

TOWN OF WHITE SPRINGS, FLORIDA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

TOWN OF WHITE SPRINGS, FLORIDA

TOWN OFFICIALS

September 30, 2015

OFFICIALS

POSITION

Rhett Bullard

Mayor

Walter McKenzie

Vice Mayor

Dr. Helen B Miller

Council member

Willie Jefferson

Council member

Tonja Brown

Council member

Stacy Tebo

Town Manager

Pam Tomlinson

Finance Director/Town
Clerk

Fred Koberlein

Town Attorney

TOWN OF WHITE SPRINGS, FLORIDA

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TOWN OF WHITE SPRINGS, FLORIDA

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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, 2015, 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, 2015, 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 is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 16, 2016, 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
June 16, 2016

**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

TOWN OF WHITE SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2015

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, 2015. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

The Town began construction on a Fire Station. The project is funded by a Community Development Block Grant passed through the Florida Department of Economic Opportunity in the amount of \$600,000

The Town's Preconstruction Activity Phase funded via a Clean Water State Revolving Fund Construction Loan (WW229040) has begun. The project is funded with a Capitalization Grant for State Revolving Funds in the amount of \$358,880. At September 30, 2015, \$86,834 had been expended toward specialized field studies in association with the project.

The Town received \$27,381 in a settlement of damages caused by the Deepwater Horizon Oil Spill.

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 Activities, 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 \$9,000. Increased fuel taxes and contributions from PotashCorp (\$30,000) and JP Morgan Charitable Giving Program (\$15,000) were offset by depreciation expense in the business-type activities.

The Governmental Activities' Net Position increased slightly - \$57,000. The Business-type Activities Net Position decreased approximately \$48,000.

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	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 226	\$ 249	\$ 202	\$ 165	\$ 428	\$ 414
Capital assets	<u>2,346</u>	<u>2,363</u>	<u>6,946</u>	<u>7,052</u>	<u>9,292</u>	<u>9,415</u>
Total assets	<u>\$ 2,572</u>	<u>\$ 2,612</u>	<u>\$ 7,148</u>	<u>\$ 7,217</u>	<u>\$ 9,720</u>	<u>\$ 9,829</u>
Long term liabilities	\$ 59	\$ 54	\$ 1,063	\$ 1,047	\$ 1,122	\$ 1,101
Other liabilities	<u>14</u>	<u>118</u>	<u>63</u>	<u>99</u>	<u>77</u>	<u>217</u>
Total liabilities	<u>73</u>	<u>172</u>	<u>1,126</u>	<u>1,146</u>	<u>1,199</u>	<u>1,318</u>
Net position:						
Invested in Cap Assets	2,311	2,320	5,899	5,973	8,210	8,293
Restricted	-	-	4	91	4	91
Unrestricted	<u>188</u>	<u>120</u>	<u>119</u>	<u>7</u>	<u>307</u>	<u>127</u>
Total net position	<u>2,499</u>	<u>2,440</u>	<u>6,022</u>	<u>6,071</u>	<u>8,521</u>	<u>8,511</u>
Total liabilities & net position	<u>\$ 2,572</u>	<u>\$ 2,612</u>	<u>\$ 7,148</u>	<u>\$ 7,217</u>	<u>\$ 9,720</u>	<u>\$ 9,829</u>

Table 2
Changes in Net Position
(in Thousands)

Revenues	Governmental Activities		Business type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Program revenues	\$ 8	\$ 1	\$ -	\$ -	\$ 8	\$ 1
General government	8	1	-	-	8	1
Public safety	54	153	-	-	54	153
Physical environment	-	-	-	-	-	-
Transportation	22	21	-	-	22	21
Economic environment	55	-	-	-	55	-
Culture/recreation	9	81	-	-	9	81
Water utility services	-	-	121	130	121	130
Garbage/solid waste control	-	-	115	106	115	106
Sewer utility	-	-	-	253	-	253
Sewer/wastewater services	-	-	315	66	315	66
General revenues						
Taxes						
Ad valorem	69	67	-	-	69	67
Local option gas	114	87	-	-	114	87
Discretionary sales tax	53	43	-	-	53	43
Franchise fees	39	40	-	-	39	40
Utility service	45	49	27	-	72	49
Local Communications	17	15	-	-	17	15
Intergovernmental	59	62	-	-	59	62
Interest	-	-	-	-	-	-
Miscellaneous	62	29	-	3	62	32
Total revenues	<u>606</u>	<u>648</u>	<u>578</u>	<u>558</u>	<u>1,145</u>	<u>1,166</u>
Program expenses						
General government	253	267	-	-	253	267
Public safety	239	260	-	-	239	260
Physical environment	48	-	-	-	48	-
Transportation	52	79	-	-	52	79
Economic environment	3	8	-	-	3	8
Human services	-	28	-	-	-	28
Culture/recreation	56	47	-	-	56	47
Interest on long term debt	3	3	-	-	3	3
Water utility services	-	-	71	145	71	145
Garbage/solid waste control	-	-	89	76	89	76
Sewer/wastewater services	-	-	389	299	389	299
Total expenses	<u>654</u>	<u>692</u>	<u>549</u>	<u>520</u>	<u>1,203</u>	<u>1,212</u>
Excess (deficiency) before special item and transfers	(48)	(44)	29	38	(19)	(6)
Special item	27	-	-	-	27	-
Transfers	78	100	(78)	(100)	-	-
Change in net position	<u>57</u>	<u>56</u>	<u>(49)</u>	<u>(62)</u>	<u>8</u>	<u>(6)</u>
Net position - beginning	2,442	2,386	6,071	6,133	8,513	8,519
Net position - ending	<u>\$ 2,499</u>	<u>\$ 2,442</u>	<u>\$ 6,022</u>	<u>\$ 6,071</u>	<u>\$ 8,521</u>	<u>\$ 8,513</u>

