

TOWN OF WHITE SPRINGS, FLORIDA

ANNUAL FINANCIAL REPORT

September 30, 2011

TOWN OF WHITE SPRINGS, FLORIDA

ANNUAL FINANCIAL REPORT

September 30, 2011

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INTRODUCTORY SECTION

TOWN OF WHITE SPRINGS, FLORIDA

September 30, 2011

LIST OF PRINCIPAL OFFICIALS

MAYOR

Dr. Helen Miller

VICE-MAYOR

Walter McKenzie

TOWN COUNCIL

Richard McNeal

Dennis Price

Tonja Brown

TOWN MANAGER

Robert Townsend

TOWN CLERK

Shirley Heath

TOWN ATTORNEY

Fred Koberlein

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

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The Honorable Mayor
and Town Council
Town of White Springs, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the Town of White Springs, Florida, (Town) as of and for the year ended September 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of White Springs, Florida's management. Our responsibility is to express an opinion 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 *Governmental 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

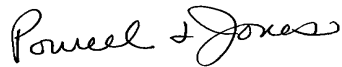
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the Town of White Springs, Florida, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information presented for the governmental funds is not a required part of the basic financial statements of the Town, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The management's discussion and analysis on pages 9 through 13, is not a required part of the basic financial statements of the Town, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purposes of additional analysis, and is not a required part of the basic financial statements of the Town of White Springs, Florida. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
June 12, 2012

TOWN OF WHITE SPRINGS, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of White Springs (Town) 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.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police and fire control, public works, parks and recreation, library, community development and general governmental administration. The Town's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. For the first time, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, for the first time, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town has two major governmental funds which are presented in separate columns. Statements for the Town's proprietary fund follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Assets at September 30, 2011 and 2010, follows:

Net Assets at September 30, 2011 and 2010

	Governmental Activities	Business-type Activities	Total Government	
			2010	2010
Assets				
Cash and cash equivalents	\$ 173,202	\$ 573,660	\$ 746,862	\$ 859,057
Other current assets	23,386	41,435	64,821	58,261
Capital assets	2,396,444	6,964,619	9,361,063	9,540,655
Total assets	<u>2,593,032</u>	<u>7,579,714</u>	<u>10,172,746</u>	<u>10,457,973</u>
Liabilities				
Other current liabilities	37,664	153,147	190,811	184,729
Long term debt outstanding	51,000	1,959,223	2,010,223	2,195,345
Total liabilities	<u>88,664</u>	<u>2,112,370</u>	<u>2,201,034</u>	<u>2,380,074</u>
Net assets				
Invested in capital assets, net of related debt	2,338,444	4,924,828	7,263,272	7,260,902
Restricted, debt service	-	512,308	512,308	615,115
Unrestricted	165,924	30,208	196,132	201,882
Total net assets	<u>\$ 2,504,368</u>	<u>\$ 5,467,344</u>	<u>\$ 7,971,712</u>	<u>\$ 8,077,899</u>

91% 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.

An additional 6% of the Town's net assets represent resources that are dedicated or subject to restriction on how they may be used. The remaining balance of unrestricted net assets of \$195,132 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net assets. The increase in Governmental net assets is due primarily to an education project. The decrease during the year through Business-type Activities net assets is due to ongoing operations.

A condensed version of the Statement of Activities follows:

Change in Net Assets
For the Fiscal Year Ended September 30, 2011 and 2010

	Governmental Activities	Business-type Activities	Total Government	
			2011	2010
Revenues				
Program revenues				
Charges for services	\$ 42,511	\$ 331,942	\$ 374,453	\$ 383,767
Grants and contributions	316,484	45,000	361,484	186,100
General revenues				
Taxes	211,023	-	211,023	195,206
Franchise fees	37,318	-	37,318	41,096
Licenses, motor fuel rebate	5,119	-	5,119	5,471
State shared revenues	54,862	-	54,862	49,429
Interest	27	14,290	14,317	16,725
Miscellaneous	114,215	57,330	171,545	108,938
Total revenues	781,559	448,562	1,230,121	986,732
Expenses				
General government	126,093	74,085	200,178	198,059
Public safety	240,146	-	240,146	253,663
Transportation	99,387	-	99,387	68,575
Economic environment	27,976	-	27,976	26,681
Human services	258,475	-	258,475	27,673
Culture/recreation	11,341	-	11,341	32,766
Interest on long-term debt	3,006	40,656	43,662	66,072
Water	-	86,937	86,937	65,493
Garbage services	-	78,813	78,813	78,596
Sewer	-	289,393	289,393	305,615
Total expenses	766,424	569,884	1,336,308	1,123,193
Change in net assets	15,135	(121,322)	(106,187)	(136,461)
Transfers	320	(320)	-	-
Beginning net assets	2,488,913	5,588,986	8,077,899	8,214,360
Ending net assets	\$ 2,504,368	\$ 5,467,344	\$ 7,971,712	\$ 8,077,899

Governmental activities:

While grants and contributions provide 40% of the revenue for Governmental Activities, taxes provide 27% and state shared revenues provide 7%. Most of the Governmental Activities resources are spent for General Government (16%), Public Safety (31%), and Human Services (34%). Governmental activities increased the Town's net assets by \$15,135.

Business-type activities:

Business-type activities decreased the Town's net assets by \$106,187.

Budgetary Highlights

At the end of the year there were several individual departments with budget shortfalls due to unexpected events. In total, the general fund's revenues were \$128,218 more than was budgeted, while the general fund's expenditures were \$120,945 more than budgeted. These variances were primarily related to activities of the Town's educational program.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2011, the Town had \$9.3 million invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities. This amount represents a net decrease (additions, deductions, and depreciation) of \$179,592 or 2% under last year.

