	-	-	-
Utility service	43	43	27	28	70	71
Local Communications	18	18	-	-	18	18
Intergovernmental	62	60	-	-	62	60
Interest	-	-	-	-	-	-
Miscellaneous	40	23	-	-	40	23
Total revenues	<u>673</u>	<u>1,214</u>	<u>573</u>	<u>476</u>	<u>1,213</u>	<u>1,656</u>
Program expenses						
General government	289	239	-	-	289	239
Public safety	267	225	-	-	267	225
Physical environment	-	-	-	-	-	-
Transportation	91	68	-	-	91	68
Economic environment	40	40	-	-	40	40
Human services	1	18	-	-	1	18
Culture/recreation	33	26	-	-	33	26
Interest on long term debt	1	2	-	-	1	2
Water utility services	-	-	191	175	191	175
Garbage/solid waste control	-	-	87	84	87	84
Sewer/wastewater services	-	-	278	277	278	277
Total expenses	<u>722</u>	<u>618</u>	<u>556</u>	<u>536</u>	<u>1,278</u>	<u>1,154</u>
Excess (deficiency) before special item and transfers	(49)	596	17	(60)	(32)	536
Special item	78	-	-	-	78	-
Transfers	41	71	(41)	(71)	-	-
Change in net position	<u>70</u>	<u>667</u>	<u>(24)</u>	<u>(131)</u>	<u>46</u>	<u>536</u>
Net position - beginning	<u>3,166</u>	<u>2,499</u>	<u>5,891</u>	<u>6,022</u>	<u>9,057</u>	<u>8,521</u>
Net position - ending	<u>\$ 3,236</u>	<u>\$ 3,166</u>	<u>\$ 5,867</u>	<u>\$ 5,891</u>	<u>\$ 9,103</u>	<u>\$ 9,057</u>

Governmental Activities

- The decrease in the Governmental Activities current and other assets is due to the amounts owed to the Town in the prior year by the State of Florida relating to the CDBG Grant funding construction of its fire station. The amounts were received in the 2016-17 year.
- Other liabilities decreased due to contractual liabilities related to the above project.
- Invested in capital assets increased approximately \$89,000 due to the purchase of public safety vehicles as indicated in the financial highlights.
- Increases/decreases in governmental revenues are explained as follows: public safety program revenues decreased due to the completion of the fire station in the prior year (see above). Miscellaneous revenues increased due to contributions to the Town by PCS Phosphate (Nutrien) and Sabal Trail Transmission LLC of approximately \$10,000 and \$14,500 respectively.
- Increases/decreases in governmental expenses are explained as follows: general government expenses increased due to legal expenses and voluntary reporting of sales taxes on the Town's cell tower rental; public safety increased due to the purchases of turn-out gear and the installment payment of 2017-18 insurance; human service expenses decreased due to the payroll incurred in the prior year for the Summer Enrichment Program.

Business-type Activities

- Current and other assets increased slightly due to the reduced transfers (decrease of \$31,000) from the Enterprise Fund to the General Fund.
- Capital assets decreased due to the depreciation of the water/waste water system.
- Net position decreased slightly largely due to depreciation on capital assets.
- The Town's utility receipts decreased due to the correction of rates billed incorrectly in the prior year and credit (\$10,200) given for the overbilling.
- Utility expenses increased due to significant repairs due to two water main breaks.

Significant Changes in Major Governmental Fund Balances

General Fund's Unassigned Fund Balance decreased by approximately \$18,000 due to increased legal fees, decreased transfers from the Enterprise Fund, and an installment made on insurance in for the 2017-18 year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's 2017 General Fund's budgetary highlights are as follows:

Actual revenues were greater than budgeted due to the budgeted grant projects that were delayed.

Expenditures were less than budgeted due to the above.

CAPITAL ASSET AND DEBT ADMINISTRATION

As indicated in the table below, the Town has approximately \$13.0 million invested in capital assets such as land, buildings, recreation facilities, water/sewer utility facilities, and equipment. The above amount represents a \$272,000 increase over the previous year's total. The Town's capital asset increases were largely due to the purchase of two public safety vehicles, a server, radios, ongoing construction and an engine assembly.