Governmental Activities

- The decrease in the Governmental Activities current and other assets is due to the payment of a prior year amount to Hamilton County related to road construction.
- Other liabilities decreased due to the above indicated payment.
- Unrestricted net position increased approximately \$67,000. Contributions from PotashCorp for \$30,000; JP Morgan Charitable Giving Program for \$15,000; and settlement from the Deepwater Horizon Oil Spill in the amount of \$27,381 all contributed to the increase.
- Increases/decreases in governmental revenues are explained as follows: public safety program revenues decreased due to the completion of prior year grants awarded by the Florida Department of Law Enforcement. Program revenues for culture/recreation decreased due to significant contributions made in the prior year.
- Increases/decreases in governmental expenses are explained as follows: public safety decreased due to grant related expenditures in the prior year; transportation expenses decreased due to capital outlay regarding street construction in the prior year (See above payment to Hamilton County).

Business-type Activities

- Current and other assets increased slightly due to decreased transfers to the government type activities.
- Capital assets decreased due to the depreciation of the water/waste water system.
- Net position decreased slightly largely due to depreciation on capital assets.
- The Town's sewer/wastewater receipts increased slightly with water/sewer billings exceeding 17 million gallons.
- Water utility expenses increased slightly due to employee raises and associated costs.

Significant Changes in Major Governmental Fund Balances

General Fund's Unassigned Fund Balance increased by approximately \$61,000 (forty-two percent) largely due to the Deepwater Horizon Oil Spill settlement.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's 2015 General Fund's budgetary highlights are as follows:

Actual revenues were greater than budgeted due increased fuel taxes, contributions, and the settlement indicated above.

General government expenditures were less than budgeted by approximately \$27,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

As indicated in the table below, the Town has approximately \$12.0 million invested in capital assets such as land, buildings, recreation facilities, water/sewer utility facilities, and equipment. The above amount represents a \$143,000 increase over the previous year's total. The Town's capital asset increases were due to construction in progress costs for the fire station and water/sewer system.

Table 3
Capital Assets (in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 114	\$ 114	\$ 4	\$ 4	\$ 118	\$ 118
Construction in progress	106	50	138	51	244	101
Buildings	88	88	1,101	1,101	1,189	1,189
Infrastructure	2,220	2,220	7,483	7,483	9,703	9,703
Equipment, furniture, and vehicles					-	-
and vehicles	<u>504</u>	<u>504</u>	<u>278</u>	<u>278</u>	<u>782</u>	<u>782</u>
Totals	<u>\$ 3,032</u>	<u>\$ 2,976</u>	<u>\$ 9,004</u>	<u>\$ 8,917</u>	<u>\$ 12,036</u>	<u>\$ 11,893</u>

Debt

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

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

Debt	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Compensated absences	\$ 24	\$ 18	\$ -	\$ 15	\$ 16	\$ 33
Capital leases	8	16	-	-	-	16
Notes	-	-	-	448	429	448
Bonds	<u>27</u>	<u>35</u>	<u>-</u>	<u>631</u>	<u>618</u>	<u>666</u>
Totals	<u>\$ 59</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 1,063</u>	<u>\$ 1,163</u>

2016 BUDGET AND CURRENTLY KNOWN FACTS

2016 Budget

Notable changes in the Town's 2015-16 budgets are as follows:

General Fund: Expenditures totaling \$668,845 which includes capital outlay of \$7,500 and debt service of \$9,500 in the Fire Department; equipment purchases of \$10,000 in the Roads and Streets Department.

Enterprise Fund: revenues are budgeted at \$473,712. The budget includes debt service of \$40,810.

Currently Known Facts

The Town awarded the bid for construction of the Town's Fire Station to Gray Construction in March 2016.

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, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 168,166	\$ 73,171	\$ 241,337
Utility tax receivable	3,945	-	3,945
Accounts receivable, net	-	14,130	14,130
Franchise fees receivable	3,550	-	3,550
Due from other governmental units	22,994	18,857	41,851
Other current assets	27,381	-	27,381
Restricted assets			
Cash	-	95,683	95,683
Capital assets			
Land	114,440	3,570	118,010
Construction in progress	105,842	138,175	244,017
Other capital assets, net of depreciation	<u>2,125,502</u>	<u>6,804,624</u>	<u>8,930,126</u>
Total capital assets, net	<u>2,345,784</u>	<u>6,946,369</u>	<u>9,292,153</u>
Total assets	<u><u>\$ 2,571,820</u></u>	<u><u>\$ 7,148,210</u></u>	<u><u>\$ 9,720,030</u></u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 13,889	\$ 11,022	\$ 24,911
Contracts payable	-	5,887	5,887
Interest payable	-	6,280	6,280
Payroll taxes/withholding payable	137	310	447
Customer deposits	-	39,700	39,700
Long-term liabilities			
Due within one year			
Compensated absences	3,617	15,506	19,123
Capital leases	8,269	-	8,269
Notes payable	-	19,371	19,371
Bonds payable	9,000	13,000	22,000
Due in more than one year			
Compensated absences	20,500	-	20,500
Notes payable	-	409,679	409,679
Bonds payable	<u>18,000</u>	<u>605,000</u>	<u>623,000</u>
Total liabilities	<u>73,412</u>	<u>1,125,755</u>	<u>1,199,167</u>
Net position			
Net investment in capital assets	2,310,515	5,899,319	8,209,834
Unrestricted	<u>187,893</u>	<u>123,136</u>	<u>311,029</u>
Total net position	<u>2,498,408</u>	<u>6,022,455</u>	<u>8,520,863</u>
Total liabilities and net position	<u><u>\$ 2,571,820</u></u>	<u><u>\$ 7,148,210</u></u>	<u><u>\$ 9,720,030</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

