



Sexton & Schnoll

CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF WHITE SPRINGS, FLORIDA**  
**FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

**TOWN OF WHITE SPRINGS, FLORIDA  
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September 30, 2019**

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## INTRODUCTORY SECTION

**TOWN OF WHITE SPRINGS, FLORIDA  
TOWN OFFICIALS  
September 30, 2019**

<u>OFFICIALS</u>	<u>POSITION</u>
Heller Miller, PhD	Mayor
Walter McKenzie	Vice Mayor
Tonja Brown	Council Member
Spencer Lofton	Council Member
Walter McKenzie	Council Member
Pam Tomlinson	Finance Director/Town Clerk
Tommie Jones	Interim Town Manager
Beverly Brazil	Interim Town Clerk
Karen Hatton	Town Attorney

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of White Springs as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9–15 and 47-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. we do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of White Springs basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement 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 our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2021, on our consideration of the Town of White Springs, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of White Springs, Florida's internal control over financial reporting and compliance.



Sexton and Schnoll

Certified Public Accountant

July 28, 2021

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

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, 2019. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activities and identify changes in the Town's financial position. It is intended to be an easily readable analysis of the Town's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of fiscal year 2019 by \$9,286,925 2.3% of the Town 's net assets represent resources that are dedicated or subject to restriction on how they may be used. The balance of unrestricted net assets is \$181,889. The Town's net assets are sufficient to meet its demands for restricted net assets.
- The Town 's total net assets increased \$124,625 or 1.4% over the year.
- 95.7% of the Town's net assets reflect its investment in capital assets (land, buildings, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN HIGHLIGHTS**

- The Town continues the project outlined in the Bailey F. Ogburn Recreation Facility FRDAP Project No. A19085. This \$50,000 grant has been allocated for the resurfacing the basketball court and renovating the baseball facilities and playground equipment.
- Florida Department of Transportation SCOP FY19 Mill Street Drainage and Repaving Improvement, ERP-047-237251-1 consist of reconstructing/repaving of Mill Street from 3rd street/CR-135 to Willie Johnson Street. The project will rebuild the roadway at a consistent 20 ft. wide, 2 lane roadways. Engineering design services, cost estimate, plans and specs have been submitted to FDOT and approved.
- Rural Infrastructure Fund will assist in the construction, engineering and inspections services on the Town's ongoing Florida Department of Environment Protection (FDEP Clean Water Revolving Fund Program (SRF) Infiltration/ Inflow Correction (Sewer Rehabilitation) Project. The \$400,000 grant will be effective on March 1, 2020 and will expire on February 28, 2022.

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

**TOWN HIGHLIGHTS (Continued)**

- 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 \$167,712 during the year ending September 30, 2019, for engineering and surveying services relating to the project.
- 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 with grant funds totaling \$298,000; the boat ramp was completed during this fiscal year.

**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 20. 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 12. The Statement of Net Position and the Statement of Activities on pages 17 and 18 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:

**Reporting the Town as a Whole**

- 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.

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

- 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 12. The fund financial statements begin on page 20 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 \$130,000. Significant asset purchases via grants were largely offset by depreciation.

The Governmental Activities' Net Position increased approximately \$282,000. The Business-type Activities net position decreased approximately \$150,000.

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.

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

**The Town as a Whole (Continued)**

**Table 1  
Net Position  
In Thousands**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 383	\$ 306	\$ 277	\$ 284	\$ 660	\$ 590
Capital assets	3,454	3,359	6,391	6,586	9,845	9,945
<b>Total assets</b>	<b>3,837</b>	<b>3,665</b>	<b>6,668</b>	<b>6,870</b>	<b>10,505</b>	<b>10,535</b>
Long term liabilities	\$ 118	\$ 124	\$ 896	\$ 1,011	\$ 947	\$ 1,135
Other liabilities	51	152	153	86	271	238
<b>Total liabilities</b>	<b>169</b>	<b>276</b>	<b>1,049</b>	<b>1,097</b>	<b>1,218</b>	<b>1,373</b>
Net position:						
Invested in Cap Assets	\$ 3,438	\$ 3,318	\$ 5,454	\$ 5,586	\$ 8,892	\$ 8,904
Restricted	58	-	155	-	213	-
Unrestricted	172	71	10	187	182	258
<b>Total net position</b>	<b>3,667</b>	<b>3,389</b>	<b>5,619</b>	<b>5,773</b>	<b>9,287</b>	<b>9,162</b>
<b>Total liabilities &amp; net position</b>	<b>\$ 3,837</b>	<b>\$ 3,665</b>	<b>\$ 6,668</b>	<b>\$ 6,870</b>	<b>\$ 10,505</b>	<b>\$ 10,535</b>

**Current Year Impacts on Assets, Liabilities and Net Position**

**Governmental Activities**

The increase in the Governmental Activities current and other assets is due primarily 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 primarily to construction in progress of boat ramp and the state contract purchase of Ford-250 for Roads and Streets.

Other liabilities decreased due primarily to the Contract Payable balances paid to Florida Fill and Grading, Inc. related to Boat Ramp construction.

**Business-type Activities**

Capital assets decreased due primarily to the current year depreciation.

Other liabilities increased due primarily to the payable to Graham & Sons Electric, Inc. related to repairs and maintenance.