Capital Assets at September 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Land	\$ 114,440	\$ 114,440	\$ 3,570	\$ 3,570	\$ 118,010	\$ 118,010
Buildings	87,855	87,855	1,100,606	1,100,606	1,188,461	1,188,461
Construction in progress	580,779	64,025	-	-	580,779	64,025
Improvements	1,546,356	2,127,135	6,883,239	6,883,239	8,429,595	9,010,374
Equipment	459,960	462,914	280,924	280,924	740,884	743,838
Subtotal	2,789,390	2,856,369	8,268,339	8,268,339	11,057,729	11,124,708
Accumulated depreciation	(392,922)	(459,925)	(1,124,152)	(1,303,720)	(1,517,074)	(1,763,645)
Capital assets, net	<u>\$ 2,396,468</u>	<u>\$ 2,396,444</u>	<u>\$ 7,144,187</u>	<u>\$ 6,964,619</u>	<u>\$ 9,540,655</u>	<u>\$ 9,361,063</u>

Debt Outstanding

At year-end, the Town had \$1.6 million in bonds and notes outstanding versus \$1.7 million last year, a decrease of \$84,408.

Debt Outstanding at September 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
USDA bonds	\$ -	\$ -	\$ 676,000	\$ 666,000	\$ 676,000	\$ 666,000
State revolving fund loans	-	-	967,886	900,478	967,886	900,478
USDA loan	65,000	58,000	-	-	65,000	58,000
Total bonds and notes	<u>\$ 65,000</u>	<u>\$ 58,000</u>	<u>\$ 1,643,886</u>	<u>\$ 1,566,478</u>	<u>\$ 1,708,886</u>	<u>\$ 1,624,478</u>

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for the Town was 11.2%. This is approximately the same as Hamilton County.
- The official population for the Town in 2011 was 784 and is estimated to be approximately the same in 2012.
- The ad valorem tax millage rate for the Town was 3.9084 mills in 2011.

Financial Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town Manager at P. O. Drawer D, White Springs, Florida 32096.

BASIC FINANCIAL STATEMENTS

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 173,202	\$ 61,352	\$ 234,554
Accounts receivable - net	7,694	41,435	49,129
Due from other governmental units	15,692	-	15,692
Total current assets	196,588	102,787	299,375
Restricted assets:			
Cash	-	38,995	38,995
Investments	-	473,313	473,313
Total restricted assets	-	512,308	512,308
Non-current assets:			
Capital assets - net	2,396,444	6,964,619	9,361,063
Total assets	\$ 2,593,032	\$ 7,579,714	\$ 10,172,746
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	\$ 8,106	\$ 9,819	\$ 17,925
Accrued liabilities	92	210	302
Deferred revenue	36	-	36
Accrued compensated absences	22,430	17,120	39,550
Total current liabilities (payable from current assets)	30,664	27,149	57,813
Current liabilities (payable from restricted assets):			
Accrued interest payable	-	13,180	13,180
Deposits	-	32,250	32,250
Loans payable - FDEP	-	69,568	69,568
Loans payable - USDA	7,000	11,000	18,000
Total current liabilities (payable from restricted assets)	7,000	125,998	132,998

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2011

	Governmental Activities	Business-type Activities	Total
Non-current liabilities:			
Loans payable - FDEP	\$ -	\$ 830,910	\$ 830,910
Loans payable - USDA	51,000	655,000	706,000
Revenues collected in advance	-	473,313	473,313
Total long-term liabilities	51,000	1,959,223	2,010,223
Total liabilities	88,664	2,112,370	2,201,034
NET ASSETS			
Invested in capital assets, net of related debt	2,338,444	4,924,828	7,263,272
Restricted, debt service	-	512,308	512,308
Unrestricted	165,924	30,208	196,132
Total net assets	\$ 2,504,368	\$ 5,467,344	\$ 7,971,712

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grant and Contributions			
Governmental activities							
General government	\$ 126,093	\$ 583	\$ -	\$ -	\$ (125,510)	\$ -	\$ (125,510)
Public safety	240,146	18,614	1,000	-	(220,532)	-	(220,532)
Transportation	99,387	18,460	-	-	(80,927)	-	(80,927)
Economic environment	27,976	-	39,748	64,025	75,797	-	75,797
Human Services	258,475	-	210,211	-	(48,264)	-	(48,264)
Culture/recreation	11,341	4,854	1,500	-	(4,987)	-	(4,987)
Interest on long-term debt	3,006	-	-	-	(3,006)	-	(3,006)
Total governmental activities	766,424	42,511	252,459	64,025	(407,429)	-	(407,429)
Business-type activities							
General government	74,085	-	-	-	-	(74,085)	(74,085)
Water utility	86,937	127,832	-	-	-	40,895	40,895
Garbage services	78,813	97,745	-	-	-	18,932	18,932
Sewer utility	289,393	91,490	-	45,000	-	(152,903)	(152,903)
Water-Sewer combination	-	14,875	-	-	-	14,875	14,875
Interest on long-term debt	40,656	-	-	-	-	(40,656)	(40,656)
Total business-type activities	569,884	331,942	-	45,000	-	(192,942)	(192,942)
Total government	\$ 1,336,308	\$ 374,453	\$ 252,459	\$ 109,025	\$ (407,429)	\$ (192,942)	\$ (600,371)
General revenues							
Property taxes					65,813	-	65,813
Sales and use taxes					72,008	-	72,008
Franchise fees					37,318	-	37,318
Utility services tax					49,911	-	49,911
Communications surtax					23,291	-	23,291
Licenses and permits					4,039	-	4,039
State shared revenues					54,862	-	54,862
Motor fuel rebate					1,080	-	1,080