<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	\$ 253,261	\$ 8,015	\$ -	\$ -	\$ (245,246)	\$ -	\$ (245,246)
Public safety	238,838	27,082	26,920	-	(184,836)	-	(184,836)
Transportation	48,418	22,056	-	-	(26,362)	-	(26,362)
Economic environment	51,746	17,406	37,500	-	3,160	-	3,160
Human services	3,402	-	-	-	(3,402)	-	(3,402)
Culture/recreation	55,981	6,462	2,338	-	(47,181)	-	(47,181)
Interest on long-term debt	<u>2,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,512)</u>	<u>-</u>	<u>(2,512)</u>
Total governmental activities	<u>654,158</u>	<u>81,021</u>	<u>66,758</u>	<u>-</u>	<u>(506,379)</u>	<u>-</u>	<u>(506,379)</u>
Business type activities							
Water utility services	71,220	118,501	2,423	-	-	49,704	49,704
Garbage/solid waste control	89,055	115,609	-	-	-	26,554	26,554
Sewer/wastewater services	<u>389,423</u>	<u>184,052</u>	<u>45,000</u>	<u>86,834</u>	<u>-</u>	<u>(73,537)</u>	<u>(73,537)</u>
Total business type activities	<u>549,698</u>	<u>418,162</u>	<u>47,423</u>	<u>86,834</u>	<u>-</u>	<u>2,721</u>	<u>2,721</u>
Totals	<u>\$ 1,203,856</u>	<u>\$ 499,183</u>	<u>\$ 114,181</u>	<u>\$ 86,834</u>	<u>(506,379)</u>	<u>2,721</u>	<u>(503,658)</u>
General revenues							
Taxes							
Ad valorem					68,702	-	68,702
Local option gas					114,232	-	114,232
Discretionary sales surtax					52,880	-	52,880
Franchise fees					39,481	-	39,481
Utility service					44,728	27,088	71,816
Local Communications					17,519	-	17,519
Intergovernmental					58,656	-	58,656
Interest					25	161	186
Miscellaneous					62,052	-	62,052
Special item - Deepwater Horizon Oil Spill					27,381	-	27,381
Transfers					<u>78,296</u>	<u>(78,296)</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>563,952</u>	<u>(51,047)</u>	<u>512,905</u>
Change in net position					57,573	(48,326)	9,247
Net position - beginning					2,440,835	6,070,781	8,511,616
Net position - ending					<u>\$ 2,498,408</u>	<u>\$ 6,022,455</u>	<u>\$ 8,520,863</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2015

	General <u>Fund</u>
Assets	
Cash	\$ 168,166
Utility tax receivable	3,944
Franchise fees receivable	3,550
Due from other governmental units	22,994
Other current asset	<u>27,381</u>
Total assets	<u>\$ 226,035</u>
Liabilities and fund balances	
Accounts payable	\$ 13,889
Payroll taxes/withholding payable	137
Compensated absences	<u>3,617</u>
Total liabilities	<u>17,643</u>
Fund balances	
Unassigned	<u>208,392</u>
Total liabilities and fund balances	<u>\$ 226,035</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

September 30, 2015

Total fund balances for governmental funds \$ 208,392

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

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

Land	114,440
Buildings	87,855
Accumulated depreciation - buildings	(47,250)
Infrastructure	2,219,797
Accumulated depreciation - infrastructure	(294,466)
Equipment, furniture, and vehicles	504,176
Accumulated depreciation - equipment	(344,610)
Construction in progress	<u>105,843</u>
Total capital assets (See Note 5.)	<u>2,345,785</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, 2015, are as follows:

Compensated absences - long-term	(20,500)
Capital leases	(8,269)
Revenue bonds	<u>(27,000)</u>
Total long-term liability adjustments	<u>(55,769)</u>
Total net position of governmental activities	<u>\$ 2,498,408</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2015

		<u>General Fund</u>
Revenues		
Taxes	\$	341,567
Licenses and permits		500
Intergovernmental revenue		147,470
Charges for services		35,184
Fines and forfeits		1,851
Interest		25
Miscellaneous revenues		79,458
Total revenues		606,055
Expenditures		
Current		
General Government		249,436
Public safety		218,587
Transportation		42,540
Economic environment		12,154
Human services		3,402
Culture/Recreation		49,976
Capital outlay		55,893
Debt service		
Principal		15,834
Interest		2,513
Total expenditures		650,335
Excess (deficiency) of revenues over expenditures		(44,280)
Other financing sources and uses, including transfers		
Transfers in		78,296
Special item		
Settlement - Deepwater Horizon Oil Spill		27,381
Net change in fund balances		61,397
Fund balances - beginning		146,995
Fund balance - ending	\$	208,392

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, 2015

Net change in fund balances - total governmental funds \$ 61,397

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	55,892
Depreciation	(73,497)

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	15,834
-----------	--------

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.

