

**Town of Westville, Florida**  
**Financial Statements and Supplementary Information**  
**For the Year Ended September 30, 2016**

**JOSEPH A. JONES**  
**Certified Public Accountant**  
**Crestview, Florida**  
**June 28, 2017**

TOWN OF WESTVILLE, FLORIDA  
 TABLE OF CONTENTS  
 FISCAL YEAR END SEPTEMBER 30, 2016

Page  
 Number

Cover page	1
Table of Contents	2
INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government -Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	11
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Fund	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Net Position - Governmental Fund	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Net Position of Governmental Fund to the Statement of Activities	15
General Fund Statement of Revenues and Expenditures - Budget and Actual	16
Balance Sheet - Proprietary Fund	17
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	18
Proprietary Fund: Statement of Revenues and Expenses, Budget and Actual	19
Statement of Cash Flows - Proprietary Fund	20
NOTES TO FINANCIAL STATEMENTS	22
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	34
MANAGEMENT LETTER	36

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members  
of the Town Council, Town of Westville, 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 Westville, Florida as of, and for the year ended, September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Westville'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 judgement, 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 the 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 opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Westville, Florida, as of September 30, 2016, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

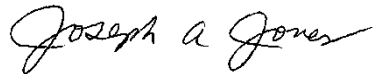
### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 basis 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated June 28, 2017 on my consideration of the Town of Westville'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 the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westville's internal control over financial reporting and compliance.



Joseph A. Jones, CPA  
Crestview, Florida  
June 28, 2017

Town of Westville, Florida  
**Management Discussion and Analysis**  
**(Unaudited)**

This discussion and analysis of the Town of Westville's financial statements is designed to introduce the basic financial statements and provide an analytical overview of the Town's financial activities for the fiscal year ended September 30, 2016. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, proprietary fund financial statements, and footnotes.

**Town Highlights**

**Fiscal year 2016:** At the close of fiscal year 2016, the Town had \$114,556 of cash in bank accounts. The Town's assets exceeded its liabilities by \$1,075,134. General Fund revenues were \$63,366. General Fund cash expenses were \$43,285 and non-cash depreciation was \$38,300. Water revenues were \$43,454 plus \$343,297 grant revenues from Northwest Florida Water Management District (NFWMD). Water cash expenses were \$42,562 and non-cash depreciation was \$15,865. The NFWMD grant award was \$491,100 for water main replacement. In FY2016 the Town received grant funds of \$343,297 and expended \$343,297 on the water main replacement project. Work on the water main replacement continues in FY2017.

**Government-wide Financial Statements**

Government-wide financial statements (statement of net position and statement of activities) are intended to assess the Town's operational accountability, or the extent the Town's government has met its operating objectives efficiently and effectively, using all resources available for the purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the Town as a whole and do not emphasize fund types.

The Statement of Net Position presents information on all Town assets and liabilities, with the difference between the two reported as net position. The Town's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities presents revenue and expense information showing how the Town's net position changed during the fiscal year. Both statements are measured and reported using the economic resources measurements focus (revenue and expense) and accrual basis of accounting (revenues recognized when earned and expense recognized when a liability is incurred).

**Governmental Fund Financial Statements**

The general fund is the sole governmental fund of the Town. All of the Town's basic services are reported in the general fund, and the focus is on how money flows into and out of this fund and the balance left at year end that is available for spending. This fund is reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The general fund's statements provide a detailed short-term view of the Town's general government operations and basic services it provides. This information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

### Proprietary Fund Financial Statements

When the Town charges customers for services it provides, these services are 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 proprietary fund (the Water 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.

### Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the Town is in better or worse financial condition from year to year.

The following is a condensed summary of net position of the Town.

#### SUMMARY OF NET POSITION

September 30:

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u> <u>Activities</u>
Assets:			
Current & Other	\$ 55,934	\$ 69,798	\$ 125,732
Capital Assets	189,778	815,221	1,004,999
Total Assets	<u>245,712</u>	<u>885,019</u>	<u>1,130,731</u>
Liabilities:			
Current	1,329	21,268	22,597
Non-Current	-	33,000	33,000
Total Liabilities	<u>1,329</u>	<u>54,268</u>	<u>55,597</u>
Net Position:			
Invested in Capital			
Assets, Net of			
Related Debt	189,778	773,582	963,360
Restricted	-	27,269	27,269
Unrestricted	54,606	29,899	84,505
Total Net Position	<u>244,383</u>	<u>830,750</u>	<u>1,075,134</u>
Total Liabilities			
and Net Position	<u>\$ 245,712</u>	<u>\$ 885,019</u>	<u>\$ 1,130,731</u>