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

**The Town as a Whole (Continued)**

**Table 1  
Changes Net Position  
(In Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>REVENUES:</b>						
<b>Program revenues</b>						
General government	\$ 1	\$ 1	\$ -	\$ -	\$ 27	\$ 3
Public safety	21	74	-	-	21	74
Transportation	89	42	-	-	89	42
Economic environment	49	49	-	-	23	49
Culture/recreation	307	277	-	-	307	277
Water utility services	-	-	115	128	115	128
Garbage/solid waste control	-	-	104	110	104	110
Sewer/wastewater services	-	-	222	262	222	262
<b>General revenues</b>						
<b>Taxes</b>						
Ad valorem	74	73	-	-	75	73
Local option gas	194	183	-	-	194	183
Discretionary sales tax	64	64	-	-	65	64
Half cent sales tax	33	33	-	-	33	-
Franchise fees	44	37	-	-	44	37
Utility service	53	45	23	22	76	67
Local business tax	3	2	-	-	3	-
Local Communications	23	20	-	-	23	20
Intergovernmental	38	35	-	-	38	68
Interest	-	-	2	-	2	-
Miscellaneous	21	28	26	-	47	28
<b>Total revenues</b>	<b>1,014</b>	<b>963</b>	<b>493</b>	<b>522</b>	<b>1,508</b>	<b>1,448</b>
<b>EXPENSES:</b>						
<b>Program expenses</b>						
General government	241	277	-	-	241	277
Public safety	328	331	-	-	328	331
Transportation	178	160	-	-	178	160
Economic environment	40	40	-	-	40	40
Human services	-	3	-	-	-	3
Culture/recreation	28	25	-	-	28	25
Interest on long term debt	1	-	-	-	1	-
Water utility services	-	-	195	194	195	194
Garbage/solid waste control	-	-	86	85	86	85
Sewer/wastewater services	-	-	285	293	285	293
<b>Total expenses</b>	<b>816</b>	<b>836</b>	<b>566</b>	<b>572</b>	<b>1,382</b>	<b>1,408</b>
Excess (deficiency) before special item and transfers	198	127	(73)	(50)	126	77
Special item	-	20	-	-	-	20
Transfers	79	44	(79)	(44)	-	-
Change in net position	277	191	(153)	(94)	124	97
Net position - beginning	3,389	3,236	5,773	5,867	9,162	9,103
Adjustment to beginning net position	-	(38)	-	-	-	(38)
Net position - beginning as restated	-	3,198	-	5,867	-	9,065
<b>Net position - ending</b>	<b>3,667</b>	<b>3,389</b>	<b>5,620</b>	<b>5,773</b>	<b>9,287</b>	<b>9,162</b>

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

**Current Year Impacts on Revenue and Expense**

**Revenues** - Governmental activities revenue increased by \$49,603 (5.1%), while enterprise fund activity revenue decreased by \$29,920 (5.7%).

Increases/decreases in governmental revenues are explained as follows:

- Transportation revenues increased due to a grant for the FDOT SCOP for Mill Street project.
- Culture/recreation revenues increased due to the Boat Ramp Grant above.
- Public safety revenues decreased because of the Fire department contract charges, decreased by \$14,500

Decrease in enterprise fund revenues are explained as follows:

- Sewer/wastewater decreased due to the DEP – Submergent tank cleaning grant received from 2018.

**Expenses** - Governmental activities expenses decreased by \$21,824 (2.6%), while enterprise fund activity expenses decreased by \$6,071 (1.1%).

Decrease in governmental expenses are explained as follows:

- General government decreased due to regular salaries and wages.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As indicated in the table below, the Town has approximately \$13.7 million invested in capital assets such as land, buildings, recreation facilities, water/sewer utility facilities, and equipment. The above amount represents a \$232,000 increase over the previous year's total. The Town's capital asset increases were largely due to boat ramp construction and vehicle purchase.

**Table 3  
Capital Assets (in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 190	\$ 190	\$ 4	\$ 4	\$ 194	\$ 194
Construction in progress	423	240	347	347	770	587
Buildings	757	757	1,101	1,101	1,858	1,858
Infrastructure	2,340	2,340	7,483	7,483	9,823	9,823
Equipment, furniture, and vehicles	781	737	271	271	1,052	1,008
Subtotal	4,491	4,264	9,206	9,206	13,697	13,470
Accumulated depreciation	(1,037)	(905)	(2,815)	(2,621)	(3,852)	(3,526)
Capital assets, net	3,454	3,359	6,391	6,585	9,845	9,944

**TOWN OF WHITE SPRINGS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2019**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**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)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 47	\$ 37	\$ 8	\$ 11	\$ 55	\$ 48
Capital leases	16	31	-	-	16	31
Notes	5	10	375	422	380	432
Bonds	-	-	562	577	562	577
OPEB liability	46	46	-	-	46	46
<b>Totals</b>	<b>114</b>	<b>124</b>	<b>945</b>	<b>1,010</b>	<b>1,059</b>	<b>1,134</b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's FY budget for 2018-19 was adopted in September, 2018. There were no changes made to the FY 2018-19 budget. A comparison to actual results can be reviewed in supplementary information beginning on page 48.