<u>(2,053)</u>

Change in net position of governmental activities

<u>\$ 57,573</u>

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

September 30, 2015

Assets	
Current assets	
Cash	\$ 73,171
Accounts receivable	17,130
Allowance for doubtful accounts	(3,000)
Due from other governmental units	<u>18,857</u>
Total current assets	<u>106,158</u>
Noncurrent assets	
Restricted assets	
Cash - deposits	39,409
Cash - debt service	3,848
Cash - debt service	<u>52,426</u>
Total restricted assets	<u>95,683</u>
Capital assets	
Land	3,570
Construction in progress	138,175
Buildings and improvements	1,100,606
Improvement other than buildings	7,483,239
Equipment, furniture, and vehicles	278,424
Accumulated depreciation	<u>(2,057,645)</u>
Total capital assets net	<u>6,946,369</u>
Total noncurrent assets	<u>7,042,052</u>
Total assets	<u>\$ 7,148,210</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 11,022
Contracts payable	5,887
Compensated absences	15,506
Accrued interest payable	6,280
Payroll and withholding payable	310
Deposits	39,700
Note payable	19,371
Bonds payable	<u>13,000</u>
Total current liabilities	<u>111,076</u>
Long term liabilities	
Note payable	409,679
Bonds payable	<u>605,000</u>
Total long term liabilities	<u>1,014,679</u>
Total liabilities	<u>1,125,755</u>
Net position	
Net investment in capital assets	5,899,319
Unrestricted	<u>123,136</u>
Total net position	<u>6,022,455</u>
Total liabilities and net position	<u>\$ 7,148,210</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2015

Operating revenues		
Water utility	\$	109,371
Installation fees		592
Solid waste		107,280
Sewer/wastewater		170,792
Service charge		22,016
Service fees		180
Miscellaneous		<u>7,931</u>
Total operating revenues		<u>418,162</u>
Operating expenses		
Water utility services		
Personal services		12,486
Operating expenses		58,734
Garbage/solid waste control		
Operating expenses		89,055
Sewer/waste water services		
Personal services		32,716
Operating expenses		217,087
Water-sewer combination services		
Personal services		57,934
Operating expenses		<u>39,473</u>
Total operating expenses		<u>507,485</u>
Operating income (loss)		<u>(89,323)</u>
Non-operating revenues (expenses)		
Interest revenue		161
Utility service tax		27,088
Grants - other local units		45,000
Grants - other		2,423
Interest expense		<u>(42,213)</u>
Total non-operating revenues (expenses)		<u>32,459</u>
Income (loss) before capital grants and transfers		(56,864)
Capital grants		
State of Florida		86,834
Transfers out		<u>(78,296)</u>
Change in net position		(48,326)
Net position - beginning		<u>6,070,781</u>
Net position - ending	\$	<u>6,022,455</u>

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2015

Cash flows from operating activities	
Cash received from customers and users	\$ 417,291
Cash payments for employees and benefits	(102,350)
Cash payments to contractors, suppliers, and others	<u>(205,314)</u>
Net cash provided by (used for) operating activities	<u>109,627</u>
Cash flows from noncapital financing activities	
Transfers out	(78,296)
Utility service tax	27,088
Nonoperating grants	<u>47,423</u>
Net cash provided by (used for) noncapital financing activities	<u>(3,785)</u>
Cash flows from capital and related financing activities	
Principal paid on notes and bonds payable	(31,774)
Interest paid on note and bonds payable	(42,488)
Capital grant	67,977
Purchase of capital assets (construction in progress)	<u>(80,947)</u>
Cash flows provided by (used for) capital and related financing activities	<u>(87,232)</u>
Cash flows from investing activities	
Interest revenue	<u>161</u>
Net increase (decrease) in cash	18,771
Cash - beginning	<u>150,083</u>
Cash - ending	<u>\$ 168,854</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	<u>\$ (89,323)</u>

(Continued)
See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2015

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)	369
Increase (decrease) in	
Accounts payable	6,603
Compensated absences	786
Deposits	<u>(1,240)</u>
Total adjustments	<u>198,950</u>
Net cash provided by (used for) operating activities	<u>\$ 109,627</u>
 Noncash transactions	 <u>\$ -</u>
 Reconciliation of cash per the statement of net assets to the statement of cash flows:	
 Cash per the Statement of Net Assets	
Cash	\$ 73,171
Restricted assets - cash	<u>95,683</u>
Total cash per the Statement of Cash Flows	<u>\$ 168,854</u>

TOWN OF WHITE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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, 2015, 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 \$500 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 recognizes 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 an expenditure, the Town's policy is to expend restricted amounts until exhausted.

