

TOWN OF WHITE SPRINGS, FLORIDA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

TOWN OF WHITE SPRINGS, FLORIDA

TOWN OFFICIALS

September 30, 2018

OFFICIALS

POSITION

Spencer Lofton

Mayor

Tonja Brown

Vice Mayor

Rhett Bullard

Council Member

Helen Miller, PhD

Council Member

Walter McKenzie

Council Member

Stacy Tebo

Town Manager

Pam Tomlinson

Finance Director/Town
Clerk

Karen Hatton

Town Attorney

TOWN OF WHITE SPRINGS, FLORIDA

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in the 2017-18 fiscal year, the Town adopted new accounting guidance *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. My opinion is not modified with respect to this matter.

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 43-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Schedule of Expenditures of Federal Awards and State Financial Assistance and the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are the responsibility of management and were derived from and relate directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance and Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2019, on my consideration of the Town of White Springs, Florida's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of White Springs, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
April 24, 2019

**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

TOWN OF WHITE SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2018

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, 2018. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

With assistance from the Florida Department of Environmental Protection, the Town continues the project outlined in the Capitalization Grants for State Revolving Funds #WW229040 (planning, design, and construction of wastewater pollution control facilities). The Town expended \$80,661 during the year ending September 30, 2018, for engineering and surveying services relating to the project.

With a Community Facilities Grant from the United States Department of Agriculture in the amount of \$23,400, the Town was able to purchase a Dodge Charger be used for public safety.

Via grants from the Florida Recreation Development Assistance Program (FRDAP), the Town completed projects totaling \$96,065, at the Willie Turner Park. In addition, the Town began construction of a public boat ramp. The grant award totals \$298,000. At September 30, 2018, the project had expended in excess of \$172,000.

USING THIS ANNUAL REPORT

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

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

Reporting the Town as a Whole

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

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

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

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

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

Reporting the Town's Most Significant Funds

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

- *Governmental funds*

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

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

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

- *Proprietary funds*

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

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

The Town as a Whole

The Town's total net position increased approximately \$59,000. Significant asset purchases via grants were largely offset by depreciation.

The Governmental Activities' Net Position increased slightly - \$153,000. The Business-type Activities Net Position decreased approximately \$94,000.

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 Activities		Business type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Current and other assets	\$ 306	\$ 275	\$ 284	\$ 244	\$ 590
Capital assets	<u>3,359</u>	<u>3,044</u>	<u>6,586</u>	<u>6,699</u>	<u>9,945</u>	<u>9,743</u>
Total assets	<u>\$ 3,665</u>	<u>\$ 3,319</u>	<u>\$ 6,870</u>	<u>\$ 6,943</u>	<u>\$ 10,535</u>	<u>\$ 10,262</u>
Long term liabilities	\$ 124	\$ 40	\$ 1,011	\$ 998	\$ 1,135	\$ 1,038
Other liabilities	<u>152</u>	<u>43</u>	<u>86</u>	<u>78</u>	<u>238</u>	<u>121</u>
Total liabilities	<u>276</u>	<u>83</u>	<u>1,097</u>	<u>1,076</u>	<u>1,373</u>	<u>1,159</u>
Net position:						
Invested in Cap Assets	3,318	3,035	5,586	5,719	8,904	8,754
Restricted	-	-	-	-	-	-
Unrestricted	<u>71</u>	<u>201</u>	<u>187</u>	<u>148</u>	<u>258</u>	<u>349</u>
Total net position	<u>3,389</u>	<u>3,236</u>	<u>5,773</u>	<u>5,867</u>	<u>9,162</u>	<u>9,103</u>
Total liabilities & net position	<u>\$ 3,665</u>	<u>\$ 3,319</u>	<u>\$ 6,870</u>	<u>\$ 6,943</u>	<u>\$ 10,535</u>	<u>\$ 10,262</u>

Table 2
Changes in Net Position
(in Thousands)

Revenues	Governmental		Business type		Totals	
	Activities		Activities		2018	2017
Program revenues	2018	2017	2018	2017	2018	2017
General government	\$ 3	\$ 4	\$ -	\$ -	\$ 3	\$ 4
Public safety	74	77	-	-	74	77
Physical environment	-	-	-	-	-	-
Transportation	42	22	-	-	42	22
Economic environment	49	18	-	-	49	18
Culture/recreation	277	10	-	-	277	10
Water utility services	-	-	128	111	128	111
Garbage/solid waste control	-	-	110	114	110	114
Sewer/wastewater services	-	-	262	321	262	321
General revenues						
Taxes						
Ad valorem	73	73	-	-	73	73
Local option gas	183	215	-	-	183	215
Discretionary sales tax	64	58	-	-	64	58
Franchise fees	37	33				
Utility service	45	43	22	27	67	70
Local Communications	20	18	-	-	20	18
Intergovernmental	68	62	-	-	68	62
Interest	-	-	-	-	-	-
Miscellaneous	28	40	-	-	28	40
Total revenues	<u>963</u>	<u>673</u>	<u>522</u>	<u>573</u>	<u>1,448</u>	<u>1,213</u>
Program expenses						
General government	277	289	-	-	277	289
Public safety	331	267	-	-	331	267
Physical environment	-	-	-	-	-	-
Transportation	160	91	-	-	160	91
Economic environment	40	40	-	-	40	40
Human services	3	1	-	-	3	1
Culture/recreation	25	33	-	-	25	33
Interest on long term debt	-	1	-	-	-	1
Water utility services	-	-	194	191	194	191
Garbage/solid waste control	-	-	85	87	85	87
Sewer/wastewater services	-	-	293	278	293	278
Total expenses	<u>836</u>	<u>722</u>	<u>572</u>	<u>556</u>	<u>1,408</u>	<u>1,278</u>
Excess (deficiency) before special item and transfers	127	(49)	(50)	17	77	(32)
Special item	20	78	-	-	20	78
Transfers	44	41	(44)	(41)	-	-
Change in net position	191	70	(94)	(24)	97	46
Net position - beginning	3,236	3,166	5,867	5,891	9,103	9,057
Adjustment to beginning net position	(38)	-	-	-	(38)	-
Net position - beginning as restated	<u>3,198</u>	<u>3,166</u>	<u>5,867</u>	<u>5,891</u>	<u>9,065</u>	<u>9,057</u>
Net position - ending	<u>\$ 3,389</u>	<u>\$ 3,236</u>	<u>\$ 5,773</u>	<u>\$ 5,867</u>	<u>\$ 9,162</u>	<u>\$ 9,103</u>

Governmental Activities

- The increase in the Governmental Activities current and other assets is due to the amount, \$172,000, owed to the Town by the State of Florida relating to the Boat Ramp Grant at year end.
- Capital assets increased due to construction in progress (boat ramp) and the completion of the Park improvements (see above).
- Other liabilities increased due to the adoption of GASB 75 and installment purchases for a tanker truck and mini-excavator.
- Invested in capital assets increased approximately \$283,000 due to the grant projects indicated above.
- Increases/decreases in governmental revenues are explained as follows: transportation revenues increased due to a grant for the Kendrick Street Project. Economic environment revenues increased due to grant for Hurricane Irma debris removal. Culture/recreation revenues increased due to the Boat Ramp Grant above. The local option gas tax decreased due to the opening of a Love's Travel Stop in Columbia County. Miscellaneous revenues decreased because of donations from Nutrien and Sabal Trail Transmission, LLC totaling approximately \$30,000 in the prior year.
- Increases/decreases in governmental expenses are explained as follows: public safety increased due to grant expenditures for a vehicle and air packs (both grant funded). Transportation expenses increased due to repairs to various roads, pole mounts for street lights, and the purchase of equipment (increased depreciation).