Table 3
Capital Assets (in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 193	\$ 114	\$ 4	\$ 4	\$ 197	\$ 118
Construction in progress	51	48	267	138	318	186
Buildings	757	757	1,101	1,101	1,858	1,858
Infrastructure	2,220	2,220	7,483	7,483	9,703	9,703
Equipment, furniture, and vehicles					-	-
and vehicles	<u>647</u>	<u>579</u>	<u>271</u>	<u>278</u>	<u>918</u>	<u>857</u>
Totals	<u>\$ 3,868</u>	<u>\$ 3,718</u>	<u>\$ 9,126</u>	<u>\$ 9,004</u>	<u>\$ 12,994</u>	<u>\$ 12,722</u>

Debt

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

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

Debt	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Compensated absences	\$ 30	\$ 30	\$ 17	\$ 17	\$ 47	\$ 47
Capital leases	-	-	-	-	-	-
Notes	-	-	390	410	390	410
Bonds	<u>9</u>	<u>18</u>	<u>591</u>	<u>605</u>	<u>600</u>	<u>623</u>
Totals	<u>\$ 39</u>	<u>\$ 48</u>	<u>\$ 998</u>	<u>\$ 1,032</u>	<u>\$ 1,037</u>	<u>\$ 1,080</u>

2018 BUDGET AND CURRENTLY KNOWN FACTS

2018 Budget

Notable changes in the Town's 2017-18 budgets are as follows:

General Fund: Expenditures totaling \$1.68 million which includes grant revenues and expenditures of \$787,000 and debt service of \$19,000.

Enterprise Fund: revenues are budgeted at \$657,000. The budget includes debt service of \$91,000.

Currently Known Facts

At the Town Council meeting on February 20, 2018, the Council approved five applicants to review the Town's Charter.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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



Stacy Tebo, Manager
Town of White Springs, Florida



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

**BASIC
FINANCIAL
STATEMENTS**

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET POSITION

September 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 204,323	\$ 109,134	\$ 313,457
Utility tax receivable	3,932	-	3,932
Accounts receivable, net	33	7,762	7,795
Franchise fees receivable	3,229	-	3,229
Due from other governmental units	63,294	-	63,294
Restricted assets			
Cash	-	127,513	127,513
Capital assets			
Land	192,920	3,570	196,490
Construction in progress	51,138	266,528	317,666
Other capital assets, net of depreciation	<u>2,800,056</u>	<u>6,428,879</u>	<u>9,228,935</u>
Total capital assets, net	<u>3,044,114</u>	<u>6,698,977</u>	<u>9,743,091</u>
Total assets	<u><u>\$ 3,318,925</u></u>	<u><u>\$ 6,943,386</u></u>	<u><u>\$ 10,262,311</u></u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 29,077	\$ 19,188	\$ 48,265
Due to other governments	13,931	-	13,931
Interest payable	-	5,704	5,704
Payroll taxes/withholding payable	189	311	500
Customer deposits	-	53,309	53,309
Long-term liabilities			
Due within one year			
Compensated absences	4,556	17,645	22,201
Notes payable	-	20,634	20,634
Bonds payable	9,000	14,000	23,000
Due in more than one year			
Compensated absences	25,819	-	25,819
Notes payable	-	369,002	369,002
Bonds payable	<u>-</u>	<u>577,000</u>	<u>577,000</u>
Total liabilities	<u>82,572</u>	<u>1,076,793</u>	<u>1,159,365</u>
Net position			
Net investment in capital assets	3,035,114	5,718,341	8,753,455
Unrestricted	<u>201,239</u>	<u>148,252</u>	<u>349,491</u>
Total net position	<u>3,236,353</u>	<u>5,866,593</u>	<u>9,102,946</u>
Total liabilities and net position	<u><u>\$ 3,318,925</u></u>	<u><u>\$ 6,943,386</u></u>	<u><u>\$ 10,262,311</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities							
General government	\$ 289,267	\$ 4,421	\$ -	\$ -	\$ (284,846)	\$ -	\$ (284,846)
Public safety	267,428	25,486	1,000	50,300	(190,642)	-	(190,642)
Transportation	90,589	22,038	-	-	(68,551)	-	(68,551)
Economic environment	40,487	16,794	1,500	-	(22,193)	-	(22,193)
Human services	1,087	-	-	-	(1,087)	-	(1,087)
Culture/recreation	33,354	10,015	-	-	(23,339)	-	(23,339)
Interest on long-term debt	833	-	-	-	(833)	-	(833)
Total governmental activities	<u>723,045</u>	<u>78,754</u>	<u>2,500</u>	<u>50,300</u>	<u>(591,491)</u>	<u>-</u>	<u>(591,491)</u>
Business type activities							
Water utility services	191,357	110,665	-	-	-	(80,692)	(80,692)
Garbage/solid waste control	86,737	114,410	-	-	-	27,673	27,673
Sewer/wastewater services	278,567	147,639	45,000	128,353	-	42,425	42,425
Total business type activities	<u>556,661</u>	<u>372,714</u>	<u>45,000</u>	<u>128,353</u>	<u>-</u>	<u>(10,594)</u>	<u>(10,594)</u>
Totals	<u>\$ 1,279,706</u>	<u>\$ 451,468</u>	<u>\$ 47,500</u>	<u>\$ 178,653</u>	<u>(591,491)</u>	<u>(10,594)</u>	<u>(602,085)</u>
General revenues							
Taxes							
Ad valorem					73,031	-	73,031
Local option gas					215,368	-	215,368
Discretionary sales surtax					57,972	-	57,972
Franchise fees					33,314	-	33,314
Utility service					42,888	26,723	69,611
Local Communications					17,594	-	17,594
Intergovernmental					62,110	-	62,110
Interest					141	282	423
Miscellaneous					40,487	-	40,487
Special item - donation of land					78,480	-	78,480
Transfers					40,606	(40,606)	-
Total general revenues, special items, and transfers					<u>661,991</u>	<u>(13,601)</u>	<u>648,390</u>
Change in net position					70,500	(24,195)	46,305
Net position - beginning					3,165,853	5,890,788	9,056,641
Net position - ending					<u>\$ 3,236,353</u>	<u>\$ 5,866,593</u>	<u>\$ 9,102,946</u>