G. Ad Valorem Taxes

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

H. Use of Estimates

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

I. Interfund Activity

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

J. Deferred Inflows of Resources

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

Note 2. Deposits and Investments

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

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

During the year ended September 30, 2015, 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, 2015, the Florida PRIME rating as established by Standard and Poors was AAAM. The weighted average day to maturity is 29 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	\$ 168,166	\$ 69,311	\$ 237,477
Florida Prime	<u>-</u>	<u>3,860</u>	<u>3,860</u>
Total unrestricted deposits	<u>168,166</u>	<u>73,171</u>	<u>241,337</u>
Deposits	-	91,835	91,835
Florida Prime	<u>-</u>	<u>3,848</u>	<u>3,848</u>
Total restricted deposits	<u>-</u>	<u>95,683</u>	<u>95,683</u>
Total cash	<u>\$ 168,166</u>	<u>\$ 168,854</u>	<u>\$ 337,020</u>

Note 3. Accounts Receivable

Accounts receivable at September 30, 2015, of the Enterprise Fund, consisted of the following:

	Billed <u>Accounts</u>
Gross	\$ 17,130
Allowance for doubtful accounts	<u>(3,000)</u>
Net accounts receivable	<u>\$ 14,130</u>

At September 30, 2015, the Town's allowance for doubtful accounts was based on an estimate of those accounts (inactive) not deemed collectible.

Note 4. Due from Other Governmental Units/Other Current Assets

Due from other governmental units at September 30, 2015, consists of the following:

Hamilton County, FL	\$ 592
State of Florida	<u>41,259</u>
Total	<u>\$ 41,851</u>

An amount due from the Deepwater Horizon Oil Spill Settlement was as follows:

Other current assets	
Deepwater Horizon Oil Spill Settlement	<u>\$ 27,381</u>

Note 5. Capital Assets

Capital asset activity for the year ending September 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 114,440	\$ -	\$ -	\$ 114,440
Construction in progress	<u>49,950</u>	<u>55,893</u>	-	<u>105,843</u>
Total capital assets not being depreciated	<u>164,390</u>	<u>55,893</u>	-	<u>220,283</u>
Other capital assets				
Buildings	87,855	-	-	87,855
Infrastructure	2,219,797	-	-	2,219,797
Equipment, furniture, and vehicles	<u>504,176</u>	-	-	<u>504,176</u>
Total other capital assets	<u>2,811,828</u>	-	-	<u>2,811,828</u>
Less accumulated depreciation for				
Buildings	(45,230)	(2,020)	-	(47,250)
Infrastructure	(248,869)	(45,597)	-	(294,466)
Equipment, furniture, and vehicles	<u>(318,730)</u>	<u>(25,880)</u>	-	<u>(344,610)</u>
Total accumulated depreciation	<u>(612,829)</u>	<u>(73,497)</u>	-	<u>(686,326)</u>
Other capital assets, net	<u>2,198,999</u>	<u>(73,497)</u>	-	<u>2,125,502</u>
Governmental activities capital assets, net	<u>\$ 2,363,389</u>	<u>\$ (17,604)</u>	<u>\$ -</u>	<u>\$ 2,345,785</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	<u>51,341</u>	<u>86,834</u>	-	<u>138,175</u>
Total capital assets not being depreciated	<u>54,911</u>	<u>86,834</u>	-	<u>141,745</u>
Other capital assets				
Buildings	1,100,606	-	-	1,100,606
Infrastructure	7,483,239	-	-	7,483,239
Equipment, furniture, and vehicles	<u>278,424</u>	-	-	<u>278,424</u>
Total other capital assets	<u>8,862,269</u>	-	-	<u>8,862,269</u>
Less accumulated depreciation for				
Buildings	(365,603)	(27,515)	-	(393,118)
Infrastructure	(1,337,842)	(156,467)	-	(1,494,309)
Equipment, furniture, and vehicles	<u>(161,768)</u>	<u>(8,450)</u>	-	<u>(170,218)</u>
Total accumulated depreciation	<u>(1,865,213)</u>	<u>(192,432)</u>	-	<u>(2,057,645)</u>
Other capital assets, net	<u>6,997,056</u>	<u>(192,432)</u>	-	<u>6,804,624</u>
Business-type activities capital assets, net	<u>\$ 7,051,967</u>	<u>\$ (105,598)</u>	<u>\$ -</u>	<u>\$ 6,946,369</u>

Depreciation expense was charged the following functions as follows:

Governmental activities		
General government	\$	3,825
Public safety		18,196
Physical environment		-
Transportation		5,879
Economic environment		39,592
Culture/recreation		<u>6,005</u>
Total governmental activities depreciation expense	\$	<u>73,497</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, 2015, debt service to maturity is as follows:

Fiscal year ending	Revenue Bond, Series 2008		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/30/2016	\$ 9,000	\$ 1,249	\$ 10,249
9/30/2017	9,000	833	9,833
9/30/2018	<u>9,000</u>	<u>416</u>	<u>9,416</u>
Totals	<u>\$ 27,000</u>	<u>\$ 2,498</u>	<u>\$ 29,498</u>

Interest paid on the above was \$1,619 for the year ending September 30, 2015.

B. Capital lease

The Town has a capital lease agreement with Ring Investments in the amount of \$39,285 for the purchase of a Cat 416E Backhoe Loader. The lease is to be paid in five annual installments of \$8,728 including interest of 5.55%. The backhoe loader cost \$39,825, and has accumulated depreciation of \$9,167.