**Fiscal year 2016:** At year end, the Town had cash of \$114,556, consisting of unrestricted cash of \$87,287 (\$47,720 in General Fund and \$39,567 in Water Fund), and restricted cash of \$27,269 in the Water Fund. Unrestricted cash is available for spending at the Town's discretion, such as paying down debt, equipment purchases, or repairs. Restricted cash includes the bond sinking and reserve funds, customer deposits, and NFWFMD grant funds. The following schedule lists the Town's revenues, expenses, and changes in net position for fiscal year ending September 30, 2016.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$ -	\$ 43,454	\$ 43,454
NFWFMD Grant		343,297	\$ 343,297
State Business & Professional Regulation	734		734
State Revenue Sharing	16,866		16,866
State Discretionary	15,923		15,923
Half Cent Sales Tax	6,437		6,437
Local Option Gas Tax	5,184		5,184
Communication service tax	914		914
Local Electric sales tax	5,240		5,240
Department of Highway Safety	598		598
Rental Income - Store	4,116		4,116
Rental Income - Town Hall	771		771
Fire Department - Holmes County	5,000		5,000
Donations	230		230
Insurance Reimbursement	420		420
Capital Credits	926		926
Miscellaneous	7		7
Total Revenues	<u>63,366</u>	<u>386,751</u>	<u>450,117</u>
<u>Expenses:</u>			
General Government	54,147	-	54,147
Public Safety	4,784	-	4,784
Culture and Recreation	22,653	-	22,653
Interest on long term debt	-	2,055	2,055
Water	-	56,271	56,271
Total Expenses	<u>81,585</u>	<u>58,327</u>	<u>139,911</u>
<u>Net Position:</u>			
Increase (Decrease) in Net Position	(18,219)	328,425	310,206
Net Position October 1	262,602.32	502,325.49	<u>764,928</u>
Net Position September 30	<u>\$ 244,383</u>	<u>\$ 830,750</u>	<u>\$ 1,075,134</u>

## Capital Assets

Land is a non-depreciable capital asset. Depreciable capital assets include buildings, equipment and vehicles, leasehold improvements, recreational park, and water system. The following is a schedule of the Town's capital assets as of September 30, 2016:

	Capital Assets At September 30, 2016		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Capital Assets:</u>			
Land	\$ 10,171	\$ -	\$ 10,171
Total Capital Assets not being depreciated	10,171	-	10,171
Buildings	441,000	4,696	445,696
Equipment	469,031	20,344	489,376
Leasehold Improvements	116,050	5,525	121,575
Recreational Park	14,141	-	14,141
Water System		1,660,575	1,660,575
Total Capital Assets being depreciated	1,040,222	1,691,140	2,731,363
Total Cost of Capital Assets	1,050,393	1,691,140	2,741,533
<u>Less Accumulated Depreciation:</u>			
Buildings	(348,300)	(4,696)	(352,996)
Equipment	(403,903)	(17,982)	(421,885)
Leasehold Improvements	(104,877)	(5,525)	(110,402)
Recreational Park	(3,535)	-	(3,535)
Water System		(847,717)	(847,717)
Total Accumulated Depreciation	(860,615)	(875,919)	(1,736,535)
<u>Net Capital Assets:</u>	<u>\$ 189,778</u>	<u>\$ 815,221</u>	<u>\$ 1,004,999</u>

## Debt Administration

### Fiscal year 2016:

At fiscal year the Town had water revenue bonds payable to U.S. Department of Agriculture (USDA) totaling \$38,000 (with interest at 5%) after a \$4,000 principal payment.

### **Contacting the Town's Financial Management**

This report has been created to provide our citizens, taxpayers, customers and creditors a general overview for all those with an interest in the Town's finances. If you have questions about this report, or need additional financial information, contact the Town Clerk, Tammy Bowers, at P.O. Box 123, Westville, FL. 32464 or phone (850) 548-5858.



TOWN OF WESTVILLE  
STATEMENT OF NET POSITION  
September 30, 2016

Assets	Governmental <u>Activities</u>	Business <u>Activities</u>	<u>Total</u>
Current assets:			
Cash, Unrestricted	\$ 47,720	\$ 39,567	\$ 87,287
Receivables, net	125	2,961	3,086
Prepaid Insurance	7,035		7,035
Prepaid Maintenance	1,055		1,055
Restricted Cash		27,269	27,269
Total Current Assets	55,934	69,797.68	125,732
Noncurrent assets:			
Capital assets, net of depreciation:			
Land	10,171	-	10,171
Buildings	92,700	-	92,700
Equipment	65,128	2,363	67,491
Leasehold Improvements	11,173	-	11,173
Recreation Park	10,606	-	10,606
Water System	-	812,858	812,858
Total capital assets, net	189,778	815,221	1,004,999
Total noncurrent assets	189,778	815,221	1,004,999
Total Assets	\$ 245,712	\$ 885,019	\$ 1,130,731

The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE  
STATEMENT OF NET POSITION (CONTINUED)  
September 30, 2016

	Governmental	Business	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	\$ 462	\$ 3,638	\$ 4,100
Taxes Payable	717		717
Refundable Town Hall Deposits	150		150
Water Customer Deposits		10,575	10,575
Accrued interest		2,055	2,055
Current portion of notes payable		5,000	5,000
Total Current Liabilities	1,329	21,268.39	22,597
Noncurrent liabilities:			
Notes payable		33,000	33,000
Total noncurrent liabilities	-	33,000	33,000
TOTAL LIABILITIES	1,329	54,268	55,597
Net Assets			
Investment in capital assets, net of related debt	189,778	773,582	963,360
Restricted for notes payable		13,055	13,055
Restricted for Water Customer Deposits		10,575	10,575
Restricted for NFWWMD Grant		3,639	3,639
Unrestricted	54,606	29,899	84,504
TOTAL NET POSITION	244,383	830,750	1,075,134
TOTAL LIABILITIES & NET POSITION	\$ 245,712	\$ 885,019	\$ 1,130,731