TOWN OF WHITE SPRINGS, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

	General <u>Fund</u>
Assets	
Cash	\$ 204,323
Utility tax receivable	3,932
Accounts receivable	33
Franchise fees receivable	3,229
Due from other governmental units	<u>63,293</u>
Total assets	<u>\$ 274,810</u>
Liabilities and fund balances	
Accounts payable	\$ 29,077
Due to other governments	13,931
Payroll taxes/withholding payable	188
Compensated absences	<u>4,556</u>
Total liabilities	<u>47,752</u>
Fund balances	
Unassigned	<u>227,058</u>
Total liabilities and fund balances	<u>\$ 274,810</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

September 30, 2017

Total fund balances for governmental funds \$ 227,058

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

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

Land	192,920
Buildings	756,943
Accumulated depreciation - buildings	(68,017)
Infrastructure	2,219,797
Accumulated depreciation - infrastructure	(385,660)
Equipment, furniture, and vehicles	647,232
Accumulated depreciation - equipment	(370,238)
Construction in progress	<u>51,137</u>
Total capital assets (See Note 5.)	<u>3,044,114</u>

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

All liabilities - both current and long-term - are reported in the statement of net position.

Balances at September 30, 2017, are as follows:

Compensated absences - long-term	(25,819)
Revenue bonds	<u>(9,000)</u>
Total long-term liability adjustments	<u>(34,819)</u>
Total net position of governmental activities	<u>\$ 3,236,353</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2017

		<u>General Fund</u>
Revenues		
Taxes	\$	443,011
Licenses and permits		-
Intergovernmental revenue		136,948
Charges for services		35,659
Fines and forfeits		1,419
Interest		141
Miscellaneous revenues		<u>57,281</u>
Total revenues		<u>674,459</u>
Expenditures		
Current		
General Government		280,830
Public safety		243,866
Transportation		76,015
Economic environment		895
Human services		1,087
Culture/Recreation		25,571
Capital outlay		95,693
Debt service		
Principal		9,000
Interest		<u>833</u>
Total expenditures		<u>733,790</u>
Excess of revenues over expenditures		(59,331)
Other financing sources and uses, including transfers		
Transfers in		<u>40,606</u>
Net change in fund balances		(18,725)
Fund balances - beginning		<u>245,783</u>
Fund balance - ending	\$	<u><u>227,058</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds \$ (18,725)

Donations other than cash are not recognized in the fund financial statements because they do not affect current resources; however, all donations are recognized in the government wide financial statements.

Donation of land 78,480

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Expenses are reduced by the capital outlay and increased by the current period's depreciation. Gain/loss is recognized on the disposal of capital assets.

Capital outlay - construction in progress and equipment 95,693

Depreciation (94,013)

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

Principal 9,000

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

Change in net position of governmental activities

65
\$ 70,500

TOWN OF WHITE SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND

September 30, 2017

Assets	
Current assets	
Cash	\$ 109,134
Accounts receivable	10,762
Allowance for doubtful accounts	<u>(3,000)</u>
Total current assets	<u>116,896</u>
Noncurrent assets	
Restricted assets	
Cash - deposits	52,662
Cash - debt service	1,008
Cash - debt service	<u>73,843</u>
Total restricted assets	<u>127,513</u>
Capital assets	
Land	3,570
Construction in progress	266,528
Buildings and improvements	1,100,606
Improvement other than buildings	7,483,239
Equipment, furniture, and vehicles	271,452
Accumulated depreciation	<u>(2,426,418)</u>
Total capital assets net	<u>6,698,977</u>
Total noncurrent assets	<u>6,826,490</u>
Total assets	<u>\$ 6,943,386</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 19,188
Compensated absences	17,645
Accrued interest payable	5,704
Payroll and withholding payable	311
Deposits	53,309
Note payable	20,634
Bonds payable	<u>14,000</u>
Total current liabilities	<u>130,791</u>
Long term liabilities	
Note payable	369,002
Bonds payable	<u>577,000</u>
Total long-term liabilities	<u>946,002</u>
Total liabilities	<u>1,076,793</u>
Net position	
Net investment in capital assets	5,718,341
Unrestricted	<u>148,252</u>
Total net position	<u>5,866,593</u>
Total liabilities and net position	<u>\$ 6,943,386</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2017