At September 30, 2015, debt service to maturity is as follows:

Fiscal year ending	CAT 416 E Backhoe		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/30/2016	\$ <u>8,269</u>	\$ <u>460</u>	\$ <u>8,729</u>

Interest paid on the above was \$894 for the year ending September 30, 2015.

Business-type Activities

A. Debt Purchase Agreement

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

The debt is to be repaid in forty semiannual payments of \$48,827 including interest of 3.8%. The Agreement is secured by “specific revenues (all income or earnings received by the Town from the ownership or operation of its Water and Sewer Systems, including investment income) pledged as security for repayment of the Debt and shall be the funds appropriated by the State of Florida for the purpose of wastewater facilities improvements and the investment earnings thereon all as held under the Escrow Agreement.”

The Town incurred interest expense of \$13,818 during the year ending September 30, 2015. 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>
2016	\$ 32,867	\$ 19,371	\$ 13,496
2017	32,867	19,993	12,875
2018	32,867	20,634	12,233
2019	32,867	21,295	11,572
2020	32,867	21,978	10,889
2021-25	164,336	120,927	43,409
2026-30	164,336	141,600	22,736
2031-32	<u>65,734</u>	<u>63,251</u>	<u>2,483</u>
	<u>\$ 558,742</u>	<u>\$ 429,050</u>	<u>\$ 129,692</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, 2015, \$50,948 was held in the sinking fund for debt service and reserve purposes.

The Town incurred interest expense of \$28,395 on the Series 2001 A&B Revenue Bonds during the year ending September 30, 2015. The amount is included in the direct expense of the Town’s Sewer/waste water Department.

Debt service to maturity is as follows:

Bond Series 2001A and 2001B			
Date	Payment	Principal	Interest
2016	\$ 40,810	\$ 13,000	\$ 27,810
2017	41,300	14,000	27,300
2018	40,595	14,000	26,595
2019	40,965	15,000	25,965
2020	41,290	16,000	25,290
2021-25	204,416	89,000	115,416
2026-30	204,288	111,000	93,288
2031-35	204,871	139,000	65,871
2036-40	200,792	169,000	31,792
2041	<u>39,715</u>	<u>38,000</u>	<u>1,715</u>
	<u>\$ 1,059,042</u>	<u>\$ 618,000</u>	<u>\$ 441,042</u>

Long-term liability activity for the year ended September 30, 2015, was as follows:

Governmental Activities	Amounts due within				
	10/1/2014	Additions	Deductions	9/30/2015	One Year
Compensated absences	\$ 18,446	\$ 23,417	\$ 17,744	\$ 24,119	\$ 3,618
Lease payable	16,103	-	7,834	8,269	8,269
USDA Bond 2008	<u>35,000</u>	<u>-</u>	<u>8,000</u>	<u>27,000</u>	<u>9,000</u>
Totals	<u>\$ 69,549</u>	<u>\$ 23,417</u>	<u>\$ 33,578</u>	<u>\$ 59,388</u>	<u>\$ 20,887</u>

Business Type	Amounts due within				
	10/1/2014	Additions	Deductions	9/30/2015	One Year
Compensated absences	\$ 14,720	\$ 9,038	\$ 8,252	\$ 15,506	\$ 15,506
State Revolving Fund Loan	447,824	-	18,774	429,050	19,371
Water and Sewer Bonds 2001	<u>631,000</u>	<u>-</u>	<u>13,000</u>	<u>618,000</u>	<u>13,000</u>
Totals	<u>\$ 1,093,544</u>	<u>\$ 9,038</u>	<u>\$ 40,026</u>	<u>\$ 1,062,556</u>	<u>\$ 47,877</u>

Note 7. Interfund Balances and Transfers

Internal balances for the year ending September 30, 2015, were as follows:

Major Funds	<u>Transfers-in</u>	<u>Transfers-out</u>	<u>Description</u>
General	\$ 78,296	\$ -	Budgeted transfer
Enterprise	<u>-</u>	<u>78,296</u>	Budgeted transfer
Totals	<u>\$ 78,296</u>	<u>\$ 78,296</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, 2015, the unassigned general fund balance was \$208,392 or thirty-two percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2015, was as follows:

Description	General Fund
Fund balances:	
Spendable	
Unassigned	<u>\$ 208,392</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 three years are as follows (employees matched the amounts):

	<u>Amount</u>
2015	\$ 8,111
2014	14,144
2013	8,754

Note 10. Commitments

The Town has the following CDBG Grant related commitments at September 30, 2015:

	<u>Contract</u>		<u>Payments</u>	<u>Balance</u>	<u>Service</u>
	<u>Amount</u>				
Jordan & Associates	\$ 42,000	\$	22,500	\$ 19,500	CDBG Grant Administration
Mittauer & Associates, Inc.	36,680		-	36,680	CDBG Grant Engineering
Gray Construction Services	1,741,239		-	1,741,239	CDBG related construction

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 April 2012 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.

At September 30, 2015, the Federal Emergency Management Agency (FEMA) was reviewing expenditures claimed under the Jewett Street Project (Pre-Application Number PA-04-FL-4068-RPA-0036) incurred after Tropical Storm Debby. At the date of audit issuance, the review was ongoing.