The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE  
STATEMENT OF ACTIVITIES  
September 30, 2016

<u>Functions/Programs</u>	<u>Revenues:</u>			Net (Expense)/ Revenue
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants &amp; Contributions</u>	
<u>General government activities:</u>				
General government	\$ 54,147			\$ (54,147)
Public safety	4,784			(4,784)
Culture and Recreation	22,653			(22,653)
Total governmental activities	81,585	-	-	(81,585)
 <u>Business activities:</u>				
Capital Grants			343,297	343,297
Water Expenses	56,271	43,454		(12,817)
Water Interest	2,055			(2,055)
Total business-type activities	58,327	43,454	343,297	328,425
Total	\$ 139,911	\$ 43,454	\$ 343,297	\$ 246,840

The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE  
STATEMENT OF ACTIVITIES (CONTINUED)  
September 30, 2016

Changes in Net Position:	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
Net (expense) revenue	\$ (81,585)	\$ 328,425	\$ 246,840
General revenues:			
State Business & Professional Regulation	734		734
State Revenue Sharing	16,866		16,866
State Discretionary	15,923		15,923
Half Cent Sales Tax	6,437		6,437
Local Option Gas Tax	5,184		5,184
Communication service tax	914		914
Local Electric sales tax	5,240		5,240
Department of Highway Safety	598		598
Rental Income - Store	4,116		4,116
Rental Income - Town Hall	771		771
Fire Department - Holmes County	5,000		5,000
Donations	230		230
Insurance Reimbursement	420		420
Capital Credits	926		926
Miscellaneous	7		7
Total general revenues	\$ 63,366	\$ -	\$ 63,366
Changes in net position:	(18,219)	328,424.66	310,206
Net Position - beginning	262,602	502,325	764,928
Net Position - ending	\$ 244,383	\$ 830,750	\$ 1,075,134

The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE  
BALANCE SHEET - GOVERNMENTAL FUND  
September 30, 2016

	<u>General Fund</u>
ASSETS:	
Cash, Unrestricted	\$ 47,720
Receivables, net	125
Prepaid Insurance	7,035
Prepaid Maintenance	1,055
Restricted Cash	-
TOTAL ASSETS	<u>55,934</u>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts Payable	\$ 462
Taxes Payable	717
Refundable Town Hall Deposits	150
Total liabilities	<u>1,329</u>
Fund balance:	
Restricted	-
Un-Assigned	54,606
Total fund balance	<u>54,606</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,934</u>
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	
Fund balance - governmental fund	\$ 54,606
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets in governmental activities are not reported on this statement	189,778
Long term liabilities are not reported on this statement	-
NET POSITION PER STATEMENT OF NET POSITION	<u>\$ 244,383</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
NET POSITION - GOVERNMENTAL FUND  
For the Year Ended September 30, 2016

	<u>General Fund</u>
<u>REVENUES:</u>	
State Business & Professional Regulation	734
State Revenue Sharing	16,866
State Discretionary	15,923
Half Cent Sales Tax	6,437
Local Option Gas Tax	5,184
Communication service tax	914
Local Electric sales tax	5,240
Department of Highway Safety	598
Rental Income - Store	4,116
Rental Income - Town Hall	771
Fire Department - Holmes County	5,000
Donations	230
Insurance Reimbursement	420
Capital Credits	926
Miscellaneous	7
Total Revenues	<u>63,366</u>
<u>EXPENDITURES:</u>	
General Government (excludes Depreciation)	\$ 42,447
Public Safety (excludes Depreciation)	838
Culture and Recreation (excludes Depreciation)	-
Total Expenditures	<u>43,285</u>
Excess Revenues over Expenditures	20,081
Net Position at beginning of year	<u>8,582</u>
NET POSITION AT END OF YEAR	<u><u>\$ 28,663</u></u>

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2016

Excess of Revenues over Expenditures \$ 20,081

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

Governmental fund reports capital outlay as expenditures while governmental activities reports depreciation expense to allocate capital outlay expenditures over the life of the assets:

Capital assets purchased and capitalized	-
Minus Depreciation expense	<u>(38,300)</u>
Subtotal	<u>(38,300)</u>

Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position:

Note principal payments	-
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CHANGE IN NET POSITION OF STATEMENT OF ACTIVITIES	<u><u>\$ (18,219)</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF WESTVILLE  
GENERAL FUND STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2016

	Budgeted	Actual
	Amounts	Amounts
<u>REVENUES:</u>		
State Business & Professional Regulation	\$ -	\$ 734
State Revenue Sharing	16,000	16,866
State Discretionary	15,000	15,923
Half Cent Sales Tax	6,000	6,437
Local Option Gas Tax	5,000	5,184
Communication service tax	1,000	914
Local Electric sales tax	5,000	5,240
Department of Highway Safety	-	598
Rental Income - Store	4,000	4,116
Rental Income - Town Hall	1,000	771
Fire Department - Holmes County	5,000	5,000
Donations	-	230
Insurance Reimbursement	-	420
Capital Credits	-	926
Miscellaneous	-	7
Total Revenues	\$ 58,000	\$ 63,366
<u>EXPENDITURES:</u>		
General Government (excludes Depreciation)	40,000	\$ 42,447
Public Safety (excludes Depreciation)	1,000	838
Culture and Recreation (excludes Depreciation)	1,000	-
Capital Outlay		
Debt Service:		
Principal		-
Interest		-
Un-Reserved Funds	16,000	-
Total Expenditures	58,000	43,285
Excess Revenues over Expenditures	\$ -	\$ 20,081

The notes to the financial statements are an integral part of this statement.