Business-type Activities

- Current and other assets increased slightly due to the nonoperating and capital grants received.
- Capital assets decreased due to the depreciation of the water/waste water system.
- Other liabilities increased due to the discovery of incorrect billings for the utility service tax to utility customers outside the Town's limits. Approximately \$6,000 will be refunded.
- The Town's utility receipts decreased due to the significant capital grant receipts in the prior year: \$128,000.
- Utility expenses increased due to the removal of sand and grit at the sewer plant at a cost of approximately \$20,000.

Significant Changes in Major Governmental Fund Balances

General Fund's Unassigned Fund Balance decreased by approximately \$78,000 due to legal fees, significant capital outlay, and use of Deepwater Horizon Oil Spill funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's 2018 General Fund's budgetary highlights are as follows:

Actual revenues were less than budgeted due to the ongoing grant projects.

Expenditures were less than budgeted due to the above.

CAPITAL ASSET AND DEBT ADMINISTRATION

As indicated in the table below, the Town has approximately \$13.0 million invested in capital assets such as land, buildings, recreation facilities, water/sewer utility facilities, and equipment. The above amount represents a \$400,000 increase over the previous year's total. The Town's capital asset increases were largely due to improvements at Willie Turner and Veterans' Park, boat ramp construction and equipment purchases: gate opener, police vehicle, air packs, pumper/tanker truck, and mini excavator.

Table 3
Capital Assets (in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 190	\$ 193	\$ 4	\$ 4	\$ 194	\$ 197
Construction in progress	240	51	271	267	511	318
Buildings	757	757	1,101	1,101	1,858	1,858
Infrastructure	2,340	2,220	7,483	7,483	9,823	9,703
Equipment, furniture, and vehicles	737	647	271	271	1,008	918
Totals	<u>\$ 4,264</u>	<u>\$ 3,868</u>	<u>\$ 9,130</u>	<u>\$ 9,126</u>	<u>\$ 13,394</u>	<u>\$ 12,994</u>

Debt

At year-end, the Town's debt consisted of compensated absences, a capital lease, notes payable (Florida Department of Environmental Protection), bonds payable (US Department of Agriculture), and an OPEB liability. 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			
	2018	2017	2018	2017	2018	2017
Compensated absences	\$ 37	\$ 30	\$ 11	\$ 17	\$ 48	\$ 47
Capital leases	31	-	-	-	31	-
Notes	10	-	422	390	432	390
Bonds	-	9	577	591	577	600
OPEB liability	46	-	-	-	46	-
Totals	<u>\$ 124</u>	<u>\$ 39</u>	<u>\$ 1,010</u>	<u>\$ 998</u>	<u>\$ 1,134</u>	<u>\$ 1,037</u>

2019 BUDGET AND CURRENTLY KNOWN FACTS

2019 Budget

Notable changes in the Town's 2018-19 budgets are as follows:

General Fund: Expenditures totaling \$1.83 million which includes grant revenues and expenditures of \$857,000 and capital outlay \$56,000.

Enterprise Fund: revenues are budgeted at \$4.38 million. The budget grant/loan funds of \$3.63 million.

Currently Known Facts

The Town has been awarded a CDBG Grant in the amount of \$600,000 to build a community center

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, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 84,562	\$ 129,421	\$ 213,983
Utility tax receivable	3,601	-	3,601
Accounts receivable, net	33	10,369	10,402
Franchise fees receivable	4,259	-	4,259
Due from other governmental units	214,029	-	214,029
Restricted assets			
Cash	-	144,523	144,523
Capital assets			
Land	189,839	3,570	193,409
Construction in progress	240,180	347,189	587,369
Other capital assets, net of depreciation	<u>2,929,051</u>	<u>6,234,623</u>	<u>9,163,674</u>
Total capital assets, net	<u>3,359,070</u>	<u>6,585,382</u>	<u>9,944,452</u>
Total assets	<u>\$ 3,665,554</u>	<u>\$ 6,869,695</u>	<u>\$ 10,535,249</u>
Liabilities and net position			
Liabilities			
Accounts payable	\$ 13,925	\$ 17,923	\$ 31,848
Contracts payable	124,060	-	124,060
Due to other governments	13,931	-	13,931
Interest payable	-	5,491	5,491
Payroll taxes/withholding payable	17	162	179
Customer deposits	-	56,409	56,409
Other current liabilities	-	6,209	6,209
Long-term liabilities			
Due within one year			
Compensated absences	5,615	11,356	16,971
Notes payable	5,000	23,145	28,145
Capital lease payable	14,939	-	14,939
Bonds payable	-	15,000	15,000
Due in more than one year			
Compensated absences	31,823	-	31,823
Notes payable	5,000	399,468	404,468
Capital lease payable	15,811	-	15,811
Bonds payable	-	562,000	562,000
OPEB liability	<u>45,665</u>	<u>-</u>	<u>45,665</u>
Total liabilities	<u>275,786</u>	<u>1,097,163</u>	<u>1,372,949</u>
Net position			
Net investment in capital assets	3,318,321	5,585,769	8,904,090
Unrestricted	<u>71,447</u>	<u>186,763</u>	<u>258,210</u>
Total net position	<u>3,389,768</u>	<u>5,772,532</u>	<u>9,162,300</u>
Total liabilities and net position	<u>\$ 3,665,554</u>	<u>\$ 6,869,695</u>	<u>\$ 10,535,249</u>