Operating revenues		
Water utility	\$	103,673
Installation fees		340
Connection fees		750
Solid waste		107,182
Sewer/wastewater		138,312
Service charge		22,161
Miscellaneous		<u>296</u>
Total operating revenues		<u>372,714</u>
Operating expenses		
Water utility services		
Personal services		24,873
Operating expenses		52,266
Garbage/solid waste control		
Operating expenses		86,737
Sewer/waste water services		
Personal services		24,626
Operating expenses		214,060
Water-sewer combination services		
Personal services		62,854
Operating expenses		<u>51,364</u>
Total operating expenses		<u>516,780</u>
Operating income (loss)		<u>(144,066)</u>
Non-operating revenues (expenses)		
Interest revenue		282
Utility service tax		26,723
Grants - State of Florida		128,353
Grants - other local units		45,000
Interest expense		<u>(39,881)</u>
Total non-operating revenues (expenses)		<u>160,477</u>
Income (loss) before transfers		16,411
Transfers out		<u>(40,606)</u>
Change in net position		(24,195)
Net position - beginning		<u>5,890,788</u>
Net position - ending	\$	<u><u>5,866,593</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2017

Cash flows from operating activities	
Cash received from customers and users	\$ 386,846
Cash payments for employees and benefits	(111,328)
Cash payments to contractors, suppliers, and others	<u>(196,842)</u>
Net cash provided by (used for) operating activities	<u>78,676</u>
Cash flows from noncapital financing activities	
Transfers out	(40,606)
Utility service tax	26,723
Nonoperating grants	<u>173,353</u>
Net cash provided by (used for) noncapital financing activities	<u>159,470</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(137,472)
Principal paid on notes and bonds payable	(34,043)
Interest paid on note and bonds payable	<u>(40,173)</u>
Cash flows provided by (used for) capital and related financing activities	<u>(211,688)</u>
Cash flows from investing activities	
Interest revenue	<u>282</u>
Net increase (decrease) in cash	26,740
Cash - beginning	<u>209,907</u>
Cash - ending	<u>\$ 236,647</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	<u>\$ (144,066)</u>

(Continued)

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2017

Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	\$ 192,432
Changes in assets and liabilities	
Decrease (increase) in	
Accounts receivable (net)	2,988
Increase (decrease) in	
Accounts payable	15,153
Compensated absences	1,025
Deposits	<u>11,144</u>
Total adjustments	<u>222,742</u>
Net cash provided by (used for) operating activities	<u>\$ 78,676</u>
 Noncash transactions	
Vehicle disposal	<u>\$ (16,092)</u>
 Reconciliation of cash per the statement of net assets to the statement of cash flows:	
 Cash per the Statement of Net Position	
Cash	\$ 109,134
Restricted assets - cash	<u>127,513</u>
Total cash per the Statement of Cash Flows	<u>\$ 236,647</u>

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

Note 1. Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

At September 30, 2017, the Town of White Springs's financial statements consist only of those functions and activities administered directly by the Mayor and Town Council and include no component units.

B. Basis of Presentation

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

Government-wide Statements

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

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

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

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds:

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

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

Proprietary Funds:

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

C. Measurement Focus, Basis of Accounting

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

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

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. Revenues are considered available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days after the end of the current fiscal period.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

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

D. Financial Statement Amounts

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

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

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

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

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

Revenues

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

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

E. Compensated Absences

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

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

F. Governmental Funds - Fund Balances

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

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

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

G. Ad Valorem Taxes

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

H. Use of Estimates

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

I. Interfund Activity

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

J. Deferred Inflows of Resources

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

K. Special Item

On November 3, 2016, the Hamilton County School District donated to the Town 6.54 acres of land valued at \$78,480. The donation met the special item classification criteria and the Town recorded and reported the donation accordingly.

Note 2. Deposits and Investments

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

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

During the year ended September 30, 2017, the Town complied with the above requirements.

Chapter 218 *Florida Statutes* governs funds invested in Florida PRIME, the state’s investment service for public funds. The Town’s deposits in Florida PRIME, a Securities and Exchange Commission Rule 2a7-like external investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value which is amortized cost. As of September 30, 2017, the Florida PRIME rating as established by Standard and Poors was AAAM. The weighted average day to maturity is 80 days.