TOWN OF WESTVILLE  
BALANCE SHEET - PROPRIETARY FUND  
September 30, 2016

Business-type Activities - Enterprise Funds - Water Fund

ASSETS:

Current Assets:

Cash, Unrestricted	\$ 39,567
Accounts Receivable	2,961
Restricted Assets:	
Cash, Customer Deposits	10,575
Cash, Sinking and reserve funds	13,055
Cash, NFWFMD Grant	3,639
Total restricted assets	<u>27,269</u>
Total current assets	<u>69,798</u>

Noncurrent Assets:

Capital assets:

Land	-
Buildings	4,696
Machinery and equipment	20,344
Leasehold Improvements	5,525
Water System	1,660,575
Less accumulated depreciation	<u>(875,919)</u>
Total capital assets (net of accumulated depreciation)	<u>815,221</u>
Total noncurrent assets	<u>815,221</u>

TOTAL ASSETS	<u><u>\$ 885,019</u></u>
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LIABILITIES AND NET POSITION:

Liabilities:

Accounts Payable	\$ 3,639
Revenue bonds payable (current portion)	5,000
Accrued Interest	2,055
Customer Deposits	10,575
Total current liabilities	<u>21,269</u>

Noncurrent liabilities

Revenue bonds payable (noncurrent portion)	<u>33,000</u>
Total noncurrent liabilities	<u>33,000</u>

TOTAL LIABILITIES	<u>54,269</u>
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Net Position:

Invested in capital assets, net of related debt	773,582
Restricted for revenue bond retirement	13,055
Restricted for customer deposits	10,575
Restricted for NFWFMD Grant	3,639
Unrestricted	29,898
TOTAL NET POSITION	<u><u>830,750</u></u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 885,019</u></u>
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The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUND  
For the Year Ended September 30, 2016

Business-type Activities - Enterprise Funds - Water Fund

Operating revenues:	
Charges for services	\$ 43,454
Operating expenses:	
Personal services	19,513
Materials and supplies	8,177
Repairs and maintenance	7,547
Utilities	3,377
Other operating expenses	1,793
Depreciation and amortization	<u>15,853</u>
Total operating expenses	<u>56,259</u>
OPERATING INCOME (LOSS)	(12,805)
Non-operating revenues (expenses)	
NWFWMD Grant	343,297
Acquisition of capital assets	(343,297)
Interest expense	<u>(2,055)</u>
Total Non-operating revenues (expenses)	<u>2,055</u>
INCOME (LOSS) AND CHANGE IN NET POSITION	(14,860)
Net Position at beginning of year	<u>527,798</u>
NET POSITION AT END OF YEAR	<u>\$ 512,938</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WESTVILLE  
 PROPRIETARY FUND: STATEMENT OF REVENUES AND EXPENSES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2016

Business-type Activities - Enterprise Funds - Water Fund

	<u>Budget</u>	<u>Actual</u>
<u>Operating revenues:</u>		
Charges for services	\$ 44,000	\$ 43,454
<u>Operating expenses:</u>		
Personal services	20,000	19,513
Materials and supplies	8,400	8,177
Repairs and maintenance	8,400	7,547
Utilities	4,000	3,377
Other operating expenses	1,100	1,793
Depreciation and amortization	-	15,853
Total operating expenses	<u>41,900</u>	<u>56,259</u>
<u>OPERATING INCOME (LOSS)</u>	2,100	(12,805)
<u>Non-operating revenues (expenses)</u>		
NFWFMD Grant		343,297
Acquisition of capital assets		(343,297)
Interest expense	(2,100)	(2,055)
Unreserved	-	
Total non-operating revenues (expenses)	<u>-</u>	<u>(2,055)</u>
<u>INCOME (LOSS)</u>	<u>\$ -</u>	<u>\$ (14,860)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WESTVILLE  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
For the Year Ended September 30, 2016

Business-type Activities - Enterprise Funds - Water Fund

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 43,454
Payments to suppliers	(8,177)
Payments to employees and contractors	(27,060)
Payments for Utilities	(3,377)
Payments for Other operating expenses	(1,793)
Net cash provided by operating activities	<u>3,048</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from the General Fund	<u>-</u>
Net cash provided by non-capital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES	
NWFWMD Grant	343,297
Acquisition of capital assets	(343,297)
Principal paid on capital debt	(4,000)
Interest paid on capital debt	(2,100)
Net cash provided (used) by capital and related financing activities	<u>(6,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>-</u>
Net cash provided by investing activities	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,052)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>69,889</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>66,837</u></u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF :	
Unrestricted cash	39,567
Restricted cash	27,269
Total	<u><u>\$ 66,837</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WESTVILLE  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
For the Year Ended September 30, 2016

Business-type Activities - Enterprise Funds - Water Fund

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (12,805)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	15,190
Change in assets and liabilities:	
Accrued Interest decrease	(45)
Customer Deposits increase	225
Accounts Payables increase	483
Net cash provided by operating activities	<u>\$ 3,048</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WESTVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
For fiscal year ending September 30, 2016

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Westville was created May 21, 1970 by an act of the Florida Legislature (House Bill 4295). The Town operates under a Mayor-Council form of government and provides services authorized by the act, including public safety, recreation, and general administrative services. The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies used by the Town are discussed below.