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

<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	\$ 277,362	\$ 3,263	\$ -	\$ -	\$ (274,099)	\$ -	\$ (274,099)
Public safety	331,378	21,305	-	52,426	(257,647)	-	(257,647)
Transportation	159,942	22,347	-	19,925	(117,670)	-	(117,670)
Economic environment	40,287	20,597	28,690	-	9,000	-	9,000
Human services	3,000	-	-	-	(3,000)	-	(3,000)
Culture/recreation	24,953	8,914	-	268,275	252,236	-	252,236
Interest on long-term debt	416	-	-	-	(416)	-	(416)
Total governmental activities	<u>837,338</u>	<u>76,426</u>	<u>28,690</u>	<u>340,626</u>	<u>(391,596)</u>	<u>-</u>	<u>(391,596)</u>
Business type activities							
Water utility services	193,725	128,174	-	-	-	(65,551)	(65,551)
Garbage/solid waste control	85,445	109,427	-	-	-	23,982	23,982
Sewer/wastewater services	<u>293,536</u>	<u>171,468</u>	<u>64,800</u>	<u>25,249</u>	<u>-</u>	<u>(32,019)</u>	<u>(32,019)</u>
Total business type activities	<u>572,706</u>	<u>409,069</u>	<u>64,800</u>	<u>25,249</u>	<u>-</u>	<u>(73,588)</u>	<u>(73,588)</u>
Totals	<u>\$ 1,410,044</u>	<u>\$ 485,495</u>	<u>\$ 93,490</u>	<u>\$ 365,875</u>	<u>(391,596)</u>	<u>(73,588)</u>	<u>(465,184)</u>
General revenues							
Taxes							
Ad valorem					73,354	-	73,354
Local option gas					183,039	-	183,039
Discretionary sales surtax					63,761	-	63,761
Franchise fees					37,391	-	37,391
Utility service					44,916	21,861	66,777
Local Communications					20,305	-	20,305
Intergovernmental					68,046	-	68,046
Interest					199	1,693	1,892
Miscellaneous					27,665	-	27,665
Special item - gain on land sale					19,901	-	19,901
Transfers					<u>44,027</u>	<u>(44,027)</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>582,604</u>	<u>(20,473)</u>	<u>562,131</u>
Change in net position					<u>191,008</u>	<u>(94,061)</u>	<u>96,947</u>
Net position - beginning					3,236,353	5,866,593	9,102,946
Adjustment to beginning net position					<u>(37,593)</u>	<u>-</u>	<u>(37,593)</u>
Net position - beginning as restated					<u>3,198,760</u>	<u>5,866,593</u>	<u>9,065,353</u>
Net position - ending					<u>\$ 3,389,768</u>	<u>\$ 5,772,532</u>	<u>\$ 9,162,300</u>

TOWN OF WHITE SPRINGS, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

	General <u>Fund</u>
Assets	
Cash	\$ 84,562
Utility tax receivable	3,601
Accounts receivable	33
Franchise fees receivable	4,259
Due from other governmental units	<u>214,029</u>
Total assets	<u>\$ 306,484</u>
Liabilities and fund balances	
Accounts payable	\$ 13,925
Contracts payable	124,060
Due to other governments	13,932
Payroll taxes/withholding payable	17
Compensated absences	<u>5,615</u>
Total liabilities	<u>157,549</u>
Fund balances	
Unassigned	<u>148,935</u>
Total liabilities and fund balances	<u>\$ 306,484</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

September 30, 2018

Total fund balances for governmental funds \$ 148,935

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	189,839
Buildings	756,943
Accumulated depreciation - buildings	(86,764)
Infrastructure	2,340,170
Accumulated depreciation - infrastructure	(432,746)
Equipment, furniture, and vehicles	736,790
Accumulated depreciation - equipment	(385,342)
Construction in progress	<u>240,180</u>
Total capital assets (See Note 5.)	<u>3,359,070</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, 2018, are as follows:

Notes payable	(10,000)
Compensated absences - long-term	(31,823)
Capital lease	(30,749)
OPEB liability	<u>(45,665)</u>
Total long-term liability adjustments	<u>(118,237)</u>
Total net position of governmental activities	<u>\$ 3,389,768</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2018

	General <u>Fund</u>
Revenues	
Taxes	\$ 425,169
Intergovernmental revenue	459,711
Charges for services	29,347
Fines and forfeits	1,732
Interest	199
Miscellaneous revenues	48,260
Total revenues	<u>964,418</u>
Expenditures	
Current	
General Government	266,292
Public safety	266,035
Transportation	161,513
Economic environment	695
Human services	3,000
Culture/Recreation	15,681
Capital outlay	427,667
Debt service	
Principal	30,734
Interest	416
Total expenditures	<u>1,172,033</u>
Excess (deficiency) of revenues over expenditures	<u>(207,615)</u>
Other financing sources and uses, including transfers	
Transfers in	44,027
Installment purchases and capital leases	62,483
Total other financing sources and uses, including transfers	<u>106,510</u>
Special item	
Sale of land	22,982
Net change in fund balances	(78,123)
Fund balance - beginning	227,058
Fund balance - ending	<u>\$ 148,935</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds		\$ (78,123)
Governmental funds only report amounts received or expenditures incurred in the disposal of capital assets. In the Statement of Activities, the gain or loss from the asset disposal is recorded and the proceeds from the sale are removed.		
	Proceeds of land sale	(22,982)
	Gain on sale of land	19,901
Governmental funds report installment proceeds as other financing sources. In the government wide financial statements, the proceeds are removed and the liability is recorded.		
	Installment purchases	(62,483)
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.		
	Capital outlay - construction in progress, improvements, and equipment	447,592
	Depreciation	(129,555)
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	30,734
Paid time off and other post-employment benefits, due to the classification as a long-term liability are not recorded in the governmental funds. However, the cost of these future employee benefits as an expense is recorded in the Statement of Activities as follows:		
	OPEB benefits	(8,072)
	Compensated balance adjustment	(6,004)
Change in net position of governmental activities		<u>\$ 191,008</u>

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

September 30, 2018

Assets	
Current assets	
Cash	\$ 129,421
Accounts receivable	13,869
Allowance for doubtful accounts	<u>(3,500)</u>
Total current assets	<u>139,790</u>
Noncurrent assets	
Restricted assets	
Cash - deposits	56,364
Cash - debt service	5,411
Cash - debt service	<u>82,748</u>
Total restricted assets	<u>144,523</u>
Capital assets	
Land	3,570
Construction in progress	347,189
Buildings and improvements	1,100,606
Improvement other than buildings	7,483,239
Equipment, furniture, and vehicles	271,452
Accumulated depreciation	<u>(2,620,674)</u>
Total capital assets net	<u>6,585,382</u>
Total noncurrent assets	<u>6,729,905</u>
Total assets	<u>\$ 6,869,695</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 17,923
Compensated absences	11,356
Accrued interest payable	5,491
Payroll and withholding payable	162
Deposits	56,409
Other current liabilities	6,209
Note payable - DEP	21,295
Note payable - DEP	1,850
Bonds payable	<u>15,000</u>
Total current liabilities	<u>135,695</u>
Long term liabilities	
Note payable - DEP	347,707
Note payable - DEP	51,761
Bonds payable	<u>562,000</u>
Total long-term liabilities	<u>961,468</u>
Total liabilities	<u>1,097,163</u>
Net position	
Net investment in capital assets	5,585,769
Unrestricted	<u>186,763</u>
Total net position	<u>5,772,532</u>
Total liabilities and net position	<u>\$ 6,869,695</u>