(continued)

TOWN OF WHITE SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2011

Gain on securities	\$	-	\$	57,330	\$	57,330
Interest		27		14,290		14,317
Miscellaneous		114,215		-		114,215
Total general revenues		<u>422,564</u>		<u>71,620</u>		<u>494,184</u>
Change in net assets		15,135		(121,322)		(106,187)
Transfers		320		(320)		-
Net assets - beginning		2,488,913		5,588,986		8,077,899
Net assets - ending	\$	<u>2,504,368</u>	\$	<u>5,467,344</u>	\$	<u>7,971,712</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2011

	General Fund	Community Development Block Grant	Total Governmental Funds
ASSETS			
Cash	\$ 173,166	\$ 36	\$ 173,202
Accounts receivable	7,544	150	7,694
Due from other governmental units	15,692	-	15,692
Total assets	\$ 196,402	\$ 186	\$ 196,588
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 8,106	\$ -	\$ 8,106
Accrued payroll deductions	92	-	92
Accrued compensated absences	22,430	-	22,430
Deferred revenue	-	36	36
Total liabilities	30,628	36	30,664
FUND BALANCES			
Restricted	-	150	150
Unassigned	165,774	-	165,774
Total fund balances	165,774	150	165,924
Total liabilities and fund balances	\$ 196,402	\$ 186	

Amounts 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 funds	2,396,444
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds	(58,000)
Net assets of governmental activities	\$ 2,504,368

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended September 30, 2011

	General Fund	Community Development Block Grant Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 248,341	\$ -	\$ 248,341
Licenses and permits	4,039	-	4,039
Intergovernmental revenue	308,401	64,025	372,426
Charges for services	40,897	-	40,897
Fines and forfeitures	1,614	-	1,614
Miscellaneous	114,242	-	114,242
Total revenues	<u>717,534</u>	<u>64,025</u>	<u>781,559</u>
EXPENDITURES			
Current expenditures			
General government	122,255	-	122,255
Public safety	200,910	-	200,910
Transportation	96,359	-	96,359
Health and human services	258,475	-	258,475
Culture/recreation	7,653	-	7,653
Capital outlay			
Public safety	650	-	650
Transportation	1,674	-	1,674
Human services	630	-	630
Economic environment	-	64,025	64,025
Debt service			
Public safety	10,006	-	10,006
Grants/aids			
Public safety	10,763	-	10,763
Total expenditures	<u>709,375</u>	<u>64,025</u>	<u>773,400</u>
Excess of revenues over expenditures	<u>8,159</u>	<u>-</u>	<u>8,159</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	170	150	320
Total other financing sources (uses)	<u>170</u>	<u>150</u>	<u>320</u>
Net change in fund balance	8,329	150	8,479
Fund balances at beginning of year	<u>157,445</u>	<u>-</u>	<u>157,445</u>
Fund balances at end of year	<u>\$ 165,774</u>	<u>\$ 150</u>	<u>\$ 165,924</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

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

For the Fiscal Year Ended September 30, 2011

Net change in fund balances - total governmental funds		\$ 8,479
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <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 as depreciation expense.</p>		
Expenditures for capital assets	\$ 66,979	
Less current year depreciation	<u>(67,003)</u>	(24)
Repayment of notes are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
Note principal payments	<u>7,000</u>	<u>7,000</u>
Change in net assets of governmental activities		<u><u>\$ 15,455</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2011

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 61,352
Accounts receivable	41,435
Total current assets	<u>102,787</u>
Non-current assets:	
Restricted assets	
Cash and cash equivalents	38,995
Investments	
Government securities	473,313
Capital assets	
Land	3,570
Buildings and improvements	1,100,606
Improvements other than buildings	6,883,239
Equipment	280,924
Less accumulated depreciation	(1,303,720)
Total non-current assets	<u>7,476,927</u>
Total assets	<u>\$ 7,579,714</u>
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable	\$ 9,819
Accrued payroll deductions and matching	210
Accrued compensated absences	17,120
Total current liabilities (payable from current assets)	<u>27,149</u>
Current liabilities (payable from restricted assets):	
Accrued interest payable	13,180
Deposits	32,250
Loan payable FDEP	69,568
Loan payable USDA	11,000
Total current liabilities (payable from restricted assets)	<u>125,998</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2011

	<u>Enterprise Fund</u>
Non-current liabilities:	
Loan payable FDEP	\$ 830,910
Loan payable USDA	655,000
Revenues collected in advance	
State revolving grant	<u>473,313</u>
Total non-current liabilities	<u>1,959,223</u>
Total liabilities	<u>2,112,370</u>
 NET ASSETS	
Invested in capital assets, net of related debt	4,924,828
Restricted, debt service	512,308
Unrestricted	<u>30,208</u>
Total net assets	<u>\$ 5,467,344</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2011