The Town's financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all Town activities.

**Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. No potential component units were identified.

**BASIC FINANCIAL STATEMENTS: GOVERNMENTAL –WIDE STATEMENTS**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's general and proprietary funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's fire protection, parks and recreation, street, and general administration services are classified as governmental activities. In the government-wide Statement of Net Position, both governmental and business-type activities are presented on a consolidated basis, and are reported in full accrual, economic resource measurement basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Town's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first uses restricted resources to finance qualifying activities. The government-wide Statement of Position reports as restricted net position, those resources that are restricted by legislation. The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions and business-type activities: general government, fire, etc. The functions are also supported by general government revenues (Ad valorem taxes, State Discretionary taxes, State Revenue Sharing, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants. Program revenues must be directly associated with the function or business-type activity. The capital grants reflect capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (Electric Franchise or Utility taxes, Communication Services taxes, etc.). The Town does not allocate indirect costs. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from current year activities.

TOWN OF WESTVILLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For fiscal year ending September 30, 2016

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIC FINANCIAL STATEMENTS:**

**Fund Financial Statements:**

**Governmental Funds** are used to account for the general government activities. Governmental fund types use the flow of current financial measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Ad valorem taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that includes assets, liabilities, net position, revenues and expenditures/expenses. The focus of the governmental funds’ measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

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

**Proprietary Funds** are used to account for the enterprise activities such as selling water utility services to customers. The focus of proprietary funds is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to private sector business. Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses result from providing and delivering services in connection with the principal ongoing operation of the fund. Operating expenses include all costs associated with providing these services, including depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Contributions to capital arise from contributions of resources restricted to capital acquisition and construction.

**Water Fund:** The Water Fund is the proprietary fund of the Town, and is used to account for user charges and expenses associated with providing water services.

TOWN OF WESTVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For fiscal year ending September 30, 2016

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. The Town determined that all funds met the criteria of a major fund.

**Fund Balances**

The following is a description of the Town’s various fund balance accounts:

*Non-spendable* fund balance includes amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* fund balance includes amounts restricted by creditor, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation.

*Committed* fund balance can be used only for specific purposes as imposed by formal action of the town council. There are no committed funds at the end of this fiscal year.

*Assigned* fund balance includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose by the town council. There are no assigned funds as of the end of this fiscal year.

*Unassigned* fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

**Restricted** – This component of net position consists of constraints placed on net positions imposed by creditors (such as through debt covenants), reserve for repayment of water bonds, contributors, customer water deposits, impact fees, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This component of net position consists of amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Restricted resources are only used for their specific designation and with approval from the town council. Committed and Assigned funds are used for their specific designation. If the Town does not have sufficient funds allocated to committed or assigned funds to cover the full cost of expenditures, then unassigned funds would be used to cover the remaining portion of the expense. In the event that expenditures exceed available restricted funds, then expenditures will be funded out of restricted funds to the extent of the restricted fund balance, and the remainder will be funded by the unrestricted fund balance. The Town considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in unrestricted fund balance classification could be used.

**BASIS OF ACCOUNTING**

Basis of accounting refers to the point that revenues and expenditures/expenses are recognized in the accounts and reported in financial statements. It relates to the timing of measurements made regardless of the measurement focus applied.

**Accrual:**

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 and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.



TOWN OF WESTVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For fiscal year ending September 30, 2016

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Modified Accrual:**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, and when they are measurable and available. Measurable means the amount the transaction is known, or can reasonably be estimated. Available means collectible within the current period or with 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, as under accrual accounting. The exception to this general rule is that principal and interest on general obligations long-term debt, are recorded only when payment is due.

**FINANCIAL STATEMENT AMOUNTS**

**Cash, Deposits, and Investments**

The Town is authorized to invest in financial instruments as established in Section 218.415, Florida Statutes. The Town maintains deposits with “Qualified Public Depositories” as defined in Chapter 280 Florida Statutes. The Town has an investment policy that places the highest priority on the safety of principal and liquidity of funds. Funds in excess of amounts needed to meet current expenses are invested in money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation. Investments in money market funds are reported at fair value.

***Interest Rate Risk***

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The Town minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and investing primarily in short-term security such as money market accounts.

***Concentration of Credit Risk***

As mentioned above, the Town limits investments to money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation.

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that the Town will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Town has no formal policy for custodial risk.

**Inter-fund Transfers**

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These transactions are classified as “Inter-fund Transfers” in the financial statements, and are listed as revenues, expenditures, or reimbursements. Inter-fund transactions that

TOWN OF WESTVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For fiscal year ending September 30, 2016

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

are reimbursements to a fund for expenditures/expenses initially made from it, and that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expense in the fund being reimbursed. The payroll costs for all funds are paid out of the General Fund, but Water Fund payroll has a separate account.