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2018

Operating revenues		
Water utility	\$	120,152
Connection fees		2,250
Solid waste		102,579
Sewer/wastewater		160,737
Sewer tap fees		1,250
Service charge		21,543
Miscellaneous fees		<u>558</u>
Total operating revenues		<u>409,069</u>
Operating expenses		
Water utility services		
Personal services		24,758
Operating expenses		72,113
Garbage/solid waste control		
Operating expenses		85,445
Sewer/waste water services		
Personal services		24,271
Operating expenses		230,528
Water-sewer combination services		
Personal services		31,727
Operating expenses		<u>65,127</u>
Total operating expenses		<u>533,969</u>
Operating income (loss)		<u>(124,900)</u>
Non-operating revenues (expenses)		
Interest revenue		1,693
Utility service tax		21,861
Grants - State of Florida		45,049
Grants - other local units		45,000
Interest expense		<u>(38,737)</u>
Total non-operating revenues (expenses)		<u>74,866</u>
Income (loss) before transfers		(50,034)
Transfers out		<u>(44,027)</u>
Change in net position		(94,061)
Net position - beginning		<u>5,866,593</u>
Net position - ending	\$	<u><u>5,772,532</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2018

Cash flows from operating activities	
Cash received from customers and users	\$ 409,562
Cash payments for employees and benefits	(87,194)
Cash payments to contractors, suppliers, and others	<u>(260,222)</u>
Net cash provided by (used for) operating activities	<u>62,146</u>
Cash flows from noncapital financing activities	
Transfers out	(44,027)
Utility service tax	28,070
Nonoperating grants	<u>64,800</u>
Net cash provided by (used for) noncapital financing activities	<u>48,843</u>
Cash flows from capital and related financing activities	
Proceeds of capital debt	55,413
Capital grant	25,249
Purchases of capital assets	(80,661)
Principal paid on notes and bonds payable	(36,436)
Interest paid on note and bonds payable	<u>(38,950)</u>
Cash flows provided by (used for) capital and related financing activities	<u>(75,385)</u>
Cash flows from investing activities	
Interest revenue	<u>1,693</u>
Net increase (decrease) in cash	37,297
Cash - beginning	<u>236,647</u>
Cash - ending	<u>\$ 273,944</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	<u>\$ (124,900)</u>

(Continued)

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2018

Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	\$ 194,256
Changes in assets and liabilities	
Decrease (increase) in	
Accounts receivable (net)	(2,607)
Increase (decrease) in	
Accounts payable	(1,265)
Compensated absences	(6,289)
Taxes and withholding payable	(149)
Deposits	<u>3,100</u>
Total adjustments	<u>187,046</u>
Net cash provided by (used for) operating activities	<u>\$ 62,146</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 Position	
Cash	\$ 129,421
Restricted assets - cash	<u>144,523</u>
Total cash per the Statement of Cash Flows	<u>\$ 273,944</u>

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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, 2018, 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.

Restricted assets

The Town's Proprietary Fund is required by debt agreement to establish and maintain prescribed amounts of resources that can only be used to accumulate and pay for the subsequent year's debt service and the maximum debt service requirement. Deposits placed by utility customers require that cash be restricted in the deposit amounts. The restricted amounts at year-end are as follows:

Restricted for:	<u>Amount</u>
Debt service	\$ 88,159
Customer deposits	<u>56,364</u>
Total	<u>\$ 144,523</u>

Inventories

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

Capital Assets

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

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

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

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

Revenues

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

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.

Other post-employment benefits (OPEB)

Florida Statutes 112.0801 requires that “any state agency, county, municipality, special district, community college, or district school board that provides life, health, accident, hospitalization, or annuity insurance, or all of any kinds of such insurance, for its officers and employees and their dependents upon a group insurance plan or self-insurance plan shall allow all former personnel who retired before October 1, 1987, as well as those who retire on or after such date, and their eligible dependents, the option of continuing to participate in the group insurance plan or self-insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation may be paid by the employer or by the retired employees.”

As a result of the above, the Town incurs an implicit cost in the provision of its health care to employees. This cost is recognized as an OPEB liability/expense.

The Town’s OPEB amounts are reported in a subsequent note.

Governmental Funds - Fund Balances

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

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

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

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.

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.

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.

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.

Special Item

During the year ending September 30, 2018, the Town sold two parcels of land. The sales met the special item classification criteria, and the Town recorded and reported the donation accordingly.

E. Accounting Changes

Governmental Accounting Standards Board Statement (GASB) No. 75: The Town implemented GASB 75 which requires employers who provide other post-employment benefits (potential insurance coverage to retirees under *Florida Statutes* 112.0801) to retirees to record the estimated cost currently. In implementing GASB 75, the Town’s net position was reduced by \$37,593. See F below.

F. Prior Period Adjustment

Due to the implementation of GASB 75, the Town’s beginning net position was reduced as follows:

	Governmental
Prior period adjustment - net position reduction	<u>Activities</u>
Beginning net position	\$ 3,236,353
Prior period adjustment	<u>(37,593)</u>
Adjusted beginning net position	<u>\$ 3,198,760</u>

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, 2018, 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 (account balance) which is amortized cost.

As of September 30, 2018, the Town discloses the following relating to its investment in Florida PRIME:

Florida Prime rating	AAAm
Interest rate risk disclosure	
Dollar weighted average days to maturity	33 days
Weighted average life	72 days
Foreign Currency Risk	N/A
Securities Lending	N/A
Fair value hierarchy	amortized cost
Fair value/amortized cost	\$82,748

Limitations or Restrictions on Withdrawals

Redemption Gates

Chapter 218.409(8)(a), *Florida Statutes*, states “the principal, and any part thereof, of each accounting constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for forty-eight hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility . . .”

Liquidity Fees

Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

Redemption Fees

As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to one hundred percent of their account value.

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	\$ 84,562	\$ 129,421	\$ 213,983
Florida Prime	<u>-</u>	<u>-</u>	<u>-</u>
Total unrestricted deposits	<u>84,562</u>	<u>129,421</u>	<u>213,983</u>
Deposits	-	61,775	61,775
Florida Prime	<u>-</u>	<u>82,748</u>	<u>82,748</u>
Total restricted deposits	<u>-</u>	<u>144,523</u>	<u>144,523</u>
Total cash	<u>\$ 84,562</u>	<u>\$ 273,944</u>	<u>\$ 358,506</u>

Note 3. Accounts Receivable

Accounts receivable at September 30, 2018, of the Enterprise Fund, consisted of the following:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Accounts receivable	\$ 33	\$ 13,869	\$ 13,902
Allowance for doubtful accounts	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>
Net accounts receivable	<u>\$ 33</u>	<u>\$ 10,369</u>	<u>\$ 10,402</u>

At September 30, 2018, the Town's allowance for doubtful accounts was based on an estimate of those accounts deemed not collectible.