**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.



## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF NET ASSETS**

**September 30, 2019**

	Governmental Activities	Business-type Activities	TOTAL
<b>ASSETS</b>			
Current assets:			
Cash	\$ 105,847	\$ 111,598	\$ 217,445
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	211,220	-	211,220
<b>Total current assets</b>	<b>324,960</b>	<b>121,967</b>	<b>446,927</b>
Restricted assets:			
Cash	58,088	155,002	213,091
<b>Total restricted assets</b>	<b>58,088</b>	<b>155,002</b>	<b>213,091</b>
Non-current assets:			
Capital assets			
Land	189,839	3,570	193,409
Construction in progress	422,961	347,189	770,150
Other capital assets, net of depreciation	2,841,221	6,040,366	8,881,587
<b>Total capital assets, net</b>	<b>3,454,020</b>	<b>6,391,125</b>	<b>9,845,146</b>
<b>Total assets</b>	<b>\$ 3,837,068</b>	<b>\$ 6,668,095</b>	<b>\$ 10,505,163</b>

**LIABILITIES AND NET ASSET**

**LIABILITIES**

Current liabilities:

Accounts payable	15,711	31,586	47,297
Contracts payable	25,906	-	25,906
Due to other governmental units	13,931	-	13,931
Interest payable	-	5,491	5,491
Payroll taxes/withholding payable	90	162	252
Customer deposits	-	60,716	60,716
Other current liabilities	-	6,209	6,209
Compensated absences - current portion	7,031	7,920	14,951
Notes payable - current portion	5,000	24,789	29,789
Capital lease payable - current portion	15,945	-	15,945
Bonds payable - current portion	-	16,000	16,000
<b>Total current liabilities</b>	<b>83,614</b>	<b>152,873</b>	<b>236,487</b>

**TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF NET ASSETS**

**September 30, 2019**

	Governmental Activities	Business-type Activities	2019 TOTAL
Long-term liabilities:			
Compensated absences	40,054	-	40,054
Notes payable	-	350,032	350,032
Bonds payable	-	546,000	546,000
OPEB liability	45,665	-	45,665
Total long-term liabilities	<u>85,719</u>	<u>896,032</u>	<u>981,751</u>
 Total liabilities	 <u>\$ 169,333</u>	 <u>\$ 1,048,905</u>	 <u>\$ 1,218,238</u>
 <b>NET ASSETS</b>			
Net investment in capital assets, net of related debt	3,437,642	5,454,304	8,891,946
Restricted net assets	58,088	155,002	213,091
Unrestricted net assets	172,006	9,883	181,889
Total net assets	<u>\$ 3,667,736</u>	<u>\$ 5,619,190</u>	<u>\$ 9,286,925</u>
 Total liabilities and net assets	 <u>\$ 3,837,068</u>	 <u>\$ 6,668,095</u>	 <u>\$ 10,505,163</u>

**TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2019**

Functions / Programs	Expenses	Program			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 240,529	\$ 897	\$ -	\$ -	\$ (239,632)	\$ -	\$ (239,632)
Public safety	328,087	4,893	-	16,209	(306,986)	-	(306,986)
Transportation	177,673	45,783	-	43,035	(88,855)	-	(88,855)
Economic environment	39,987	22,310	26,973	-	9,295	-	9,295
Culture & recreation	27,696	9,269	-	298,000	279,572	-	279,572
Interest on long-term debt	1,541	-	-	-	(1,541)	-	(1,541)
<b>Total governmental activities</b>	<b>815,514</b>	<b>83,151</b>	<b>26,973</b>	<b>357,244</b>	<b>(348,146)</b>	<b>-</b>	<b>(348,146)</b>
<b>Business activities</b>							
Water utility services	195,505	115,028	-	-	(80,476)	(80,476)	(160,953)
Garbage/solid waste control	86,226	104,184	-	-	17,958	17,958	35,916
Sewer/wastewater services	284,905	152,306	69,945	-	(62,654)	(62,654)	(125,308)
<b>Total business type activities</b>	<b>566,635</b>	<b>371,518</b>	<b>69,945</b>	<b>-</b>	<b>(125,172)</b>	<b>(125,172)</b>	<b>(250,345)</b>
<b>Totals</b>	<b>\$ 1,382,149</b>	<b>\$ 454,669</b>	<b>\$ 96,918</b>	<b>\$ 357,244</b>	<b>\$ (473,319)</b>	<b>\$ (473,319)</b>	<b>\$ (946,637)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Ad valorem					74,596	-	74,596
Local option gas					193,851	-	193,851
Discretionary sales surtax					64,562	-	64,562
Half cent sales tax					32,653	-	32,653
Franchise fees					43,743	-	43,743
Utility service tax					52,858	22,858	75,716
Local business tax					2,521	-	2,521
Local Communications					22,869	-	22,869
Intergovernmental					38,055	-	38,055
Interest					381	2,147	2,528
Miscellaneous					20,564	26,284	46,848
Transfers					79,460	(79,460)	-
<b>Total general revenues, special items, and transfers</b>					<b>626,113</b>	<b>(28,171)</b>	<b>597,943</b>
<b>Change in net position</b>					<b>277,967</b>	<b>(153,343)</b>	<b>124,624</b>
Net position - beginning					3,389,768	5,772,532	9,162,300
Net position - ending					<b>\$ 3,667,736</b>	<b>\$ 5,619,189</b>	<b>\$ 9,286,924</b>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**September 30, 2019**

	2019
<b>ASSETS</b>	
Cash	\$ 163,935
Utility tax receivable	3,601
Accounts receivable, net	33
Franchise fees receivable	4,259
Due from other governmental units	211,220
<b>Total assets</b>	<b>383,048</b>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	15,711
Contracts payable	25,906
Due to other governmental units	13,931
Payroll taxes/withholding payable	90
Compensated absences	7,031
<b>Total Liabilities</b>	<b>62,669</b>
 <b>FUND BALANCES</b>	
Unassigned	320,379
<b>Total fund balances</b>	<b>320,379</b>
 <b>Total Liabilities and Fund Balance</b>	 <b>\$ 383,048</b>