The Florida PRIME investment policies can be viewed at: www.sbafla.com/prime.

The Town’s deposits are as follows:

Cash	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Deposits	\$ 204,323	\$ 109,134	\$ 313,457
Florida Prime	<u>-</u>	<u>-</u>	<u>-</u>
Total unrestricted deposits	<u>204,323</u>	<u>109,134</u>	<u>313,457</u>
Deposits	-	53,670	53,670
Florida Prime	<u>-</u>	<u>73,842</u>	<u>73,842</u>
Total restricted deposits	<u>-</u>	<u>127,512</u>	<u>127,512</u>
Total cash	<u>\$ 204,323</u>	<u>\$ 236,646</u>	<u>\$ 440,969</u>

Note 3. Accounts Receivable

Accounts receivable at September 30, 2017, of the Enterprise Fund, consisted of the following:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Accounts receivable	\$ 33	\$ 10,762	\$ 10,795
Allowance for doubtful accounts	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>
Net accounts receivable	<u>\$ 33</u>	<u>\$ 7,762</u>	<u>\$ 7,795</u>

At September 30, 2017, the Town’s allowance for doubtful accounts was based on an estimate of those accounts deemed not collectible.

Note 4. Due from Other Governmental Units

Due from other governmental units at September 30, 2017, consists of the following:

Hamilton County, FL	\$ 956
United States Department of Agriculture	50,300
State of Florida	<u>12,038</u>
Total	<u>\$ 63,294</u>

Note 5. Capital Assets

Capital asset activity for the year ending September 30, 2017, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 114,440	\$ 78,480	\$ -	\$ 192,920
Construction in progress	<u>47,642</u>	<u>3,495</u>	<u>-</u>	<u>51,137</u>
Total capital assets not being depreciated	<u>162,082</u>	<u>81,975</u>	<u>-</u>	<u>244,057</u>
Other capital assets				
Buildings	756,943	-	-	756,943
Infrastructure	2,219,797	-	-	2,219,797
Equipment, furniture, and vehicles	<u>579,343</u>	<u>92,198</u>	<u>24,309</u>	<u>647,232</u>
Total other capital assets	<u>3,556,083</u>	<u>92,198</u>	<u>24,309</u>	<u>3,623,972</u>
Less accumulated depreciation for				
Buildings	(49,270)	(18,747)	-	(68,017)
Infrastructure	(340,063)	(45,597)	-	(385,660)
Equipment, furniture, and vehicles	<u>(364,878)</u>	<u>(29,669)</u>	<u>24,309</u>	<u>(370,238)</u>
Total accumulated depreciation	<u>(754,211)</u>	<u>(94,013)</u>	<u>24,309</u>	<u>(823,915)</u>
Other capital assets, net	<u>2,801,872</u>	<u>(1,815)</u>	<u>-</u>	<u>2,800,057</u>
Governmental activities capital assets, net	<u>\$ 2,963,954</u>	<u>\$ 80,160</u>	<u>\$ -</u>	<u>\$ 3,044,114</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	<u>138,175</u>	<u>128,353</u>	<u>-</u>	<u>266,528</u>
Total capital assets not being depreciated	<u>141,745</u>	<u>128,353</u>	<u>-</u>	<u>270,098</u>
Other capital assets				
Buildings	1,100,606	-	-	1,100,606
Infrastructure	7,483,239	-	-	7,483,239
Equipment, furniture, and vehicles	<u>278,424</u>	<u>9,120</u>	<u>16,092</u>	<u>271,452</u>
Total other capital assets	<u>8,862,269</u>	<u>9,120</u>	<u>16,092</u>	<u>8,855,297</u>
Less accumulated depreciation for				
Buildings	(420,633)	(27,515)	-	(448,148)
Infrastructure	(1,650,776)	(156,467)	-	(1,807,243)
Equipment, furniture, and vehicles	<u>(178,668)</u>	<u>(8,450)</u>	<u>(16,092)</u>	<u>(171,026)</u>
Total accumulated depreciation	<u>(2,250,077)</u>	<u>(192,432)</u>	<u>(16,092)</u>	<u>(2,426,417)</u>
Other capital assets, net	<u>6,612,192</u>	<u>(183,312)</u>	<u>-</u>	<u>6,428,880</u>
Business-type activities capital assets, net	<u>\$ 6,753,937</u>	<u>\$ (54,959)</u>	<u>\$ -</u>	<u>\$ 6,698,978</u>

Depreciation expense was charged the following functions as follows:

Governmental activities	
General government	\$ 5,075
Public safety	114
Physical environment	26,875
Transportation	14,574
Economic environment	39,592
Culture/recreation	<u>7,783</u>
Total governmental activities depreciation expense	<u>\$ 94,013</u>
Business-type activities	
Physical environment	<u>\$ 192,432</u>

Note 6. Long-Term Obligations

Governmental Activities

A. Revenue Bond – Series 2008

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

At September 30, 2017, debt service to maturity is as follows:

Revenue Bond, Series 2008			
Fiscal year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/30/2018	<u>\$ 9,000</u>	<u>\$ 416</u>	<u>\$ 9,416</u>

Interest paid on the above was \$833 for the year ending September 30, 2017.