Note 4. Due from Other Governmental Units

Due from other governmental units at September 30, 2018, consists of the following:

Hamilton County, FL	\$ 297
State of Florida	<u>213,732</u>
Total	<u>\$ 214,029</u>

Note 5. Capital Assets

Capital asset activity for the year ending September 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 192,920	\$ -	\$ 3,081	\$ 189,839
Construction in progress	<u>51,137</u>	<u>309,416</u>	<u>120,373</u>	<u>240,180</u>
Total capital assets not being depreciated	<u>244,057</u>	<u>309,416</u>	<u>123,454</u>	<u>430,019</u>
Other capital assets				
Buildings	756,943	-	-	756,943
Infrastructure	2,219,797	120,373	-	2,340,170
Equipment, furniture, and vehicles	<u>647,232</u>	<u>138,176</u>	<u>48,618</u>	<u>736,790</u>
Total other capital assets	<u>3,623,972</u>	<u>258,549</u>	<u>48,618</u>	<u>3,833,903</u>
Less accumulated depreciation for				
Buildings	(68,017)	(18,747)	-	(86,764)
Infrastructure	(385,660)	(47,086)	-	(432,746)
Equipment, furniture, and vehicles	<u>(370,238)</u>	<u>(63,722)</u>	<u>48,618</u>	<u>(385,342)</u>
Total accumulated depreciation	<u>(823,915)</u>	<u>(129,555)</u>	<u>48,618</u>	<u>(904,852)</u>
Other capital assets, net	<u>2,800,057</u>	<u>128,994</u>	-	<u>2,929,051</u>
Governmental activities capital assets, net	<u>\$ 3,044,114</u>	<u>\$ 438,410</u>	<u>\$ 123,454</u>	<u>\$ 3,359,070</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	<u>266,528</u>	<u>80,661</u>	-	<u>347,189</u>
Total capital assets not being depreciated	<u>270,098</u>	<u>80,661</u>	-	<u>350,759</u>
Other capital assets				
Buildings	1,100,606	-	-	1,100,606
Infrastructure	7,483,239	-	-	7,483,239
Equipment, furniture, and vehicles	<u>271,452</u>	-	-	<u>271,452</u>
Total other capital assets	<u>8,855,297</u>	-	-	<u>8,855,297</u>
Less accumulated depreciation for				
Buildings	(448,148)	(27,515)	-	(475,663)
Infrastructure	(1,807,243)	(156,467)	-	(1,963,710)
Equipment, furniture, and vehicles	<u>(171,026)</u>	<u>(10,274)</u>	-	<u>(181,300)</u>
Total accumulated depreciation	<u>(2,426,417)</u>	<u>(194,256)</u>	-	<u>(2,620,673)</u>
Other capital assets, net	<u>6,428,880</u>	<u>(194,256)</u>	-	<u>6,234,624</u>
Business-type activities capital assets, net	<u>\$ 6,698,978</u>	<u>\$ (113,595)</u>	<u>\$ -</u>	<u>\$ 6,585,383</u>

Depreciation expense was charged the following functions as follows:

Governmental activities	
General government	\$ 5,208
Public safety	59,925
Transportation	15,559
Economic environment	39,592
Culture/recreation	<u>9,271</u>
Total governmental activities depreciation expense	<u>\$ 129,555</u>
Business-type activities	
Physical environment	<u>\$ 194,256</u>

Note 6. Long-Term Obligations

Governmental Activities

A. Note payable

The Town has a note payable with the Windsor Volunteer Fire Department of Columbia County, Florida, in the amount of \$15,000, for the purchase of a 1994 E-One Pumper truck with a 1000-gallon tank. The note is to be paid in three annual installments of \$5,000. No interest is being charged on the note.

At September 30, 2018, debt service to maturity is as follows:

Fiscal year ending	E-One Pumper Note				
		<u>Payment</u>		<u>Principal</u>	<u>Interest</u>
9/30/2019	\$	5,000	\$	5,000	\$ -
9/30/2020		<u>5,000</u>		<u>5,000</u>	<u>-</u>
Total	<u>\$</u>	<u>10,000</u>	<u>\$</u>	<u>10,000</u>	<u>\$ -</u>

B. Capital Lease

The Town has a lease purchase agreement with Ring Investments, LLC for the purchase of a 304E2 Mini Excavator. The agreement calls for three payments of \$16,734, including interest of 4.95% as applicable.

At September 30, 2018, debt service to maturity is as follows:

Fiscal year ending	Mini Excavator				
		<u>Payment</u>		<u>Principal</u>	<u>Interest</u>
9/30/2019	\$	16,734	\$	14,939	\$ 1,795
9/30/2020		<u>16,733</u>		<u>15,810</u>	<u>923</u>
Total	<u>\$</u>	<u>33,467</u>	<u>\$</u>	<u>30,749</u>	<u>\$ 2,718</u>

Depreciation of \$2,760 and \$791 are recorded on the tanker truck and mini-excavator respectively.

Business-type Activities

A. Debt Purchase Agreement

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

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

The Town incurred interest expense of \$12,233 during the year ending September 30, 2018. 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>	
2019	\$ 32,867	\$ 21,295	\$ 11,572	
2020	32,867	21,978	10,889	
2021	32,867	22,683	10,184	
2022	32,867	23,411	9,457	
2023	32,867	24,161	8,706	
2024-29	164,336	132,938	31,398	
2030-32	<u>131,469</u>	<u>122,536</u>	<u>8,933</u>	
	<u>\$ 460,141</u>	<u>\$ 369,002</u>	<u>\$ 91,139</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, 2018, \$88,159 was held for debt service and reserve purposes.

The Town incurred interest expense of \$26,595 on the Series 2001 A&B Revenue Bonds during the year ending September 30, 2018. The amount is included in the direct expense of the Town’s Sewer/waste water Department.

Debt service to maturity is as follows:

Bond Series 2001A and 2001B				
<u>Date</u>		<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2019	\$	40,965	\$ 15,000	\$ 25,965
2020		41,290	16,000	25,290
2021		40,637	16,000	24,637
2022		40,850	17,000	23,850
2023		40,085	17,000	23,085
2024-28		205,749	103,000	102,749
2029-33		204,620	127,000	77,620
2034-38		204,236	158,000	46,236
2039-41		117,905	108,000	9,905
Totals	\$	<u>936,337</u>	<u>\$ 577,000</u>	<u>\$ 359,337</u>

C. DEP Construction Loan Agreement WW229041

The Town has a Construction Loan Agreement with the Florida Department of Environmental Protection. Per the Agreement, the estimated amount of the loan upon project completion is \$725,790.