**Capital Assets**

Capital assets, which include property, equipment, vehicles, water system, improvements, etc. are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the Town as assets with an initial/individual cost of more than \$1,000, and an estimated useful life of in excess of one year. Such assets are reported at historical cost if purchased or constructed. Donated 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 are expensed as incurred. The Town did not report infrastructure prior to October 1, 2003.

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

Building and improvements	40 years
Machinery and equipment	5 to 10 years
Water System	25 to 40 years

Governmental Accounting Standards Board (GASB) statement number 34 requires the Town to report and depreciate new infrastructure assets. Infrastructure assets include road, drainage systems, water systems, etc.

**Long Term Obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

**Ad Valorem Tax Revenue**

The County Property Tax Calendar Significant dates relative to ad valorem tax revenue are as follows:

- Assessment date, Lien date – January 1
- Levy date – November 1
- Due Date – November 1
- Maximum Discount – November 30
- Past Due or Delinquent date – April 1
- Tax Certificates Sold – June 1

TOWN OF WESTVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For fiscal year ending September 30, 2016

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and and Budgetary accounting**

The Town adopted a formal budget for the fiscal year. A Budgetary Comparison Schedule is included in the financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

**NOTE B – DEPOSITS AND INVESTMENTS**

The Town has a written policy for deposits or investing surplus funds. Regarding the investment of surplus funds, the Florida State Statutes were followed. There are several restricted funds. Water Reserve funds are restricted for repayment of the U.S. Department of Agriculture (USDA) Water Revenue bonds payable. Northwest Florida Water Management District (NFWFMD) grant funds are restricted for the water main replacement project. Water customer deposits funds are restricted for payment of unpaid water bills.

**NOTE C – BUDGETARY ACCOUNTING AND LEGAL COMPLIANCE**

Budgetary data reflected in the financial statements are established by the following town procedure: During the month of June, the Town clerk submits the Town's proposed expenditures and requested appropriations to the Town Council for consideration.

Proposed budgets are advertised by a newspaper of general circulation and public hearings are conducted during September for the purpose of hearing requests and complaints from the public. In the event the final budget has not been adopted by October 1, the beginning of the fiscal year, Florida Statutes provide for expenditures based on the adopted tentative budget. The final budget is adopted by resolution. Any subsequent amendment must be enacted in the same manner as the original budget.

Expenditures may not exceed budgeted appropriations at the fund level. The Town clerk is authorized to transfer budgeted amounts within departments of a fund. Any revision that alters the total expenditures of any fund or department must be approved by the Town Council.

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Accrual presents comparisons of legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposed of developing data on a budgetary basis often differ from those used to present financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

TOWN OF WESTVILLE, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 For fiscal year ending September 30, 2016

**NOTE D – CASH**

Cash at end of fiscal year consists of the following:

<u>General Fund Cash:</u>	<u>Total Cash</u>	<u>Restricted</u>	<u>Un-Restricted</u>
Cash on Hand	\$ 250		\$ 250
Operating	35,154	-	35,154
Fire Department	10,648	-	10,648
Auxiliary	604	-	604
Grants	1,063	-	1,063
General Fund Cash totals	<u>\$ 47,720</u>	<u>\$ -</u>	<u>\$ 47,720</u>
<u>Water Fund Cash:</u>			
Operating & Customer Deposits	\$ 42,797	\$ 10,575	\$ 32,222
Reserve & Sinking Accounts	20,401	13,055	7,345
NFWFMD Grant	3,639	3,639	-
Water Fund Cash totals	<u>\$ 66,837</u>	<u>\$ 27,269</u>	<u>\$ 39,567</u>
<u>Total Cash: General Fund &amp; Water fund</u>	<u>\$ 114,556</u>	<u>\$ 27,269</u>	<u>\$ 87,287</u>

**NOTE E – CAPITAL ASSETS**

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
Buildings	11,025
Equipment	\$ 20,765
Leasehold Improvements	5,803
Recreation Park	707
Total Depreciation Expense – Governmental Activities	<u>\$ 38,300</u>
<u>Business Type Activities:</u>	
Water Equipment	\$ 675
Water System	15,190
Total Depreciation Expense – Business Activities	<u>\$ 15,865</u>

TOWN OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2016

**NOTE E - CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<u>Governmental activities (General Fund)</u>				
Capital assets, not being depreciated:				
Land	\$ 10,171	\$ -	\$ -	\$ 10,171
Total Capital Assets not being depreciated	10,171	-	-	10,171
Capital Assets, being depreciated:				
Buildings	441,000			441,000
Equipment	469,031			469,031
Leasehold Improvements	116,050			116,050
Recreation Park	14,141			14,141
Total Capital Assets being depreciated	1,040,222	-	-	1,040,222
Total Cost of Capital Assets	1,050,393	-	-	1,050,393
Less accumulated depreciation for:				
Buildings	(337,275)	(11,025)		(348,300)
Equipment	(383,138)	(20,765)		(403,903)
Leasehold Improvements	(99,075)	(5,803)		(104,877)
Recreation Park	(2,828)	(707)		(3,535)
Total Accumulated Depreciation	(822,315)	(38,300)	-	(860,615)
Total capital assets, being depreciated, net	217,907	(38,300)	-	179,607
Governmental activities capital assets, net	\$ 228,078	\$ (38,300)	\$ -	\$ 189,778