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	
Water revenues	\$ 117,175
Water tax	10,657
Garbage/solid waste revenue	
Garbage revenue	97,745
Sewer utility revenue	
Sewer revenue	83,128
Sewer tax	8,362
Water-sewer combination	
Service charges	14,875
Total operating revenues	<u>331,942</u>
OPERATING EXPENSES	
Legislative	
Personal services	
Executive salaries	4,475
FICA	262
Total personal services	<u>4,737</u>
Executive	
Personal services	
Regular salaries	<u>9,075</u>
Financial and administration	
Personal services	
Regular salaries	25,786
FICA	2,909
Retirement	1,941
Life and health insurance	12,572
Total personal services	<u>43,208</u>
Operating expenses	
Accounting and auditing	5,120
Travel and per diem	1,066
Communications services	400
Repair and maintenance	342
Legal advertising	1,854
Other current charges and obligations	83
Office supplies	500
Total operating expenses	<u>9,365</u>
Total financial and administrative	<u>52,573</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2011

	<u>Enterprise Fund</u>
Legal counsel	
Operating expenses	
Professional services	5,200
	<hr/>
Comprehensive planning	
Operating expenses	
Other contractual services	2,500
	<hr/>
Water utility services	
Personal services	
Regular salaries	40,269
FICA	3,098
Retirement	1,994
Life and health insurance	8,348
Total personal services	<hr/> 53,709 <hr/>
Operating expenses	
Depreciation	2,185
Communications services	480
Postage	1,720
Insurance	2,780
Repair and maintenance	20,754
Other current charges and obligations	811
Vehicle expense	950
Gas and oil	3,549
Total operating expenses	<hr/> 33,229 <hr/>
Total water utility services	<hr/> 86,937 <hr/>
Garbage and solid waste services	
Operating expenses	
Other contractual services	78,813
	<hr/>
Sewer services	
Personal services	
Regular salaries	31,616
FICA	2,383
Retirement	1,588
Life and health insurance	10,677
Total personal services	<hr/> 46,264 <hr/>
Operating expenses	
Depreciation	177,382

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2011

	<u>Enterprise Fund</u>
Professional services	\$ 6,278
Other contractual services	3,125
Travel and per diem	810
Communications services	1,223
Utility services	25,592
Insurance	4,733
Repair and maintenance	10,848
Other current charges and obligation	1,571
Operating supplies	6,644
Books, publications and subscriptions	603
Vehicle expense	738
Gas and oil	3,582
Total operating expenses	<u>243,129</u>
Total sewer services	<u>289,393</u>
Total operating expenses	<u>529,228</u>
Operating loss	<u>(197,286)</u>
NONOPERATING REVENUES (EXPENSES)	
Grants from other local units	45,000
Interest earnings	
Interest on investments	14,290
Sewer services	
Gain on securities	57,330
Debt service	
Interest	(40,656)
Total nonoperating revenues (expenses)	<u>75,964</u>
Net loss	<u>(121,322)</u>
OTHER FINANCING SOURCES (USES)	
Transfer out	(320)
Total net assets, beginning of year	5,588,986
Total net assets, end of year	<u>\$ 5,467,344</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2011.

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 326,170
Cash paid to employees	(114,150)
Cash paid for employee benefits	(45,764)
Cash paid to suppliers	(198,028)
Net cash used for operating activities	<u>(31,772)</u>
Cash flows from non-capital financing activities:	
Contractual grant revenue from County	45,000
Transfers out	(320)
Net cash flows provided by non-capital financing activities	<u>44,680</u>
Cash flows from capital financing activities:	
Principal payments	(77,408)
Interest payments	(34,559)
Net cash used for capital financing activities	<u>(111,967)</u>
Cash flows from investing activities:	
Investment income	71,620
Net cash provided by investing activities	<u>71,620</u>
Net decrease in cash	(27,439)
Cash, beginning of year	127,786
Cash, end of year	<u>\$ 100,347</u>
Noncash capital financing activities	<u>\$ -</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2011

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	<u>\$ (197,286)</u>
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	179,567
Increase in accounts receivable	(6,657)
Increase in customer deposits	885
Decrease in accounts payable	(5,359)
Increase in accrued payroll deductions and matching	7
Decrease in accrued compensated absences	(2,929)
Total adjustments	<u>165,514</u>
Net cash used for operating activities	<u>\$ (31,772)</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of White Springs (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The Town has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The Town of White Springs, Florida is a municipal, political subdivision of the State of Florida created under the provisions of Chapter 165, *Florida Statutes*. The present Town government structure was created and organized under Town Ordinance 96-1, which was adopted by a Town referendum of Town voters. Accordingly, it is controlled by the Florida Constitution and various *Florida Statutes* as well as its own local charter, ordinances and policies. It is governed by an elected Mayor and Town Council.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is

received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The Town's Enterprise Fund, which administers water, sewer and solid waste services, is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

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. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town classifies all of its funds as major funds.

1. Governmental Major Funds:
General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Community Development Block Grant Fund - Established by the Town to administer the Community Development Block Grant Program. The CDBG Grant #11DB-4N-03-34-02-N03 was awarded the Town by the Department of Community Affairs to make water system improvements.

2. Proprietary Major Fund:
Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.
3. Non-current Governmental Assets/Liabilities:
GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net assets.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
2. Cash Equivalents - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2011, the Town's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.
3. Allowance for Doubtful Accounts - The Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2011, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2011.
4. Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.
5. Inventories - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
6. Restricted Assets - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

7. Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
8. Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	10 - 50
Machinery and equipment	5 - 12
Streets and related infrastructure	20 - 40

9. Capitalization of Interest - Interest related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
10. Deferred Revenues - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
11. Accrued Compensated Absences - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
12. Proprietary Activity Accounting and Financial Reporting - The Town applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinion and Account Research Bulletins (ARB's).