NOTE 13. Current/Future Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board were effective for the Town's 2014-15 fiscal year:

GASBS No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

GASBS No. 69, Government Combinations and Disposals of Government Operations

GASBS No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68

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

The following statements will be effective for the Town's 2015-16 fiscal year:

No. 72, Fair Value Measurement and Application

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

and 68 No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

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

The Town is evaluating the effects that these statements will have, if any, on its financial statements for the year ending September 30, 2016.

Note 14. Subsequent Events

The Town's management has evaluated subsequent events through the date of the audit report – June 16, 2016, and reports the following:

In connection with the CDBG Grant 15DB-OJ-03-34-02-N 24, the Town awarded Gray Construction Services the contract to build the Town's Fire Station. The original contract was for \$1,687,749; however, a change order for a sprinkler system was added resulting in an adjusted contract amount of \$1,741,239.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF WHITE SPRINGS, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2015

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Beginning fund balance	\$ 131,729	\$ 131,729	\$ 146,995	\$ 15,266
Resources (inflows)				
Taxes	294,888	294,888	341,567	46,679
Licenses and permits	500	500	500	-
Intergovernmental revenue	76,093	76,093	147,470	71,377
Charges for services	19,340	19,340	35,184	15,844
Fines and forfeits	1,100	1,100	1,851	751
Miscellaneous revenues	22,160	22,160	106,863	84,703
Other sources	<u>131,402</u>	<u>131,402</u>	<u>78,296</u>	<u>(53,106)</u>
Total amount available for appropriation	<u>677,212</u>	<u>677,212</u>	<u>858,726</u>	<u>181,514</u>
Appropriation				
General government services	259,767	259,767	249,436	10,331
Public safety	225,299	225,299	236,456	(11,157)
Physical environment	-	-	-	-
Transportation	58,867	58,867	51,267	7,600
Economic environment	-	-	59,797	(59,797)
Culture and recreation	1,550	1,550	3,402	(1,852)
Other uses	<u>131,729</u>	<u>131,729</u>	<u>49,976</u>	<u>81,753</u>
Total appropriations	<u>677,212</u>	<u>677,212</u>	<u>650,334</u>	<u>26,878</u>
Reserves/ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,392</u>	<u>\$ 208,392</u>

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2015

Note 1. Budget

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

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

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

The Town did not amend its budget post year end.

Note 2. Budget to Actual Reconciliation

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

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules	\$ 858,726
Differences - budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	(146,994)
Transfers in are available for appropriation but is not a current-year revenue for financial reporting purposes	(78,296)
Special items are available for appropriation but are not current-year revenue for financial reporting purposes	<u>(27,381)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 606,055</u>
 Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	\$ 650,334
Adjustments to appropriated expenditures (rounding)	<u>1</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 650,335</u>

**SUPPLEMENTARY
INFORMATION**

TOWN OF WHITE SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2015

	Federal/State CFDA/CSFA <u>Number</u>	Grant/ Contract <u>Number</u>	Contract Period <u>Beginning</u> <u>Ending</u>		Grant <u>Amount</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Awards							
Department of Housing and Urban Development State of Florida Department of Economic Opportunity Community Development Block Grant	14.228	15DB-OJ-03-34-02-N 24	02/03/15	02/02/17	\$ 600,000	\$ 19,591	\$ -
Department of Justice Florida Department of Law Enforcement Public Safety Partnership and Community Policing Grants	16.710	2011UMWX0041	09/01/11	12/17/14	79,365	6,330	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGD-HAMI-1-R1-014	04/01/15	06/30/15	1,000	1,000	-
Environmental Protection Agency Florida Department of Environmental Protection Capitalization Grants for Clean Water State Revolving Funds	66.458	WW229040			<u>358,880</u>	<u>86,834</u>	<u>-</u>
Total federal assistance					<u>1,039,245</u>	<u>113,755</u>	<u>-</u>
State Financial Assistance							
State of Florida Department of Economic Opportunity Growth Management Implementation	40.024	P0130	07/01/13	06/30/14	<u>40,000</u>	<u>35,000</u>	<u>-</u>
Total federal and state financial assistance					<u>\$ 1,079,245</u>	<u>\$ 148,755</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, 2015. 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 RECIEPTS AND EXPENDITURES OF FUNDS RELATED TO THE
DEEPWATER HORIZON OIL SPILL**

For the Year Ended September 30, 2015

<u>Source</u>	Amount received in the 2014-15 <u>Fiscal Year</u>	Amount expended in the 2014-15 <u>Fiscal Year</u>	<u>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, 2015, 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 June 16, 2016.

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.

Prior Year Finding

The prior year finding 2011-01 was cleared.

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
June 16, 2016

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, 2015. 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, 2015.



Kenneth M. Daniels
Certified Public Accountant
June 16, 2016

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, 2015, and have issued my report thereon dated June 16, 2016.

Auditor's Responsibility

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

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in that report, which is dated June 16, 2016, 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. There were no prior year findings.

Current Year Findings

2015-001 Bank Accounts

The use of bank accounts should be minimized to prevent the Town's books from being unduly complicated due to the numerous transfers between accounts.

From my audit of cash, I noted that the Town had twenty-two bank accounts which it used for its cash transactions.

The accounts were created to assist in controlling the use of various funds (special events, volunteer fire department, beautification, recreation, economic development, insurance payments, fines and forfeits, etc.).