**TOWN OF WHITE SPRINGS, FLORIDA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

**For the Fiscal Year Ended September 30, 2019**

		<u>2019</u>
Total fund balances for governmental funds	\$	<u>320,379</u>
 Amount reported for governmental activities in the statement of net assets are different because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of the following:		
Land	189,839	
Buildings	756,943	
Accumulated depreciation - Buildings	(105,511)	
Infrastructure	2,340,170	
Accumulated depreciation - Infrastructure	(479,831)	
Equipment, furniture, and vehicles	781,155	
Accumulated depreciation - Equipment	(451,705)	
Construction in progress	<u>422,961</u>	
Total capital assets (See Note 5)		3,454,020
 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, 2019, are as follows:		
Notes payable	5,000	
Compensated absences	40,054	
Capital lease	15,945	
OPEB liability	<u>45,665</u>	
Total long-term liability adjustments		(106,664)
 Total net assets of governmental activities	 \$	 <u><u>3,667,736</u></u>

**TOWN OF WHITE SPRINGS, FLORIDA  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2019

	General Fund
<b>REVENUES</b>	
Taxes	\$ 487,654
Intergovernmental revenue	468,054
Charges for services	12,698
Fines and forfeits	2,361
Interest	381
Miscellaneous revenues	42,874
Total Revenue	1,014,021
<b>EXPENDITURES</b>	
Current	
General Government	235,321
Public safety	265,522
Transportation	162,114
Economic environment	395
Culture/Recreation	18,425
Capital outlay	227,146
Debt service	
Principal	11,573
Interest	1,541
Total expenditures	922,037
Excess (deficiency) of revenues over expenditures	91,985
<b>Other financing sources and uses, including transfers</b>	
Transfers in	79,460
Total other financing sources and uses, including transfers	79,460
Net change in fund balances	171,444
Fund balance - beginning	148,935
Fund balance - ending	\$ 320,379

**TOWN OF WHITE SPRINGS, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2019**

		2019
Net change in fund balances - total governmental funds		\$ 171,444
<p>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.</p>		
Capital outlay - construction in progress, improvements, and equipment	227,146	
Depreciation	(132,195)	94,951
<p>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.</p>		
Principal		11,573
Change in net position of governmental activities		\$ 277,967



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

**September 30, 2019**

	2019
<b>ASSETS</b>	
Current assets:	
Cash	111,598
Accounts receivable, net	13,869
Allowance for doubtful accounts	(3,500)
Total current assets	121,967
Non-current assets:	
Restricted assets:	
Cash - deposits	60,671
Cash - debt service	9,472
Cash - debt service	84,860
Total restricted assets	155,002
Capital assets	
Land	3,570
Construction in progress	347,189
Building and improvements	1,100,606
Infrastructure	7,483,239
Equipment, furniture and vehicles	271,452
Accumulated depreciation	(2,814,931)
Total capital assets, net	6,391,125
Total noncurrent assets	6,546,128
Total assets	<b>\$ 6,668,095</b>
 <b>LIABILITIES AND NET POSITION</b>	
Liabilities	
Current liabilities:	
Accounts payable	31,586
Compensated absences	7,920
Interest payable	5,491
Payroll taxes/withholding payable	162
Deposits	60,716
Other current liabilities	6,209
Note payable - State Revolving Fund Loan	21,978
Note payable - DEP	2,811
Bonds payable	16,000
Total current liabilities	152,873
Long-term liabilities:	
Note payable - State Revolving Fund Loan	325,729
Note payable - DEP	24,303
Bonds payable	546,000
Total long-term liabilities	896,032
Total liabilities	<b>\$ 1,048,905</b>
 <b>NET ASSETS</b>	
Net investment in capital assets	5,819,190
Unrestricted net assets	-
Total net assets	<b>\$ 5,819,190</b>
Total liabilities and net assets	<b>\$ 6,668,095</b>

**TOWN OF WHITE SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**

For the Year Ended September 30, 2019

	<u>PROPRIETARY FUND</u>
<b>Operating revenues</b>	
Water utility	\$ 115,028
Solid waste	104,184
Sewer/wastewater	152,306
Service charge	23,237
Miscellaneous fees	3,047
<b>Total operating revenues</b>	<b>397,802</b>
<b>Operating expenses</b>	
Water utility services	
Personal services	25,553
Operating expenses	47,731
Garbage/solid waste control	
Operating expenses	86,226
Sewer/waste water services	
Personal services	17,080
Operating expenses	229,651
Water-sewer combination services	
Personal services	50,802
Operating expenses	71,420
<b>Total operating expenses</b>	<b>528,462</b>
Operating income	(130,660)
<b>Non-operating revenues (expenses)</b>	
Interest revenue	2,147
Utility service tax	22,858
Grants - other local units	69,945
Interest expense	(38,174)
<b>Total non-operating revenues (expenses)</b>	<b>56,776</b>
Loss before transfers	(73,884)
<b>Transfers out</b>	(79,460)
Change in net position	(153,343)
Net position - beginning	5,772,532
Net position - ending	\$ 5,619,189

**TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the Year Ended September 30, 2019**

<b>Cash flows from operating activities</b>	
Cash received from customers and users	415,772
Cash payments for employees and benefits	3,628
Cash payments to contractors, suppliers, and others	<u>(341,268)</u>
Net cash provided by (used for) operating activities	<u>78,131</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers out	(79,460)
Utility service tax	22,858
Nonoperating grants	<u>69,945</u>
Net cash provided by (used for) noncapital financing activities	<u>13,343</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds of capital debt	
Principal paid on notes and bonds payable	(62,791)
Interest paid on note and bonds payable	<u>(38,174)</u>
Cash flows provided by (used for) capital and related financing activities	<u>(100,965)</u>
<b>Cash flows from investing activities</b>	
Interest revenue	<u>2,147</u>
Net cash provided (used) for investing activities	<u>2,147</u>
<b>Net increase (decrease) in cash</b>	<u>(7,343)</u>
Cash - beginning	<u>273,944</u>
Cash - ending	<u><u>266,601</u></u>

**TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the Year Ended September 30, 2019**

<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating income	\$ (130,660)
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>	
Depreciation	194,256
Changes in assets and liabilities	
Increase (decrease) in liabilities:	
Accounts payable	13,663
Compensated absences	(3,436)
Deposits	4,307
Total adjustments	208,791
Net cash provided by (used for) operating activities	\$ 78,131
<b>Reconciliation of cash per the statement of net assets to the statement of cash flows:</b>	
Cash per the Statement of Net Position	
Cash	\$ 111,598
Restricted assets - cash	155,002
Total cash per the Statement of Cash Flows	\$ 266,601

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**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, 2019, 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.

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

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.

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

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 principal 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.

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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,



**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Financial Statement Amounts (Continued)**

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.

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Financial Statement Amounts (Continued)**

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.

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Financial Statement Amounts (Continued)**

Deferred Inflows of Resources

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

**NOTE 2. DEPOSITS AND INVESTMENTS**

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

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

During the year ended September 30, 2019, 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, 2019, the Town discloses the following relating to its investment in Florida PRIME:

Florida Prime rating	AAA
Interest rate risk disclosure	
Dollar weighted average days to maturity	37 days
Weighted average life	85 days
Foreign Currency Risk	N/A
Securities Lending	N/A
Fair value hierarchy	amortized cost
Fair value/amortized cost	\$142,949

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

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, 2019, 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](http://www.sbafla.com/prime).

The Town's deposits are as follows:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Cash			
Deposits	\$ 105,847	\$ 111,598	\$ 217,445
Florida Prime	-	-	-
Total unrestricted deposits	<u>105,847</u>	<u>111,598</u>	<u>217,445</u>
Deposits	-	70,142	70,142
Florida Prime	58,088	84,860	142,949
Total restricted deposits	<u>58,088</u>	<u>155,002</u>	<u>213,091</u>
Total cash	<u>\$ 163,935</u>	<u>\$ 266,601</u>	<u>\$ 430,536</u>

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2019, 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	-	(3,500)	(3,500)
Net accounts receivable	<u>\$ 33</u>	<u>\$ 10,369</u>	<u>\$ 10,402</u>

At September 30, 2019, the Town's allowance for doubtful accounts was based on an estimate of those accounts deemed not collectible.

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 4. DUE FROM OTHER GOVERNMENTAL UNITS**

Due from other governmental units at September 30, 2019, consists of the following:

Hamilton County, FL	\$ 174
State of Florida	<u>211,046</u>
Total	<u>\$ 211,220</u>

**NOTE 5. CAPITAL ASSETS**

Depreciation expense was charged the following functions as follows:

Governmental activities	
General government	\$ 5,208
Public safety	62,565
Transportation	15,559
Economic environment	39,592
Culture/recreation	<u>9,271</u>
Total governmental activities depreciation expense	<u>132,195</u>
Business-type activities	
Physical environment	<u>\$ 194,256</u>

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 5. CAPITAL ASSETS (Continued)**

Capital asset activity for the year ending September 30, 2019, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 189,839	\$ -	\$ -	\$ 189,839
Construction in progress	240,180	182,781	-	422,961
Total capital assets not being depreciated	<u>430,019</u>	<u>182,781</u>	<u>-</u>	<u>612,800</u>
Other capital assets				
Buildings	756,943	-	-	756,943
Infrastructure	2,340,170	-	-	2,340,170
Equipment, furniture, and vehicles	736,790	44,365	-	781,155
Total other capital assets	<u>3,833,903</u>	<u>44,365</u>	<u>-</u>	<u>3,878,268</u>
Less accumulated depreciation				
Buildings	(86,764)	(18,747)	-	(105,511)
Infrastructure	(432,746)	(47,086)	-	(479,831)
Equipment, furniture, and vehicles	(385,342)	(66,363)	-	(451,705)
Total accumulated depreciation	<u>(904,852)</u>	<u>(132,195)</u>	<u>-</u>	<u>(1,037,047)</u>
Other capital assets, net	<u>2,929,051</u>	<u>(87,830)</u>	<u>-</u>	<u>2,841,221</u>
Governmental activities capital assets, net	<u>3,359,070</u>	<u>94,951</u>	<u>-</u>	<u>3,454,020</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	347,189	-	-	347,189
Total capital assets not being depreciated	<u>350,759</u>	<u>-</u>	<u>-</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	271,452	-	-	271,452
Total other capital assets	<u>8,855,297</u>	<u>-</u>	<u>-</u>	<u>8,855,297</u>
Less accumulated depreciation				
Buildings	(475,664)	(27,515)	-	(503,179)
Infrastructure	(1,963,711)	(156,467)	-	(2,120,178)
Equipment, furniture, and vehicles	(181,300)	(10,274)	-	(191,574)
Total accumulated depreciation	<u>(2,620,674)</u>	<u>(194,256)</u>	<u>-</u>	<u>(2,814,931)</u>
Other capital assets, net	<u>6,234,623</u>	<u>(194,256)</u>	<u>-</u>	<u>6,040,366</u>
Business-type activities capital assets, net	<u>6,585,382</u>	<u>(194,256)</u>	<u>-</u>	<u>6,391,125</u>

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 6. LONG-TERM OBLIGATIONS**

**Governmental Activities**

**A. Note Payable**

In November 2017, the Town executed a promissory note with 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.