13. Fund Balances/Net Assets

A. Governmental Funds

As of September 30, 2011, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purpose because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s general policy, only the Town Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2011, fund balances are composed of the following:

	<u>Amount</u>
Restricted for:	
CDBG program	\$ 150
Unassigned	<u>165,774</u>
	<u>\$ 165,924</u>

When an expenditure is incurred for purposes to which both restricted and unrestricted fund balance is available, the Town considered restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

As of September 30, 2011, net assets are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 4,924,828
Restricted for debt service	512,308
Unrestricted	<u>30,208</u>
	<u>\$ 5,467,344</u>

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide State of Net Assets.

"Total fund balances" of the Town's governmental funds \$165,924 differs from "net assets" of governmental activities \$2,504,368 reported in the statement of net assets. This difference primarily results from the long-term economical focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 2,856,369
Accumulated depreciation	<u>(459,925)</u>
Total	<u><u>\$ 2,396,444</u></u>

Long-term debt transactions

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 assets. Balances at September 30, 2011, were:

Loan payable	\$ 58,000
	<u>\$ 58,000</u>

TOWN OF WHITE SPRINGS, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between Government Fund Balance Sheet and the Government-Wide Statements of Net Assets

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Net Assets
ASSETS				
Cash and cash equivalents	\$ 173,202	-	\$ -	\$ 173,202
Accounts receivable	7,694	-	-	7,694
Due from other governmental units	15,692	-	-	15,692
Capital assets-net	-	2,396,444	-	2,396,444
Total assets	\$ 196,588	\$ 2,396,444	\$ -	\$ 2,593,032
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 8,106	-	\$ -	\$ 8,106
Accrued liabilities	92	-	-	92
Accrued compensated absences	22,430	-	-	22,430
Deferred revenues	36	-	-	36
Loans payable	-	-	58,000	58,000
Total liabilities	30,664	-	58,000	88,664
Fund balances/net assets	165,924	2,396,444	(58,000)	2,504,368
Total liabilities and fund balance/net asset	\$ 196,588	\$ 2,396,444	\$ -	\$ 2,593,032

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds \$8,479 differs from the "change in net assets" for governmental activities \$15,455 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 66,979
Depreciation expense	<u>(67,003)</u>
Difference	<u>\$ (24)</u>

Long-term debt transactions

Repayment of debt principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Debt principal payments made	<u>\$ 7,000</u>
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TOWN OF WHITE SPRINGS, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 248,341	\$ -	\$ -	\$ 248,341
Licenses and permits	4,039	-	-	4,039
Intergovernmental	372,426	-	-	372,426
Charges for services	40,897	-	-	40,897
Fines and forfeitures	1,614	-	-	1,614
Miscellaneous	114,242	-	-	114,242
Total revenues	<u>781,559</u>	-	-	<u>781,559</u>
EXPENDITURES				
Current expenditures				
General government	122,255	3,838	-	126,093
Public safety	211,673	28,473	-	240,146
Transportation	96,359	3,028	-	99,387
Health and human services	258,475	-	-	258,475
Economic environment	-	27,976	-	27,976
Culture/recreation	7,653	3,688	-	11,341
Capital outlays				
Public safety	650	(650)	-	-
Transportation	1,674	(1,674)	-	-
Health and human services	630	(630)	-	-
Economic environment	64,025	(64,025)	-	-
Debt service				
Principal	7,000	-	(7,000)	-
Interest	3,006	-	-	3,006
Total expenditures	<u>773,400</u>	<u>24</u>	<u>(7,000)</u>	<u>766,424</u>
Excess of revenues over (under) expenditures	8,159	(24)	7,000	15,135
Other financing sources				
Transfer in	320	-	-	320
Net change in fund balance	<u>8,479</u>	<u>(24)</u>	<u>7,000</u>	<u>15,455</u>
Fund balances at beginning of year	157,445	2,396,468	(65,000)	2,488,913
Fund balances at end of year	<u>\$ 165,924</u>	<u>\$ 2,396,444</u>	<u>\$ (58,000)</u>	<u>\$ 2,504,368</u>

NOTE 3. LEGAL COMPLIANCE --BUDGETS

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Manager develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the Town Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the Town Council.
5. Budgets for all Town funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, all investments consisted of U.S. government securities. These investments are classified as Category 1 in accordance with GASB Standard No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements."

Schedule of Investments at September 30, 2011

U.S. government securities	<u>\$ 473,313</u>
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NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2010-2011 fiscal year were levied in October 2010. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions/ Reclassifications	Deletions/ Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Land	\$ 114,440	\$ -	\$ -	\$ 114,440
Construction in progress	580,779	64,025	(580,779)	64,025
Buildings	87,855	-	-	87,855
Improvements	1,546,356	580,779	-	2,127,135
Equipment and vehicles	459,960	2,954	-	462,914
Total capital assets	<u>2,789,390</u>	<u>647,758</u>	<u>(580,779)</u>	<u>2,856,369</u>
Less accumulated depreciation	<u>(392,922)</u>	<u>(67,003)</u>	<u>-</u>	<u>(459,925)</u>
Governmental activities capital assets, net	<u>\$ 2,396,468</u>	<u>\$ 580,755</u>	<u>\$ (580,779)</u>	<u>\$ 2,396,444</u>
<u>Business-type activities:</u>				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Buildings and improvements	1,100,606	-	-	1,100,606
Improvements other than buildings	6,883,239	-	-	6,883,239
Equipment	<u>280,924</u>	<u>-</u>	<u>-</u>	<u>280,924</u>
Total capital assets	<u>8,268,339</u>	<u>-</u>	<u>-</u>	<u>8,268,339</u>
Less accumulated depreciation	<u>(1,124,152)</u>	<u>(179,568)</u>	<u>-</u>	<u>(1,303,720)</u>
Business-type activities capital assets, net	<u>\$ 7,144,187</u>	<u>\$ (179,568)</u>	<u>\$ -</u>	<u>\$ 6,964,619</u>