TOWN OF WESTVILLE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 September 30,2016

**NOTE E - CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year was a follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<u>Business-type activities (Water Fund)</u>				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets not being depreciated	-	-	-	-
Capital Assets, being depreciated:				
Buildings	4,696			4,696
Equipment	20,344	-	-	20,344
Leasehold Improvements	5,525			5,525
Water System	1,317,278	343,297		1,660,575
Total Capital Assets being depreciated	1,347,843	343,297	-	1,691,140
Total Cost of Capital Assets	1,347,843	343,297	-	1,691,140
Less accumulated depreciation for:				
Buildings	(4,696)			(4,696)
Equipment	(17,307)	(675)		(17,982)
Leasehold Improvements	(5,525)	-		(5,525)
Water System	(832,527)	(15,190)		(847,717)
Total Accumulated Depreciation	(860,055)	(15,865)	-	(875,919)
Total capital assets, being depreciated, net	487,789	327,432	-	815,221
Business-type activities capital assets, net	\$ 487,789	\$ 327,432	\$ -	\$ 815,221

TOWN OF WESTVILLE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 September 30, 2016

**NOTE F - LONG TERM DEBT**

U.S. Department of Agriculture (USDA) Water Revenue Bonds:

The town borrowed from the USDA on October 22, 1982 to finance a new municipal water system. The Interest rate is 5%, and interest and principal is payable annually on September 1. The original issue was \$110,600 with principal payments due September 1, 1985 to 2022. Interest is payable beginning September 1, 1983 to 2022. Net water revenue is pledged as collateral. Provisions of the revenue bonds require monthly sinking fund contributions of 1/12 of the next maturing principal and interest payment. Also a reserve for future debt service requirements of \$6,600 is required to be maintained. Any excess of proprietary funds are required to be deposited into the reserve fund.

The following is a summary of long-term debt transactions for the year ended September 30, 2016:

	<u>Balance</u> <u>Oct. 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Sep. 30, 2016</u>	<u>Due within</u> <u>one year</u>	<u>Long Term</u> <u>portion</u>
<u>Governmental Activities:</u>						
None	\$ -		\$ -	\$ -	\$ -	\$ -
Total						
<u>Business Type Activities:</u>						
USDA Water Revenue Bonds	\$ 42,000		\$ 4,000	\$ 38,000	\$ 5,000	\$ 33,000
Total						
Grand Total - All Funds	\$ 42,000		\$ 4,000	\$ 38,000	\$ 5,000	\$ 33,000

**NOTE G - GRANT REVENUE**

The following is a summary of Grant Revenue received by the Town during the fiscal year

Governmental Activities:

No grant funds were received by the General fund.

Business Type Activities:

The Water fund received a grant from the Northwest Florida Water Management District (NFWFMD) for the Town of Westville Water Main Replacement Project, based on an urgent need for the replacement of approximately 20,000 feet of water main to eliminate water loss within the water system.

The Project number is NFWFMD contract number 15-029.

NFWFMD is authorized to assist local governments and utilities with water supply development,

The water main replacement project will replace and loop water lines, and will install automatic flushing valves. Benefits of the water line replacement project include the elimination of unnecessary water loss, enhanced potable water quality, reduced treatment costs, and enhanced fire protection.

NFWFMD agrees to provide funding not to exceed \$491,100.00, or the final cost to complete the project, whichever is less, for approved expenses in support of the Water Main Replacement project.

Agreement is for 24 months unless extended.

Baker Engineers was hired to provide engineering services for compensation of \$49,100.00.

Brunson Nichols Construction was awarded the construction contract for a price of \$437,838.

Brunson Nichols Construction is responsible for furnishing all materials, equipment, insurance, and other necessary materials and services to complete the work.

The following lists the grant funds received, and spent, by fiscal year:

	<u>FY2015</u>		<u>FY2016</u>		<u>Totals</u>
Grant funds received	\$ 16,975	\$	343,297	\$	360,272
Grant funds expended	16,975		343,297		360,272
Grant funds received minus expended	\$ -	\$	-	\$	-



TOWN OF WESTVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For fiscal year ending September 30, 2016

**NOTE H – RISK MANAGEMENT**

The Town of Westville, Florida is exposed to various risks of loss related to tort, theft, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The Town purchases insurance through commercial carriers and participates in the Florida Municipal Insurance Trust, and the Florida Municipal Self-Insurers Fund, which is a public entity risk pool. The town maintains minimal insurance deductibles for insurance policies from its carriers. There has been no significant reduction in insurance coverage when compared to a previous year's audit. Insurance coverage has been sufficient to cover all claims made in the past year.

**NOTE I – MISCELLANEOUS REVENUES**

The Statement of Activities lists Miscellaneous Revenue of \$7 for the General Fund. This consists of sales tax discounts.

**NOTE J – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 28, 2017, the date these financial statements were available to be issued, and no event was deemed to warrant recognition or disclosure.