September 30	Principal	Interest	Total
2020	\$ 5,000	\$ -	\$ 5,000
Total	\$ 5,000	\$ -	\$ 5,000

Depreciation of \$3,000 was recorded on the pumper truck.

**B. Capital Lease**

In August 2018, the Town entered into 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, 2019, debt service to maturity is as follows:

September 30	Principal	Interest	Total
2020	\$ 15,945	\$ 789	\$ 16,734
Total	\$ 15,945	\$ 789	\$ 16,734

Depreciation of \$1,596 was recorded on the mini-excavator.

**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 \$16,434 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."

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 6. LONG-TERM OBLIGATIONS (Continued)**

**A. Debt Purchase Agreement (Continued)**

The Town incurred interest expense of \$11,572 during the year ending September 30, 2019. The amount is included in the direct expense of the Town's Sewer/waste water Department.

Debt service to maturity is as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 21,978	\$ 10,889	\$ 32,867
2021	22,683	10,184	32,867
2022	23,411	9,457	32,867
2023	24,161	8,706	32,867
2024	24,936	7,931	32,867
2025-2029	137,201	27,135	164,336
2030-2032	93,337	5,265	98,602
Total	<u>\$ 347,707</u>	<u>\$ 79,567</u>	<u>\$ 427,273</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 1/120<sup>th</sup> 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.

The Town had established a sinking fund in accordance with the Sinking Fund Provision.

The Town incurred interest expense of \$25,965 on the Series 2001 A&B Revenue Bonds during the year ending September 30, 2019. The amount is included in the direct expense of the Town's Sewer/waste water Department.



**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 6. LONG-TERM OBLIGATIONS (Continued)**

**B. Water and Sewer Revenue Bonds, Series 2001 A&B (Continued)**

Debt service to maturity is as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 16,000	\$ 25,290	\$ 41,290
2021	16,000	24,637	40,637
2022	17,000	23,850	40,850
2023	17,000	23,085	40,085
2024	19,000	22,320	41,320
2025-2029	107,000	98,162	205,162
2030-2034	133,000	71,856	204,856
2035-2039	163,000	39,127	202,127
2039-2041	74,000	5,045	79,045
<b>Total</b>	<b>\$ 562,000</b>	<b>\$ 333,372</b>	<b>\$ 895,372</b>

**C. DEP Construction Loan Agreement WW229041**

In March 2019, the Town entered into 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. Payments on the current balance are to be made in semi-annual amounts of \$1,551 including interest of 1.15%.

The total loan proceeds disbursed through September 30, 2019, (including capitalized interest of \$383) totaled \$55,412. The loan balance at September 30, 2019, was \$27,114. Payments on the current balance are to be made in semi-annual amounts of \$1,551 including interest of 1.15 percent.

The Town incurred interest expense of \$637 during the year ending September 30, 2019. The amount is included in the direct expense of the Town's Sewer/waste water Department.

Debt service to maturity is as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,811	\$ 291	\$ 3,102
2021	2,842	260	3,102
2022	2,874	229	3,102
2023	2,905	197	3,102
2024	2,937	165	3,102
2025-2029	12,745	335	13,960
<b>Total</b>	<b>\$ 27,114</b>	<b>\$ 1,477</b>	<b>\$ 29,470</b>

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 6. LONG-TERM OBLIGATIONS (Continued)**

Long-term liability activity for the year ended September 30, 2019, was as follows:

Governmental Activities	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019	Due within one year
Compensated absences	\$ 37,439	\$ 37,439	\$ 37,439	\$ 37,439	\$ 37,439
Note payable	10,000	-	5,000	5,000	5,000
Capital leases	30,749	-	14,804	15,945	15,945
OPEB liability *	45,665	-	-	45,665	-
<b>Totals</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>

\* beginning balance per prior period adjustment

Business-type Activities	Balance September 30, 2018	Additions	Deductions	Balance September 30, 2019	Due within one year
Compensated absences	\$ 11,356	\$ 37,439	\$ 37,439	\$ 37,439	\$ 37,439
State Revolving Fund Loan	369,002	-	21,296	347,707	21,978
Water & Sewer Bonds 2001	577,000	-	15,000	562,000	16,000
Notes payable	53,610	-	26,496	27,457	2,811
<b>Totals</b>	<b>\$ 1,010,968</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>	<b>\$ 123,853</b>

**NOTE 7. INTERFUND BALANCES AND TRANSFERS**

Internal balances for the year ending September 30, 2019, were as follows:

Major Funds	Transfers-in	Transfers-out	Description
General	\$ 79,460	\$ -	Budgeted transfer
Enterprise	-	79,460	Budgeted transfer
<b>Totals</b>	<b>\$ 79,460</b>	<b>\$ 79,460</b>	

**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

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 8. FUND BALANCE REPORTING (Continued)**

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, 2019, the unassigned general fund balance was \$320,379 or 35% of the General Fund's total expenditures.