Depreciation expense was charged to functions/programs of the Town as follows:

<u>Governmental activities:</u>	
General government	\$ 3,838
Public safety	28,473
Transportation	3,028
Economic environment	27,976
Culture/recreation	3,688
Total depreciation expense - governmental activities	<u>\$ 67,003</u>
<u>Business-type activities:</u>	
Water utility	\$ 2,185
Sewer utility	177,383
Total depreciation expense - business-type activities	<u>\$ 179,568</u>

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2011, were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General	\$ 7,694	\$ 15,692	\$ 23,386
Business-type activities:			
Enterprise	41,435	-	41,435
	<u>\$ 49,129</u>	<u>\$ 15,692</u>	<u>\$ 64,821</u>

Payables

Payables at September 30, 2011, were as follows:

Governmental activities:	
General	<u>\$ 8,106</u>
Business-like activities:	
Enterprise	<u>\$ 9,819</u>

NOTE 8. LONG-TERM LIABILITIES

Governmental Activities

A. Revenue Bond – Series 2008

On September 1, 2009, the Town entered into a loan agreement with the Rural Development, U.S. Department of Agriculture, in the amount of \$76,660, for the purchase of police and fire vehicles. This loan is secured by pledged revenues from Hamilton County. The loan will be repaid in ten annual payments, which will average \$9,878, including 4.625% interest. As of September 30, 2011, the balance of this loan was \$58,000.

Repayments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2012	\$ 7,000	\$ 2,683	\$ 9,683
2013	8,000	2,359	10,359
2014	8,000	1,989	9,989
2015	8,000	1,619	9,619
2016	9,000	1,249	10,249
2017-2018	18,000	1,248	19,248
	<u>\$ 58,000</u>	<u>\$ 11,147</u>	<u>\$ 69,147</u>

B. Changes in Governmental -type Debt

A schedule of changes in governmental -type debt follows:

Description	Balance October 1, 2010	Additions	Retirements	Balance September 30, 2011	Due Within One Year
USDA Bond 2008	\$ 65,000	\$ -	\$ (7,000)	\$ 58,000	\$ 7,000

Business-Type Activities

A. State Revolving Fund Loan

On March 10, 1999, the Town entered into a loan agreement with the Florida Department of Environmental Protection under its "State Revolving Fund" loan program. The total original loan amount of \$337,824 was utilized to pay for certain pre-construction costs of its planned wastewater facilities improvement project.

In April, 2001, this loan agreement was amended to increase the loan amount by \$1,071,276 for a total of \$1,409,100. The purpose of the increase was to provide partial construction funds for the project. This amended loan will be repaid in forty semi-annual payments of \$48,827, including interest at 3.18%. The payments began October 15, 2002, and semi-annually thereafter. This loan is secured by 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." These funds and the escrow agreement is described in Note 11.

As of September 30, 2011, the balance on this loan was \$900,478. Payments from the escrow account with Capital City Trust Company, including interest of \$173,727, are scheduled as follows:

Fiscal Year Ending September 30,	Amount
2012	\$ 97,655
2013	97,655
2014	97,655
2015	97,655
2016	97,655
2017-2021	488,275
2022	97,655
	\$ 1,074,205

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

On November 1, 2001, the Town issued Water and Sewer Revenue Bonds Series A & B in the amount of \$738,500 through the Rural Development, U.S. Department of Agriculture for the purpose of providing permanent financing for the water and sewer project. The following apply to these bonds:

Gross revenues from the operation of the combined water and sewer system are pledged to service this debt. The outstanding balance at September 30, 2011, is \$676,000. The remaining bond certificates mature annually January 1, 2009 through September 1, 2041. Annual payments will average \$40,784, including interest at 4.5%.

Sinking Fund. Monthly deposits are required by the bond ordinance to accumulate sufficient funds to meet principal and interest payments through transfers from the revenue accounts. Deposits in an amount equal to one-twelfth of annual payments coming due, are made into the respective sinking fund.

Reserve Account. A reserve is required by the bond ordinance to accumulate sufficient funds to be used for: (a) repair and replacement of the water and sewer system due to catastrophe, (b) constructing improvements to increase net revenues, and (c) payment of any principal and interest if the funds of the sinking funds are insufficient. A reserve of at least \$41,665 is required to be maintained for the revenue bonds, which is to be funded over a 10 year period. The reserve balance at September 30, 2011, was \$30,978.

Proprietary fund debt service requirements to maturity, including \$557,897 of interest are as follows:

Fiscal Year Ending September 30,	Series 2001A	Series 2001B	Total
2012	\$ 28,790	\$ 12,180	\$ 40,970
2013	28,486	13,070	41,556
2014	28,070	12,865	40,935
2015	28,710	12,685	41,395
2016	28,305	12,505	40,810
2014-2021	142,053	62,733	204,786
2022-2026	142,261	62,083	204,344
2027-2031	142,279	63,015	205,294
2032-2036	141,425	63,191	204,616
2037-2041	138,803	60,388	199,191
	<u>\$ 849,182</u>	<u>\$ 374,715</u>	<u>\$ 1,223,897</u>

C . Changes in Business-type Debt

A schedule of changes in business-type debt follows:

Description	Balance October 1, 2010	Additions	Retirements	Balance September 30, 2011	Due Within One Year
State Revolving Fund Loan	\$ 967,886	-	(67,408)	900,478	69,568
Water and Sewer Revenue Bonds 2001	676,000	-	(10,000)	666,000	11,000
	<u>\$ 1,643,886</u>	<u>\$ -</u>	<u>\$ (77,408)</u>	<u>\$ 1,566,478</u>	<u>\$ 80,568</u>

NOTE 9. RETIREMENT PLAN

Effective October 1, 1996, the Town adopted a deferred compensation plan for its employees under Section 457 of the Internal Revenue Code. This plan is administered by the ICMA Retirement Corporation and plan assets are invested in the ICMA Retirement Trust. Under this defined contribution type of plan, the Town contributes 5 percent of compensation of eligible employees, who elect to participate in the plan and make matching contributions. The Town's contribution for 2011 was \$9,920.

NOTE 10. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 although the Town expects such amounts, if any, to be immaterial.

The Town is defendant in certain pending litigation. Although the outcome of this lawsuit is not presently determinable, in the opinion of the Town Attorney, the resolution of these matters will not have an adverse effect on the financial condition of the Town.

NOTE 11. FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION GRANT

In March, 1998, the Town was awarded a grant of \$900,000 from the Florida Department of Environmental Protection (DEP), through its State Revolving Fund Program. This grant was used as a component of the financing of the Town's planned wastewater facilities improvement project, which cost approximately \$4,000,000. In accordance with the terms of this grant, the funds have been placed in escrow with a depository, Capital City Trust Company, which continuously invests these funds in eligible securities. These grant funds and accumulated interest will be used to make debt service payments on loans made to the Town by DEP to fund this project, including the loan described in Note 10. These funds totaled \$473,313 at September 30, 2011.

NOTE 12. CAPITAL GRANTS

The following is a schedule of capital grants received by the Town, during the year, in support of the ongoing sewer system improvement project:

Hamilton County	
United States Department of Housing and	
Urban Development - Community	\$ 45,000
Development Block Grant	64,025
	<u>\$ 109,025</u>

NOTE 13. RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets, and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverages for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 14. COMMUNITY DEVELOPMENT BLOCK GRANTS

During 2011, the Town received a Community Development Block Grant, Contract #11DB-4N-03-34-02-N03, in the amount of \$600,000. This grant is being used to improve sewer lines.

The budget and current status of this grant is as follows:

	Total Budget	Prior Year Expenditures	Current Year Expenditures	Balance
Administration	\$ 48,000	\$ -	\$ 14,325	\$ 33,675
Engineering	91,100	-	49,700	41,400
Sewer lines	415,800	-	-	415,800
New sewer line replacments	11,500	-	-	11,500
Sewer hook-ups	33,600	-	-	33,600
	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 64,025</u>	<u>\$ 535,975</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WHITE SPRINGS, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem taxes				
Current ad valorem taxes	\$ 65,000	\$ 65,000	\$ 65,813	\$ 813
Sales and use taxes				
Local option gas tax/alternative fuel	34,654	34,654	33,572	(1,082)
Infrastructure surtax	33,000	33,000	38,436	5,436
Franchise fees				
Electricity	40,000	40,000	37,318	(2,682)
Utility and service taxes				
Electricity	46,500	46,500	45,674	(826)
Propane				
Suburban	1,000	1,000	662	(338)
Heritage	500	500	342	(158)
Ferrell/Home Gas	3,000	3,000	1,535	(1,465)
Live Oak Gas	1,000	1,000	1,205	205
Local Gas	1,000	1,000	493	(507)
Communications services taxes	17,303	17,303	23,291	5,988
Total taxes	242,957	242,957	248,341	5,384
Licenses and permits				
Occupational licenses	3,000	3,000	3,429	429
Other licenses and permits				
LDR compliance	3,000	3,000	550	(2,450)
Other licenses and permits	200	200	60	(140)
Total licenses and permits	6,200	6,200	4,039	(2,161)
Intergovernmental revenue				
Federal grants				
Public safety				
Police training enhancement	1,000	1,000	1,000	-
Human services				
Mentoring/student assistance	-	34,679	34,679	-
State grants				
Human services				
Mentoring/student assistance	-	175,532	175,532	-
State shared revenues				
General government				
State revenue sharing	33,000	33,000	32,265	(735)
Mobile home licenses	700	700	321	(379)
Alcoholic beverage licenses	500	500	161	(339)
Local government half-cent sales tax	23,000	23,000	22,115	(885)
Transportation				
Motor fuel tax rebate	1,200	1,200	1,080	(120)