Business-type Activities

A. Debt Purchase Agreement

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

The debt is to be repaid in forty semiannual payments of \$32,867 including interest of 3.18%. The Agreement is secured by “specific revenues (all income or earnings received by the Town from the ownership or operation of its Water and Sewer Systems, including investment income) pledged as security for repayment of the Debt and shall be the funds appropriated by the State of Florida for the purpose of wastewater facilities improvements and the investment earnings thereon all as held under the Escrow Agreement.”

The Town incurred interest expense of \$12,582 during the year ending September 30, 2017. The amount is included in the direct expense of the Town’s Sewer/waste water Department.

Debt service to maturity is as follows:

Agreement CS120 22902P				
<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 32,867	\$ 20,634	\$ 12,233	
2019	32,867	21,295	11,572	
2020	32,867	21,978	10,889	
2021	32,867	22,683	10,184	
2022	32,867	23,411	9,457	
2023-27	164,336	128,807	35,529	
2028-32	<u>164,336</u>	<u>150,828</u>	<u>13,508</u>	
	<u>\$ 493,008</u>	<u>\$ 389,636</u>	<u>\$ 103,372</u>	

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

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

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

A sinking fund is required by the bond ordinance to accumulate funds to meet principal and interest payments. Monthly deposits of one-twelfth of the annual payment are required. Within the sinking fund, a reserve account is also to be established and requires funding over a ten-year period of a “monthly reserve deposit amount” equal to 1/120th of the “maximum bond service requirement” or \$41,665. Funding of the reserve may cease when the maximum bond service requirement is equaled or exceeded.

At September 30, 2017, \$74,850 was held in the sinking fund for debt service and reserve purposes. Post year-end, the Town transferred \$7,410 into the sinking fund to fully comply with the debt agreement.

The Town incurred interest expense of \$27,300 on the Series 2001 A&B Revenue Bonds during the year ending September 30, 2017. The amount is included in the direct expense of the Town’s Sewer/waste water Department.

Debt service to maturity is as follows:

Bond Series 2001A and 2001B				
<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 40,595	\$ 14,000	\$ 26,595	
2019	40,965	15,000	25,965	
2020	41,290	16,000	25,290	
2021	40,637	16,000	24,637	
2022	40,850	17,000	23,850	
2023-27	205,159	98,000	107,159	
2028-32	204,028	121,000	83,028	
2033-37	205,113	152,000	53,113	
2038-41	<u>158,295</u>	<u>142,000</u>	<u>16,295</u>	
	<u>\$ 976,932</u>	<u>\$ 591,000</u>	<u>\$ 385,932</u>	

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>10/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2017</u>	Amounts due within <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 30,453	\$ 24,304	\$ 24,381	\$ 30,376	\$ 4,556
USDA Bond 2008	<u>18,000</u>	<u>-</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>
Totals	<u>\$ 48,453</u>	<u>\$ 24,304</u>	<u>\$ 33,381</u>	<u>\$ 39,376</u>	<u>\$ 13,556</u>

	<u>10/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2017</u>	Amounts due within <u>One Year</u>
Business Type					
Compensated absences	\$ 16,620	\$ 9,586	\$ 8,561	\$ 17,645	\$ 17,645
State Revolving Fund Loan	409,679	-	20,043	389,636	20,634
Water and Sewer Bonds 2001	<u>605,000</u>	<u>-</u>	<u>14,000</u>	<u>591,000</u>	<u>14,000</u>
Totals	<u>\$ 1,031,299</u>	<u>\$ 9,586</u>	<u>\$ 42,604</u>	<u>\$ 998,281</u>	<u>\$ 52,279</u>

Note 7. Interfund Balances and Transfers

Internal balances for the year ending September 30, 2017, were as follows:

Major Funds	<u>Transfers-in</u>	<u>Transfers-out</u>	<u>Description</u>
General	\$ 40,606	\$ -	Budgeted transfer
Enterprise	<u>-</u>	<u>40,606</u>	Budgeted transfer
Totals	<u>\$ 40,606</u>	<u>\$ 40,606</u>	