A summary of the General fund balances at September 30, 2019, was as follows:

Fund balances:

Spendable Unassigned	<u>\$ 320,379</u>
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**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):

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 9. DEFINED CONTRIBUTION PLAN (Continued)**

Retirement contributions for the year ending were as follows:

2019	\$	2,644
2018		6,825
2017		8,238
2016		8,355
2015		8,111

**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.

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Net OPEB liability at September 30, 2018:

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

\* rolled forward from October 1, 2018

\*\* recognized as follows:

Long-term obligations governmental activities	<u>\$</u>	<u>45,665</u>
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**OPEB expense for Year Ending September 30, 2019**

Service cost	\$	-
Other recognized changes in net pension		-
Expected interest growth		-
Investment gain/loss		-
Demographic gain/loss		-
Employee contributions		-
Benefit payments & refunds		-
Administrative expenses		-
Changes in benefit terms		-
Assumption changes		-
OPEB expense *		-

\* expense recognized as follows:

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

Balance as of September 30, 2018	<u>\$</u>	-	<u>\$</u>	-
Change due to:				
Amortization payments		-		-
Investment gain/loss		-		-
Demographic gain/loss		-		-
Assumption changes		-		-
Total change		<u>-</u>		<u>-</u>
Balance as of September 30, 2019	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>

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

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 11. COMMITMENTS**

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

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

**NOTE 12. 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 13. 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 14. CURRENT/FUTURE ACCOUNTING PRONOUNCEMENTS**

In fiscal year 2019, the Town implemented GASB *Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement requires additional note disclosures for certain debt issues. There was no effect on beginning balances of the Town.

Additionally, the GASB has issued *Statement 83, Certain Asset Retirement Obligations* that is effective for this fiscal year. The Town has reviewed this statement and determined that this pronouncement has no discernable impact on these financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 14. FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

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 2019-20 fiscal year (and beyond):

- Statement 84, Fiduciary Activities*, reporting periods beginning after December 15, 2019
- Statement 87, Leases*, reporting periods beginning after June 15, 2021
- Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period*, reporting periods beginning after December 15, 2020
- Statement 90, Majority Equity Interests*, reporting periods beginning after December 15, 2019
- Statement 91, Conduit Debt Obligations*, reporting periods beginning after December 15, 2021
- Statement 92, Omnibus 2020*, reporting periods beginning after June 15, 2021

The Town is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2020.

**NOTE 15. COVID-19**

Since December 31, 2019, the spread of COVID-19 as severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to business worldwide, resulting in an economic slowdown.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Town for future periods.

**NOTE 16. SUBSEQUENT EVENTS**

The Town's management has evaluated subsequent events through the date of the audit report – June 24, 2021, and reports the following:

<u>Grantor</u>	<u>Project</u>	<u>Grant Award</u>	<u>Agreement dates</u>	
			<u>Beginning</u>	<u>Ending</u>
Florida Department Economic Opportunity	DEP SRF Correction (Sewer Rehabilitation)	\$400,000	3/1/2020	2/28/2022

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through July 28, 2021 the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF WHITE SPRINGS, FLORIDA  
GOVERNMENTAL FUND  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For the Year Ended September 30, 2019**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Final Budget Positive/ (Negative)
Beginning fund balance	\$ 227,058	\$ 227,058	\$ 148,935	\$ (78,123)
Resources (inflows)				
Taxes	507,209	507,209	487,654	(19,555)
Intergovernmental revenue	960,764	960,764	468,054	(492,710)
Charges for services	40,875	40,875	12,698	(28,177)
Fines and forfeits	1,630	1,630	2,361	731
Miscellaneous revenues	45,664	45,664	43,255	(2,409)
Other sources	65,806	65,806	79,460	13,654
Total amount available for appropriation	<u>1,849,006</u>	<u>1,849,006</u>	<u>1,242,416</u>	<u>(606,590)</u>
Appropriation				
General government services	468,687	468,687	235,321	(233,366)
Public safety	327,770	327,770	291,452	(36,318)
Transportation	726,281	726,281	221,048	(505,233)
Economic environment	395	395	395	-
Culture and recreation	325,873	325,873	173,821	(152,052)
Total appropriations	<u>1,849,006</u>	<u>1,849,006</u>	<u>922,037</u>	<u>(926,969)</u>
Reserves/ending fund balance	<u>-</u>	<u>-</u>	<u>320,379</u>	<u>320,379</u>

**TOWN OF WHITE SPRINGS, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**September 30, 2019**

**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	\$ 1,242,416
Differences – budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	(148,935)
Transfers in are available for appropriation but is not a current-year revenue for financial reporting purposes	(79,460)
Proceeds from debt financing are available for appropriation but is not a current-year revenue for financial reporting purposes	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 1,014,021
Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	922,037
Adjustments	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$ 922,037

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

Measurement Date	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Funded Percentage	Covered Payroll	Net OPEB Liability as % Covered Payroll
9/30/2019	\$ 45,665**	\$ -	\$ 45,665**	\$ -	\$ 362,802	12.59%
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

\*\* rolled forward from September 30, 2018

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

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

\* Information is presented for those years available

## COMPLIANCE SECTION

**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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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, 2019, and the related notes to the financial statements, which collectively comprise the Town of White Springs, Florida's basic financial statements, and have issued our report thereon dated June 24, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of White Springs, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, we 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.

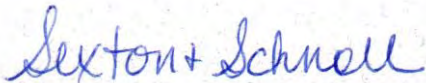
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Sexton and Schnoll

Certified Public Accountant

July 28, 2021

## MANAGEMENT LETTER

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

We have audited the basic financial statements of the Town of White Springs, Florida as of and for the year ended September 30, 2019 and have issued our report thereon dated July 28, 2021.