**JOSEPH A JONES**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Crestview, Fl. 32536  
Phone (850) 682-8950  
Cell phone (850) 826-0630  
Fax 1-866-521-9736  
Email: [jonesja1@cox.net](mailto:jonesja1@cox.net)

**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**

The Honorable Mayor, Town Clerk, and Members of the Town Council  
Town of Westville, Florida

I have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Westville, Florida, as of and for the year ended September 30, 2016, which collectively comprise the Town of Westville's basic financial statements and have issued my report thereon dated June 28, 2017. 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 the Governmental Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Town of Westville's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westville's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Westville's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

**Internal Control Over Financial Reporting** (Continued)

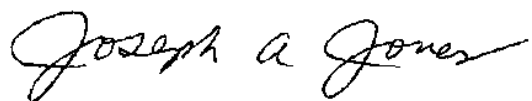
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town’s internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Westville’s financial statements are free of 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. Any other matters pertaining to immaterial instances of noncompliance have been reported to management of the Town in a separate letter dated June 28, 2017.

This report is intended solely for the information and use of management, the Town Council of the Town of Westville, Florida, the State of Florida, and the office of the Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.



Joseph A. Jones, CPA  
Crestview, Florida  
June 28, 2017

**JOSEPH A JONES**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**MANAGEMENT LETTER**

The Honorable Mayor, Town Clerk, and Members of the Town Council  
Town of Westville, Florida

**Report on the Financial Statements**

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

**Auditor's Responsibility**

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

**Other Reports and Schedule**

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 Standard* dated June 28, 2017. Disclosures in that report, if any, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendation made in the preceding annual financial audit report. The last audit of the Town of Westville was in FY2013. There were 5 audit findings for FY2013. I my audit of FY2016, I have found that the Town has corrected all 5 of the FY2013 audit findings as listed below:

Finding 2013-1, Accounting for Accruals: In the audit of FY2013 it was determined that the Town failed to properly record Water Systems billings, collections, and customer deposits on the accrual basis. Customer Deposits received in FY2013 are being recorded in the General Ledger, but prior year customer deposits have not been recorded in the General Ledger. Water Systems billings are not being recorded as an Account Receivable, and Water Sales are not recorded until cash is received.

Status of Finding 2013-1: As of FY2016, the Town has only 141 water customers, but the Town is in the process of upgrading to a new water system software that should provide as needed printouts of billings,

collections, accounts receivable and customer deposits. The Town has only 141 water customers. The Town currently makes estimated adjustments to record estimated accounts receivable and estimated customer deposits into the general ledger. The Town will be able to provide more accurate accounts receivable, and customer deposits, accruals as in the near future after they upgrade to the new software. Finding 2013-1 is closed.

Finding 2013-2: Recording activity on General Ledger: In the audit of FY2013 it was determined that the Town failed to record certain receipts, disbursements, assets and liabilities into the General Ledger. In FY2013 the Town made improvements in recording receipts, disbursements, assets and liabilities into the General Ledger. However the Town still needs to record fixed assets into the General Ledger.

Status of Finding 2013-2: In FY2016, the Town has made corrections and has recorded all receipts, disbursements, assets and liabilities in the general ledger. In a prior year (FY2014) the Town recorded all fixed assets into the general ledger. Finding 2013-02 is closed.

Finding 2013-3, Public Depositor Annual Report: In the audit of FY2013 it was determined that the Town failed to submit an annual Public Depositor Annual Report to the Florida Department of Financial Services.

Status of Finding 2013-3: In FY2016, the Town now files the annual Public Depositor Annual Report. Finding 2013-3 is closed.

Finding 2013-4, Water Revenue Bond Covenants: In the audit of FY2013 it was determined that the Town did not make required monthly deposits of interest and principal into the bond sinking fund bank account until the amount of the bank account reached the annual requirement of \$6,500. The Town did not make monthly deposits of \$55 into a bond reserve bank account until a maximum of \$6,600 is met.

Status of Finding 2013-4: In FY2016, the Town now maintains an amounts in the bond sinking bank balance, and the bond reserve bank balance, that is in excess of the requirements for the bond sinking fund and also the bond reserve fund. The Town has corrected this finding. Finding 2013-4 is closed.

Finding 2013-5, Inventory of Fixed Assets: In the audit of FY2013 it was determined that the Town did not maintain an inventory listing of fixed assets, or tangible personal property having a cost over \$1,000.

Status of Finding 2013-5: In FY2016, the Town now maintains an inventory listing of fixed assets, or tangible personal property, having a cost of over \$1,000. Finding 2013-4 is closed.

#### **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. The Town of Westville is a municipality in Holmes County, Florida. The Town has no component units.

#### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that I apply appropriate procedures and report the results of my determination as to whether or not the Town of Westville 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 our audit, I determined that the Town of Westville 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 Westville's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

#### **Annual Financial Report**

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

#### **Special District Component Units**

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with my audit, I determined that the Town of Westville has no component units.

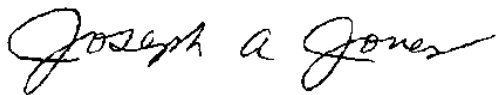
#### **Other Matters**

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.

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.

#### **Purpose of this Letter**

This 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 Town of Westville officials, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Joseph A. Jones, CPA  
Crestview, Florida  
June 28, 2017