The total loan proceeds disbursed through September 30, 2018, (including capitalized interest of \$383) totaled \$55,412. The loan balance at September 30, 2018, was \$53,610. Payments on the current balance are to be made in semi-annual amounts of \$1,923 including interest of 1.15 percent.

Debt service to maturity is as follows:

Construction Loan Agreement WW229041				
<u>Date</u>		<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2019	\$	3,846	\$ 3,487	\$ 359
2020		3,846	3,302	544
2021		3,846	3,339	507
2022		3,846	3,376	470
2023		3,846	3,413	433
2024-29		19,230	17,640	1,590
2030-33		19,644	19,053	591
Totals	\$	<u>58,104</u>	<u>\$ 53,610</u>	<u>\$ 4,494</u>

Future utility revenues are pledged as follows:

Collateralized Debt - all DEP loans		<u>Enterprise Fund</u>
Pledged revenue required for future principal and interest on existing note payable	\$	1,454,582
Term of commitment fiscal year ending September 30, 2018		22 years
Percentage of revenue pledged		100%
Current fiscal year pledged revenue	\$	409,069
Current fiscal year principal and interest paid	\$	75,173

Long-term liability activity for the year ended September 30, 2018, was as follows:

	<u>10/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2018</u>	Amounts due within <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 30,376	\$ 20,707	\$ 13,644	\$ 37,439	\$ 5,616
Note payable	-	15,000	5,000	10,000	5,000
Capital leases	-	47,483	16,734	30,749	14,939
USDA Bond 2008	9,000	-	9,000	-	-
OPEB liability *	<u>37,593</u>	<u>8,072</u>	<u>-</u>	<u>45,665</u>	<u>-</u>
Totals	<u>\$ 76,969</u>	<u>\$ 91,262</u>	<u>\$ 44,378</u>	<u>\$ 123,853</u>	<u>\$ 25,555</u>

* beginning balance per prior period adjustment

	<u>10/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2018</u>	Amounts due within <u>One Year</u>
Business Type					
Compensated absences	\$ 17,645	\$ 9,150	\$ 15,439	\$ 11,356	\$ 11,356
State Revolving Fund Loan	389,636	-	20,634	369,002	21,295
Water and Sewer Bonds 2001	591,000	-	14,000	577,000	15,000
Note payable	<u>-</u>	<u>55,412</u>	<u>1,802</u>	<u>53,610</u>	<u>1,850</u>
Totals	<u>\$ 998,281</u>	<u>\$ 64,562</u>	<u>\$ 51,875</u>	<u>\$ 1,010,968</u>	<u>\$ 49,501</u>

Note 7. Interfund Balances and Transfers

Internal balances for the year ending September 30, 2018, were as follows:

Major Funds	<u>Transfers-in</u>	<u>Transfers-out</u>	<u>Description</u>
General	\$ 44,027	\$ -	Budgeted transfer
Enterprise	<u>-</u>	<u>44,027</u>	Budgeted transfer
Totals	<u>\$ 44,027</u>	<u>\$ 44,027</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, 2018, the unassigned general fund balance was \$148,935 or thirteen percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2018, was as follows:

Description	General Fund
Fund balances:	
Spendable	
Unassigned	<u>\$ 148,935</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 five years are as follows (employees matched the amounts):

Retirement contributions for the year ending September 30,		<u>Amount</u>
2018	\$	6,825
2017		8,238
2016		8,355
2015		8,111
2014		14,144

Note 10. Postemployment Benefits Other Than Pensions (OPEB)

General Information

Plan description

The Town of White Springs, Florida, sponsors and administers the single-employer OPEB unfunded plan. The plan covers nine active employees with no inactive employees and beneficiaries currently receiving benefits and no inactive employees entitled to and not yet receiving benefits. The Town's retirees' contribution requirement is an amount determined periodically by the Town equal to one hundred percent of the applicable health insurance premium charged by the insurance carrier. There are no minimum required employer contributions. No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4 to pay for related benefits.

Benefits provided

Benefits are provided to regular, full-time employees of the Town. Benefits provided are post-retirement medical benefits. The plan provides for post-retirement medical coverage to eligible employees under the same fully-insured plan that covers active employees. No explicit subsidy is provided to retirees. *Florida Statutes* 112.0801 requires the Town to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage. There were no changes in benefit terms from the prior measurement date.

Total OPEB Liability

The Town's total OPEB liability of \$45,665, was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the September 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.64% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost of living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 8.00% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.
Age related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age an implied monthly subsidy of \$350.00 per individual has been assumed at age 62 for the 2017/18 fiscal year. At other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table (firefighters and police officers), both with full generational improvements in mortality using Scale BB
Retirement	For general employees, retirement is assumed to occur at age 62. For firefighters and police officers, retirement is assumed to occur at age 55.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).
Covered election	50% of eligible employees are assumed to elect medical coverage upon retirement or disability, with one-third of electing retirees also covering their spouse.
Spouses and dependents	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes	No assumptions were changed since the prior measurement date

Net OPEB liability at September 30, 2018:

Total OPEB liability *	\$	45,665
Less fiduciary net position		<u>-</u>
Net OPEB liability **	\$	<u>45,665</u>

* rolled forward from October 1, 2017

** recognized as follows:

Long-term obligations governmental activities	\$	<u>45,665</u>
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OPEB expense for Year Ending September 30, 2018

Service cost	\$	6,522
Other recognized changes in net pension		
Expected interest growth		1,605
Investment gain/loss		-
Demographic gain/loss		-
Employee contributions		-
Benefit payments & refunds		(55)
Administrative expenses		-
Changes in benefit terms		-
Assumption changes		<u>-</u>
OPEB expense *	\$	<u>8,072</u>

* expense recognized as follows:

Statement of Activities - governmental	\$	<u>8,072</u>
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Deferred Inflows of Resources and Deferred Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2017	\$ <u>-</u>	\$ <u>-</u>
Change due to:		
Amortization payments	-	-
Investment gain/loss	-	-
Demographic gain/loss	-	-
Assumption changes	<u>-</u>	<u>-</u>
Total change	<u>-</u>	<u>-</u>
Balance as of September 30, 2018	\$ <u>-</u>	\$ <u>-</u>

There were no deferred outflows are inflows to be recorded in the Town's financials due to the OPEB benefits.