We have issued our Independent Auditor's Report and 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, dated July 28, 2021. Disclosures in those reports and schedules, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

This letter includes the following information, which is not included in the aforementioned auditors' reports or schedules.

- Section 10.554(1)(i)1 Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. These requirements are addressed in the schedule of findings that accompanies this letter.
- Section 10.554(1)(i)2 Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the Investment of Public Funds. The Town complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
- Section 10.554(1)(i)3 Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See findings attached.
- Section 10.554(1)(i)4 Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have an effect on the determination of financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5 Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect

on financial statements, considering both qualitative and quantitative factors: (1) violations of provisions of contracts or grant agreements, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6 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.
- Section 10.554(1)(i)7(a) Rules of the Auditor General, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. The Town reported no conditions described in Section 218.503(1), Florida Statutes that result in a financial emergency.
- Pursuant to Section 10.554(1)(i)7(c) and 10.556(7) Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representation made by management and the review of financial information provided to us by same.

Our audit did not disclose any further items that would be required to be reported under the Rules of the Auditor General, Chapter 10.554.

Our 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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Rural Economic and Community Development Requirements - We are providing the following additional information relative to our examination of the financial statements of the Town of White Springs, Florida, for the year ended September 30, 2019, as provided in the audit requirements for USDA-Rural Development borrowers.

- Generally accepted auditing procedures were performed in this audit.
- Internal control was evaluated and is discussed in the prior sections of this audit report.
- Accounting records and physical control over assets were adequate.
- The accounting records of the Town have been adjusted to agree with the audited financial statements.
- The Town's funds are in banking institutions that are Qualified Public Depositories as described in Chapter 280 of the Florida Statutes.
- A summary of the Town's insurance coverage is shown in the annual report to USDA-Rural Development.
- The Town is exempt from Federal Income Tax.
- We found nothing to indicate that financial compliance with loan agreements had not occurred.
- As of September 30, 2019, the Town of White Springs, Florida had sufficient restricted cash to comply with its Bond Covenants.



## CONCLUSION

We have reviewed each of our specific findings with appropriate officials or employees and have provided them with documentation as requested.



Sexton & Schnoll  
Certified Public Accountants  
July 28, 2021

## SCHEDULE OF FINDINGS

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

We have audited the basic financial statements of the Town of White Springs, Florida as of and for the year ended September 30, 2019 and have issued our report thereon dated July 28, 2021, which was unqualified.

We have issued our Independent Auditor's Report and 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, dated May 6 2021. Disclosures in these reports, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

### **Prior year findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

#### **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.

2019 Comment: As of September 30, 2019, the Town slightly increased its operating cash accounts represented approximately 2.5 months of expenditures (1.68 months of expenditures from 2018). For 2019, the Town is still encouraged to 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.

2019 Comment: Corrective actions have been taken to address this finding and recommendation made in the preceding annual financial audit report - this is cleared.

### **Current year findings**

#### **2019-001 – Town's books**

Criteria: Recording of transactions including year-end adjusting entries

Conditions: At September 30, 2018, ending balances on the books did not tie to the financial statements.

Effect: Some balances reflected in the financial statements did not agree on the Town's books.

Cause: Not all year-end adjusting entries were properly recorded.

Recommendation: Post all transactions reflected on the financial statements to ensure that books were accurate and complete.

#### **2019-002 – Fixed asset listing and depreciation schedule**

Criteria: The Town should have an up-to-date fixed asset listing

Conditions: Fixed asset listing were incomplete and inaccurate. As of December 2018, total cost per asset listing (excluding disposal) amounts to \$8 million (\$5 million net of accumulated

depreciation), wherein per 2018 audited balances, total cost amounts to \$13.5 million (\$9 million net of accumulated depreciation).

Effect: Actual fixed assets were not properly accounted for.

Cause: Not keeping an accurate listing of fixed assets.

Recommendation: Prepare and maintain a complete fixed asset listing including all relevant data of fixed assets.

#### **2019-003 – FY2018-19 significant budget difference**

Criteria: Significant differences between actual and budget.

Conditions: Some revenue and expense accounts were significantly different between actual and budgeted amount.

Effect: Significant differences between actual and budget were not well explained.

Cause: Significant differences were not properly documented.

Recommendation: It is recommended that closer review of the budget to actual revenue and expenditures be performed on a timely basis to better monitor the overall performance of the Town.

#### **2019-004 – Postemployment benefits other than pensions (OPEB)**

Criteria: This is a required disclosure on the audit report related to GASB 75 that became effective on June 15, 2017.

Conditions: Required details related to OPEB were not provided by the Town.

Effect: OPEB liability and OPEB expenses were not updated on the Town's financials.

Cause: The Town was not aware of the recent changes in accounting rules requiring this liability to be reported on the balance sheet similar to pension liabilities. Statement No. 75 requires state and local governments to report liability on financial statements.

Recommendation: Develop a plan of action to address the current OPEB policy.



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of White Springs, Florida

We have examined the Town of White Springs, Florida's compliance with *Florida Statutes* 218.415 during the period October 1, 2018, to September 30, 2019. Management of the Town of White Springs, Florida, is responsible for the Town of White Springs' compliance with those requirements. Our responsibility is to express an opinion on the Town of White Springs, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we 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 our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of White Springs, Florida's compliance with the specified requirements.

In our opinion, the Town of White Springs, Florida, complied in all material respects, with the aforementioned requirements for the period October 1, 2018, to September 30, 2019.

Sexton and Schnoll  
Certified Public Accountant  
July 28, 2021