NOTE 8. Fund Balance Reporting

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

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

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

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

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

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

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

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

Spendable

The Town has classified the spendable fund balance as unassigned. At September 30, 2017, the unassigned general fund balance was \$227,058 or thirty-one percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2017, was as follows:

Description	General Fund
Fund balances:	
Spendable	
Unassigned	\$ <u>227,058</u>

Note 9. Defined Contribution Plan

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

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

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

Retirement contributions for the year ending September 30,	<u>Amount</u>
2017	\$ 8,238
2016	8,355
2015	8,111
2014	14,144
2013	8,754

Note 10. Commitments

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

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

Note 11. Risk Management

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

Note 12. Contingent Liabilities

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

In the prior year, the Federal Emergency Management Agency (FEMA) completed its review of expenditures claimed under the Jewett Street Project (Pre-Application Number PA-04-FL-4068-

RPA-0036) incurred after Tropical Storm Debby. The result of the review was a disallowance of claims totaling \$13,931. The liability was previously recorded and will be removed upon payment.

NOTE 13. Current/Future Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board were effective for the Town's 2016-17 fiscal year:

No. 77, Tax Abatement Disclosures

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

No. 79, Certain External Investment Pools and Pool Participants

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

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

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

No. 83, Certain Asset Retirement Obligations

No. 84, Fiduciary Activities

No. 85, Omnibus 2017

No. 86, Certain Debt Extinguishment Issues

No. 87, Leases

Implementation Guide No. 2017-1 Implementation Guidance Update

Implementation Guide No. 2017-2 Financial Reporting for Postemployment Benefit Plans Other than Pensions

The Town is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2018.

Note 14. Commitments

The Town was awarded two grants from the Florida Department of Environmental Protection:
DEP Agreement NO. A6061
DEP Agreement NO. A7056

Each agreement awards the Town \$50,000. The proceeds are to be used for renovations at the Willie Guy Turner Park.

At September 30, 2017, there was no activity on the grants. The agreements indicate the projects are to be completed by April 30, 2018.

Note 15. Subsequent Events

The Town's management has evaluated subsequent events through the date of the audit report – April 13, 2018, and reports the following:

Grant Award:

On November 7, 2017, the Town was awarded a Small County Outreach Program Agreement for road reconstruction on Kendrick Street by the Florida Department of Transportation. The grant award totals \$306,025 and is 100% of the actual project costs. The project is to be completed by December 31, 2019.

Purchase of Fire Apparatus:

On November 14, 2017, the Town agreed to purchase a 1994 E-One Pumper with a 1000-gallon tank from the Windsor Volunteer Fire Department. The purchase price is \$15,000 to be paid in three equal installments of \$5,000 on November 1, 2017, 2018, and 2019.

Construction commitments:

On November 14, 2017, the Town Council awarded construction of a Veteran's Park Memorial Kiosk in the amount of \$8500 to Randy Madison.

On February 20, 2018, the Town Council awarded electrical work to be performed at Bailey Ogburn Ballfield to Cason Electric in the amount of \$14,000.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF WHITE SPRINGS, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2017

	Original	Final		Variance with
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
Beginning fund balance	\$ 223,392	\$ 223,392	\$ 245,783	\$ 22,391
Resources (inflows)				
Taxes	387,444	387,444	443,011	55,567
Licenses and permits	500	500	-	(500)
Intergovernmental revenue	569,945	569,945	136,948	(432,997)
Charges for services	87,321	87,321	35,659	(51,662)
Fines and forfeits	7,376	7,376	1,419	(5,957)
Miscellaneous revenues	57,635	57,635	57,422	(213)
Other sources	<u>50,329</u>	<u>50,329</u>	<u>40,606</u>	<u>(9,723)</u>
Total amount available for appropriation	<u>1,383,942</u>	<u>1,383,942</u>	<u>960,848</u>	<u>(423,094)</u>
Appropriation				
General government services	255,400	255,400	283,710	(28,310)
Public safety	289,329	289,329	323,515	(34,186)
Physical environment	-	-	-	-
Transportation	101,971	101,971	92,386	9,585
Economic environment	22,210	22,210	895	21,315
Human services	17,000	17,000	1,087	15,913
Culture and recreation	489,640	489,640	32,197	457,443
Other uses	<u>208,392</u>	<u>208,392</u>	-	<u>208,392</u>
Total appropriations	<u>1,383,942</u>	<u>1,383,942</u>	<u>733,790</u>	<u>650,152</u>
Reserves/ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,058</u>	<u>\$ 227,058</u>

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2017

Note 1. Budget

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

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

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

The Town did not amend its budget post year end.