Balance Equation

Net OPEB liability as of September 30, 2017	\$ 37,593
Plus, OPEB expense for the year ending September 30, 2018	8,072
Minus employer contribution for the year ending September 30, 2018	-
Plus, change in balance of deferred outflows of resources	-
Minus change in balance of deferred inflows of resources	-
Net OPEB liability as of September 30, 2018	<u>\$ 45,665</u>

Changes in the net OPEB liability	Total OPEB	Fiduciary	Net OPEB
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
Balance as of September 30, 2017	\$ 37,593	\$ -	\$ 37,593
Change due to:			
Service cost	6,522	-	6,522
Expected interest growth	1,605	-	1,605
Unexpected investment income	-	-	-
Demographic experience	-	-	-
Employer contributions	-	-	-
Employee contributions	-	-	-
Benefit payments & refunds	(55)	-	(55)
Administrative expenses	-	-	-
Changes in benefit terms	-	-	-
Assumption changes	-	-	-
Balance as of September 30, 2018	<u>\$ 45,665.00</u>	<u>\$ -</u>	<u>\$ 45,665.00</u>

Comparison of net OPEB liability using alternative discount rates

	<u>Discount Rate minus 1.00%</u>	<u>3.64% Discount Rate</u>	<u>Discount Rate plus 1.00%</u>
Total OPEB liability	\$ 50,074	\$ 45,665	\$ 41,775
Less fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 50,074</u>	<u>\$ 45,665</u>	<u>\$ 41,775</u>

Comparison of net OPEB liability using Alternative Healthcare Cost Trend Rates

	<u>Trend rates minus 1.00%</u>	8.00% graded <u>down to 5.00%</u>	<u>Trend rates plus 1.00%</u>
Total OPEB liability	\$ 40,088	\$ 45,665	\$ 52,697
Less fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 40,088</u>	<u>\$ 45,665</u>	<u>\$ 52,697</u>

Note 10. Commitments

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

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

The Town has an agreement with Smith, Cohen, and Rosenberg LLC for the collection of delinquent utility accounts. The term of the agreement begins on February 18, 2019, and continues until terminated. A fee of twenty percent is charged on all collected accounts.

Construction Related Commitments

<u>Vendor</u>	<u>Project</u>	<u>Project total</u>	<u>Paid through 09-30-18</u>	<u>Balance</u>
Mittauer & Associates, Inc.	1001-11-1/Kendrick Street	\$ 51,825	\$ 19,925	\$ 31,900
Mittauer & Associates, Inc.	1001-01-1 DEP SRF	256,705	179,694	77,011
Mittauer & Associates, Inc.	No. 11156 FWC	94,200	64,700	29,500
Florida Fill and Grading, Inc.	Boat Ramp Construction	272,200	172,210	99,990

Grant Related Commitments

<u>Grantor</u>	<u>Project</u>	<u>Grant Award</u>	<u>Agreement dates</u>	
			<u>Beginning</u>	<u>Ending</u>
Department of Environmental Protection	Baily F Ogburn Recreational Facility	\$ 50,000	7/1/2018	6/30/2021
Division of State Fire Marshall	Firefighter Assistance Grant Program	16,209	9/21/2018	3/20/2019

Note 11. Risk Management

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

Note 12. Contingent Liabilities

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

In a prior year, the Federal Emergency Management Agency (FEMA) completed its review of expenditures claimed under the Jewett Street Project (Pre-Application Number PA-04-FL-4068-RPA-0036) incurred after Tropical Storm Debby. The result of the review was a disallowance of claims totaling \$13,931. The liability was previously recorded and will be removed upon payment.

NOTE 13. Current/Future Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board were effective for the Town's 2017-18 fiscal year:

- No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- No. 85, Omnibus 2017*
- No. 86, Certain Debt Extinguishment Issues*

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

The following statements will be effective for the Town's 2018-19 fiscal year (and beyond):

- No. 83, Certain Asset Retirement Obligations*
- No. 84, Fiduciary Activities*
- No. 87, Leases*
- No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*
- No. 90, Majority Equity Interests*

The Town is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2019.

Note 14. Subsequent Events

The Town’s management has evaluated subsequent events through the date of the audit report – April 24, 2019, and reports the following:

Post Year End Grant Awards:

<u>Grantor</u>	<u>Project</u>	<u>Grant Award</u>	<u>Agreement dates</u>	
			<u>Beginning</u>	<u>Ending</u>
Department of Transportation	G1544	\$ 215,152	1/29/2019	12/31/2020
Department of Economic Opportunity	19DB-ON-03-34-02-N1	600,000	12/10/2018	6/9/2021

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF WHITE SPRINGS, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2018

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Beginning fund balance	\$ 245,783	\$ 245,783	\$ 227,058	\$ (18,725)
Resources (inflows)				
Taxes	454,342	454,342	425,169	(29,173)
Licenses and permits	500	500	-	(500)
Intergovernmental revenue	862,671	862,671	459,711	(402,960)
Charges for services	36,770	36,770	29,347	(7,423)
Fines and forfeits	105	105	1,732	1,627
Miscellaneous revenues	31,985	31,985	71,441	39,456
Other sources	<u>48,437</u>	<u>48,437</u>	<u>106,510</u>	<u>58,073</u>
Total amount available for appropriation	<u>1,680,593</u>	<u>1,680,593</u>	<u>1,320,968</u>	<u>(359,625)</u>
Appropriation				
General government services	233,092	233,092	270,277	(37,185)
Public safety	317,495	317,495	355,562	(38,067)
Physical environment	-	-	-	-
Transportation	499,425	499,425	237,327	262,098
Economic environment	895	895	695	200
Human services	-	-	3,000	(3,000)
Culture and recreation	450,174	450,174	305,172	145,002
Other uses	<u>179,512</u>	<u>179,512</u>	<u>-</u>	<u>179,512</u>
Total appropriations	<u>1,680,593</u>	<u>1,680,593</u>	<u>1,172,033</u>	<u>508,560</u>
Reserves/ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,935</u>	<u>\$ 148,935</u>

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2018

Note 1. Budget

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

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

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

The Town did not amend its budget post year end.