To maximize bookkeeping efficiency and simplify the accounting records, I recommend that all bank accounts not required by debt covenant or sound accounting practice be closed.

2015-002 Utility Accounts Receivable Write-off

Utility accounts should be reviewed annually for possible write-off and remittance to a collection agency.

From my audit of the utility accounts receivable, I noted that \$9,000 of the \$17,130 owed to the Town were in excess of 90 days in arrears. In addition, at the test of subsequent collections, fifteen of the twenty-five accounts tested were designated as inactive accounts.

The periodic review of the utility receivable accounts will ensure that the recorded amounts are collectible. In addition, it will identify those balances for which additional collection procedures would be prudent.

In the future, I recommend, at least annually, receivable accounts be reviewed for possible write-off and consideration regarding additional collection efforts.

2015-003 Utility Customer Deposits

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

From my audit of utility deposits, I discovered that the list overstated the actual liability by \$9,050. (The list was reviewed, agreed to the current utility customer accounts, and corrected by the Town's Finance Director.)

The lack of a monthly reconciliation of the detailed utility customer deposit list to the customer cash transactions led to the overstatement.

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

2015-004 Cash Collections

Auditable support (receipts, ticket sales reconciliation, and cash count sheet) should accompany all amounts collected outside Town Hall.

Twelve collections for special events were noted during the audit of Town revenue in which remittances for deposit were supported only by a copy of the check or cash collected.

Failure to require auditable documentation for receipts from outside Town Hall caused the weakness in cash controls.

All amounts submitted for deposit should be accompanied by auditable support: written receipts accounted for sequentially, cash count sheets in which proceeds are verified immediately after the event by two individuals, ticket reconciliations agreeing proceeds to tickets sold.

2015-005 Payroll Classification

Wages and associated taxes should reconcile to amounts reported on the Forms 941.

Variances of \$1,286 (wages subject to withholding) and \$13,151 (wages subject to FICA taxes) exist between amounts reported as wages on the trial balance and amounts reported on Forms 941.

Failure to agree wage amounts per the trial balance amounts to the amounts reported on Forms 941 resulted in the misclassification of wages.

Incorrect classification of wage amounts in operating expenditures resulted in the variances above.

Wages per the Town's trial balance amounts should be agreed to the Forms 941 filed quarterly. In addition, wages should be classified in accordance with the Uniform Accounting System Manual.

2015-006 Utility Billings

Utility billings should be computed in accordance with the Town's Ordinance 14-03.

From the audit of utility receipts, I noted six instances in which the receipted/billed amounts did not agree to the computation performed in accordance with Ordinance 14-03.

Failure to review billings for accuracy or document changes in circumstances or variances from the meter readings resulted in the amounts noted above.

The ramification of the above variances is the possible over/under billing of utility services.

Review accounts billed for accuracy and document variances from meter readings or standard billings.

Official Title and Legal Authority

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

Financial Condition

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

Pursuant to Sections 10.554(1) (i)5.c. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Town of White Springs's financial condition, and my financial condition assessment was based in part on representations by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2015.

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, 2015, 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, 2015. In connection with my audit, I determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

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

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

USDA Rural Development Department of Agriculture Requirements

1. The Town of White Springs, Florida adopted a budget in accordance with *Florida Statutes* 166.241.
2. The Town had established a sinking fund in accordance with Article III, Section 3.04(C) Covenants, Special Funds and Application Thereof of the Bond Covenant.
3. The Town's funds are collateralized in accordance with *Florida Statutes* 218.415.
4. Rates established by Ordinance 14-03 are adequate to fund reserves and operating costs.
5. Insurance is carried on the Town's real and personal property as well as dishonesty bonding on all employees who possess pledged funds.
6. The annual audit was performed using generally accepted accounting principles.
7. No instances of noncompliance with the Internal Revenue Code were noted.
8. No free utility services or preferential rates were provided by the Town.
9. No significant instances of noncompliance were noted with the loan agreements.

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
June 16, 2016

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

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

June 16, 2016

RE: Management letter audit findings

Mr. Daniels:

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

2015-001 Bank Accounts

An analysis of the Town's bank accounts will be performed, and the accounts will be reduced to the minimum number required.

2015-002 Utility Accounts Receivable Write-off

At least annually, utility accounts receivable will be reviewed by the Town Manager and those accounts deemed uncollectible presented to the Town Council for write-off approval. The need for additional collection efforts will be considered.

2015-003 Utility Customer Deposits

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

2015-004 Cash Collections

For all future events, the Town Manager will approve the event prior to the actual occurrence. Receipt books will be issued by the Town or cash count sheets and/or ticket reconciliation sheets will be provided to the participants prior to the special event. In all future circumstances, auditable support will accompany any remittances to the Town for deposit.

2015-005 Payroll Classifications

Quarterly, the Town's Finance Director will agree wages per the Form 941 to the amounts reported on the Town's general ledger. In addition, wages will be properly classified per the State of Florida Uniform Accounting System Manual.

2015-006 Utility Billings

Any variations from the Town's Ordinance 14-03 will be documented and retained for post year-end audit review. All variations will be approved by the Town Manager as part of the documentation process.

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,

A handwritten signature in cursive script that reads "Stacy Tebo". The signature is written in black ink and is positioned above the printed name and title.

Stacy Tebo
Town Manager