Note 2. Budget to Actual Reconciliation

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

	General <u>Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules	\$ 960,848
Differences - budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	(245,783)
Transfers in are available for appropriation but is not a current-year revenue for financial reporting purposes	<u>(40,606)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 674,459</u>
Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	\$ 733,790
Adjustments	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 733,790</u>

**SUPPLEMENTARY
INFORMATION**

TOWN OF WHITE SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2017

	Federal/State CFDA/CSFA <u>Number</u>	Grant/ Contract <u>Number</u>	Contract Period <u>Beginning</u> <u>Ending</u>		Expended <u>Prior Years</u>	Grant <u>Amount</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Awards								
Department of Justice								
Florida Department of Law Enforcement								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGD-HAMI-1-F8-056	10/01/16	09/30/17	\$ -	\$ 1,000	\$ 1,000	\$ -
Department of Agriculture								
Community Facilities Grant	10.766	3570-3	10/01/16	09/30/17	-	50,300	50,300	-
Environmental Protection Agency								
Florida Department of Environmental Protection								
Capitalization Grants for State Revolving Funds	66.458	WW229040	04/21/14	-	<u>138,175</u>	<u>358,880</u>	<u>128,353</u>	<u>-</u>
Total federal assistance					<u>\$ 138,175</u>	<u>\$ 410,180</u>	<u>\$ 179,653</u>	<u>\$ -</u>

Notes to Schedule:

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity for the Town of White Springs, Florida, for the year ended September 30, 2017. Because the Schedule presents only a selected portion of the operations of the Town of White Springs, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of White Springs, Florida.

Note 2. Summary of Significant Accounting Policies

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

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2017

<u>Source</u>	<u>Beginning Balance</u>	<u>Amount expended in the 2016-17 Fiscal Year</u>	<u>Ending Balance</u>
British Petroleum Agreement No. 133708	<u>\$ 27,381</u>	<u>\$ -</u>	<u>\$ 27,381</u>

Note to Schedule:

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

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of White Springs, Florida's basic financial statements, and have issued my report thereon dated April 13, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
April 13, 2018

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Town Council
Town of White Springs, Florida

I have examined the Town of White Springs, Florida's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2017. Management is responsible for the Town of White Springs's compliance with those requirements. My responsibility is to express an opinion on the Town of White Springs, Florida's compliance based on my examination.

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

In my opinion, the Town of White Springs, Florida, complied in all material respects, with the aforementioned requirements for the year ended September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
April 13, 2018

KENNETH M. DANIELS
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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Town of White Springs, Florida, as of and for the fiscal year ended September 30, 2017, and have issued my report thereon dated April 13, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated April 13, 2018, should be considered in conjunction with this management letter.

Prior year findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report - all prior year findings were cleared.

Current Year Findings

2017-001 Meal Reimbursement

Criteria: *Florida Statutes* 112.061(5)(b)3 states that the evening meal will be reimbursed "when travel begins before six p.m. and extends beyond eight p.m.

Condition: From the tests of travel disbursements, two of the sixteen travel disbursements tested reimbursed the traveler for the evening meal (\$19) but travel did not extend beyond the time indicated above.

Context: Errors were noted during the test of compliance as indicated above.

Effect: Questionable travel reimbursements.

Cause: Lack of detailed review of travel vouchers prior to payment. Finding is isolated to the year ending September 30, 2017.

Recommendation: The Town Manager/Clerk should review, in detail, travel vouchers for compliance with the above referenced statute. Corrections should be made as required.

Official Title and Legal Authority

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

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Town of White Springs, Florida's financial condition, and my financial assessment was based in part on representations made by management and the review of financial information provided by the same. The financial condition assessment was performed as of September 30, 2017.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I communicate any recommendations to improve financial management. See the above findings.

Annual Financial Report

Section 10.554(1) (i) 5.b., and 10.556(7) *Rules of the Auditor General*, requires that I apply appropriate procedures and report the results of my determination as to whether the annual financial report for the Town of White Springs, Florida, for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a),

Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with my audit, I determined that these two reports were in agreement.

Special District Component Units

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

Additional Matters

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

USDA Rural Development Department of Agriculture Requirements

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

Purpose of this Letter

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

A handwritten signature in black ink, appearing to read "Ken Daniels". The signature is fluid and cursive, with the first name "Ken" and the last name "Daniels" clearly distinguishable.

Kenneth M. Daniels
Certified Public Accountant
April 13, 2018

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



TOWN OF WHITE SPRINGS

"On the Banks of the Suwannee River "

April 17, 2018

RE: Management letter audit finding

Mr. Daniels:

Please find below the Town's response to the referenced audit finding:

2017-001 Meal Reimbursement

The Town Manager / Clerk will perform a detailed review of all travel vouchers for compliance with Florida Statute 112.061(5)(b)3. Travel departure and arrival times will be fully completed.

Conclusion

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

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

Sincerely,

Stacy Tebo
Town Manager

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