Note 2. Budget to Actual Reconciliation

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

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules	\$ 1,320,968
Differences - budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	(227,058)
Transfers in are available for appropriation but is not a current-year revenue for financial reporting purposes	(44,027)
Proceeds from debt financing are available for appropriation but is not a current-year revenue for financial reporting purposes	(62,483)
Sales of capital assets are available for appropriation but is reported as a special item for financial reporting purposes	<u>(22,982)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 964,418</u>
Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	\$ 1,172,033
Adjustments	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 1,172,033</u>

**TOWN OF WHITE SPRINGS, FL
SCHEDULES OF OPEB LIABILITY AND COVERED PAYROLL
LAST TEN FISCAL YEARS ***

<u>Measurement Date</u>	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Funded Percentage</u>	<u>Covered Payroll</u>	<u>Net OPEB Liability as a % of Covered Payroll</u>
9/30/2018	\$ 45,665	\$ -	\$ 45,665	-	\$ 318,781	14.32%
9/30/2017	37,593	-	37,593	-	318,781	11.79%

* Information is presented for those years available

**TOWN OF WHITE SPRINGS, FL
SCHEDULES OF CHANGES IN THE OPEB LIABILITY BY SOURCE
LAST TEN FISCAL YEARS ***

<u>Fiscal Year</u>	<u>Service Cost</u>	<u>Expected Interest Growth</u>	<u>Unexpected Investment Income</u>	<u>Demographic Experience</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Benefit Payments & Refunds</u>	<u>Administrative Expenses</u>	<u>Changes in Benefit Terms</u>	<u>Assumption Changes</u>
9/30/2018	\$ 6,522	\$ 1,605	\$ -	\$ -	\$ -	0.00%	\$ (55)	\$ -	\$ -	\$ -

* Information is presented for those years available

**SUPPLEMENTARY
INFORMATION**

TOWN OF WHITE SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2018

	Federal/State CFDA/CSFA Number	Grant/ Contract Number	Contract Period		Expended Prior Years	Grant Amount	Expenditures	Transfers to Subrecipients
			Beginning	Ending				
Federal Awards								
Department of Agriculture Community Facilities Grant	10.766	3570-3	08/24/17	04/06/18	\$ -	\$ 23,400	\$ 23,400	\$ -
Department of Homeland Security Florida Division of Emergency Management Disaster Grants	97.036	Z0320	09/04/17	03/10/18	-	26,513	26,513	-
Environmental Protection Agency Florida Department of Environmental Protection Capitalization Grants for State Revolving Funds	66.458	WW229040	04/21/14	-	<u>266,528</u>	<u>3,628,950</u>	<u>80,661</u>	-
Total federal assistance					<u>266,528</u>	<u>3,678,863</u>	<u>130,574</u>	-
State Financial Assistance								
Florida Department of Financial Services Volunteer Firefighter Grant Assistance Program	43.006	FM422	02/28/18	09/30/18	\$ -	\$ 29,031	\$ 29,026	\$ -
Florida Department of Transportation Small County Outreach Program (SCOP)	55.009	440000-1-54-01	11/06/17	12/31/19	-	306,025	19,925	-
Florida Division of Emergency Management Disaster Grant	-	Z0320	09/04/17	03/10/18	-	678	678	-
Florida Department of Environmental Protection Florida Recreation Development Assistance Program	37.017	A6061	12/10/15	04/30/18	-	50,000	49,742	-
Florida Department of Environmental Protection Florida Recreation Development Assistance Program	37.017	A17056	01/05/17	04/30/19	-	50,000	46,323	-
Florida Fish and Wildlife Conservation Commission Florida Boating Improvement Program	77.006	17171	01/23/18	12/31/38	-	298,000	172,210	-
Florida Department of Environmental Protection Small Community Wastewater Treatment Plants	37.075	SG017	01/01/18	12/31/18	-	<u>20,400</u>	<u>19,800</u>	-
Total state financial assistance					<u>-</u>	<u>754,134</u>	<u>337,704</u>	-
Total all awards and financial assistance					<u>\$ 266,528</u>	<u>\$ 4,432,997</u>	<u>\$ 468,278</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, 2018. Because the Schedule presents only a selected portion of the operations of the Town of White Springs, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of White Springs, Florida.

Note 2. Summary of Significant Accounting Policies

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

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Year Ended September 30, 2018

<u>Source</u>	<u>Beginning Balance</u>	<u>Amount expended in the 2017-18 Fiscal Year</u>	<u>Ending Balance</u>
British Petroleum Agreement No. 133708	<u>\$ 27,381</u>	<u>\$ 27,381</u>	<u>\$ -</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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kmdcpa@windstream.net

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of White Springs, Florida's basic financial statements, and have issued my report thereon dated April 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
April 24, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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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 October 1, 2017, to September 30, 2018. Management of the Town of White Springs, Florida, is responsible for the Town of White Springs' 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether the Town of White Springs, Florida, complied in all material respects with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Town of White Springs, Florida, complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. 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 specified requirements.

In my opinion, the Town of White Springs, Florida, complied in all material respects, with the aforementioned requirements for the period October 1, 2017, to September 30, 2018.



Kenneth M. Daniels
Certified Public Accountant
April 24, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Town of White Springs, Florida, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated April 24, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated April 24, 2019, should be considered in conjunction with this management letter.

Prior year findings

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

Current Year Findings

2018-001 Available Cash

Criteria: The Town should maintain adequate cash to meet expected/unexpected expenditures.

Condition: At September 30, 2018, the Town's operating cash accounts represented approximately two months of expenditures/expenses (considering the excess of due from other governments over the associated contracts payable of \$90,000).

Context: Operating cash decreased approximately \$100,000 during the 2017-18 fiscal year.

Effect: Inability to meet cash needs via operating funds.

Cause: Use of significant funds for capital outlay and operating supplies. The issue is isolated to the year ending September 30, 2018

Recommendation: Build operating cash until six months of total expenditures/expenses is accumulated.

2018-002 Cost Allocation

Criteria: Cost allocation should be based on a reasonable basis which can be verified via re-computation.

Condition: From my test of expenditures, I noted allocations which were based on estimates and not a verifiable basis. (Adjusting audit entries reversed the allocated amounts.)

Context: Estimates do not provide for an allocation which is based upon a reasonable basis. Arbitrary estimates do not allow consistent application.

Effect: Although cost allocation is not a precise form of measurement, estimates are less accurate.

Cause: Lack of allocation methodology based on documentable means: number of checks written per department verses total checks written, prior year actual costs per department verses total costs, budgeted costs verses total budgeted costs, time study, etc.

Recommendation: Develop allocation method based upon relevant, measurable methods.

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 and Management

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Town of White Springs, Florida's financial condition, and my financial assessment was based in part on representations made by management and the review of financial information provided by the same. The financial condition assessment was performed as of September 30, 2018.

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

Special District Component Units

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

Additional Matters

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

USDA Rural Development Department of Agriculture Requirements

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

Purpose of this Letter

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

A handwritten signature in black ink, appearing to read "Ken M Daniels". The signature is fluid and cursive, with the first name "Ken" being the most prominent.

Kenneth M. Daniels
Certified Public Accountant
April 24, 2019

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



TOWN OF WHITE SPRINGS

"On the Banks of the Suwannee River "

May 1, 2019

RE: Management letter audit findings

Mr. Daniels:

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

2018-001 Available Cash

The Town will strive to build operating cash until six months of total expenditures is accumulated.

2018-002 Cost Allocation

The Town will develop an allocation method based upon relevant, measurable methods.

Conclusion

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

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

Sincerely,

Stacy Tebo
Town Manager