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Grants from other local units				
Economic environment				
Hamilton County	\$ -	\$ -	\$ 39,748	\$ 39,748
Culture/recreation				
Hamilton County	-	-	1,500	1,500
Total intergovernmental revenue	<u>59,400</u>	<u>269,611</u>	<u>308,401</u>	<u>38,790</u>
Charges for services				
General government				
Certification, copying, record search	1,000	1,000	101	(899)
Faxes	500	500	199	(301)
Notary	500	500	283	(217)
Public safety				
Fire protection services				
Fire Department	17,000	17,000	17,000	-
Transportation				
DOT state highway lighting	4,235	4,235	4,235	-
DOT Greenscape	11,000	11,000	14,225	3,225
Culture/recreation				
Recreation	500	500	-	(500)
Special events	-	-	4,854	4,854
Total charges for services	<u>34,735</u>	<u>34,735</u>	<u>40,897</u>	<u>6,162</u>
Fines and forfeitures				
Court cases				
Court fines	2,750	2,750	1,231	(1,519)
Confiscated property	-	-	238	238
Law enforcement education	250	250	128	(122)
Police report	50	50	17	(33)
Code enforcement fines	1,000	1,000	-	(1,000)
Total fines and forfeitures	<u>4,050</u>	<u>4,050</u>	<u>1,614</u>	<u>(2,436)</u>
Miscellaneous				
Interest earnings				
Interest on investments	100	100	27	(73)
Rents and royalties	18,275	18,275	16,353	(1,922)
Contributions and donations				
Beautification	-	-	1,111	1,111
Fire department	-	-	32,675	32,675
Education	-	-	59,103	59,103
Recreation	-	-	125	125
Special events	-	-	1,155	1,155
Other miscellaneous	13,388	13,388	3,693	(9,695)
Total miscellaneous	<u>31,763</u>	<u>31,763</u>	<u>114,242</u>	<u>82,479</u>
Total revenues	<u>379,105</u>	<u>589,316</u>	<u>717,534</u>	<u>128,218</u>

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
Legislative				
Personal services	\$ 5,038	\$ 5,038	\$ 4,855	\$ 183
Operating expenses	500	500	1,898	(1,398)
Total legislative	5,538	5,538	6,753	(1,215)
Executive				
Personal services	9,438	9,438	9,801	(363)
Financial and administrative				
Personal services	34,172	34,172	50,709	(16,537)
Operating expenses	43,951	43,951	32,325	11,626
Total financial and administrative	78,123	78,123	83,034	(4,911)
Legal counsel				
Operating expenses	11,200	11,200	15,167	(3,967)
Comprehensive planning				
Operating expenses	5,000	5,000	7,500	(2,500)
Total general government	109,299	109,299	122,255	(12,956)
Public safety				
Law enforcement				
Personal services	117,966	117,966	118,309	(343)
Operating expenses	32,645	32,645	33,948	(1,303)
Debt service	7,159	7,159	7,158	1
Total law enforcement	157,770	157,770	159,415	(1,645)
Fire control				
Personal services	6,190	6,190	6,190	-
Operating expenses	7,076	7,076	36,410	(29,334)
Capital outlay	27,000	27,000	650	26,350
Debt service	-	-	2,848	(2,848)
Grants/aids	-	-	10,763	(10,763)
Total fire control	40,266	40,266	56,861	(16,595)
Protective inspections				
Personal services	2,704	2,704	2,688	16
Operating expenses	3,800	3,800	3,365	435
Total protective inspections	6,504	6,504	6,053	451
Total public safety	204,540	204,540	222,329	(17,789)

(continued)

TOWN OF WHITE SPRINGS, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Transportation				
Roads and streets				
Personal services	\$ 24,696	\$ 24,696	\$ 24,972	\$ (276)
Operating expenses	38,520	38,520	71,387	(32,867)
Capital outlay	-	-	1,674	(1,674)
Total transportation	<u>63,216</u>	<u>63,216</u>	<u>98,033</u>	<u>(34,817)</u>
Health and human services				
Health				
Operating expenses	200	200	-	200
Other human services				
Personal services	-	185,532	182,854	2,678
Operating expenses	-	24,793	75,621	(50,828)
Capital outlay	-	-	630	(630)
Total human services	<u>200</u>	<u>210,525</u>	<u>259,105</u>	<u>(48,580)</u>
Culture/recreation				
Parks and recreation				
Operating expenses	<u>850</u>	<u>850</u>	<u>572</u>	<u>278</u>
Special events				
Operating expenses	<u>-</u>	<u>-</u>	<u>7,081</u>	<u>(7,081)</u>
Total culture/recreation	<u>850</u>	<u>850</u>	<u>7,653</u>	<u>(6,803)</u>
Total expenditures	<u>378,105</u>	<u>588,430</u>	<u>709,375</u>	<u>(120,945)</u>
Excess of revenue over (under) expenditures	<u>1,000</u>	<u>886</u>	<u>8,159</u>	<u>7,273</u>
OTHER FINANCING SOURCES (USES)				
Transfer in		-	170	170
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>170</u>	<u>170</u>
Net change in fund balance	1,000	886	8,329	7,443
Fund balance at beginning of year	157,445	157,445	157,445	-
Fund balance at end of year	<u>\$ 158,445</u>	<u>\$ 158,331</u>	<u>\$ 165,774</u>	<u>\$ 7,443</u>

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance from Budget Positive (Negative)
REVENUES			
Intergovernmental revenue			
Federal grants			
Economic environment			
CDBG	<u>\$ 600,000</u>	<u>\$ 64,025</u>	<u>\$ (535,975)</u>
EXPENDITURES			
Economic environment			
Capital outlay	<u>600,000</u>	<u>64,025</u>	<u>535,975</u>
Excess of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfer in	-	150	150
Total other financing sources (uses)	<u>-</u>	<u>150</u>	<u>150</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 150</u></u>	<u><u>\$ 150</u></u>

See notes to financial statements.

COMPLIANCE SECTION

TOWN OF WHITE SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2011.

GRANTOR PROGRAM TITLE	CFDA # CSFA #	Contract Number	Award Amount	Received in Prior Years	Balance 10-01-08	Revenue Received or Receivable	Expenditures	Balance (Deferred) 09-30-09
FEDERAL AWARDS								
NONMAJOR PROGRAMS								
U.S. Department of H.U.D. Passed through the Florida Department of Community Affairs	14.228	11DB-4N-03-34-02-N03	\$ 600,000	\$ -	\$ -	\$ 64,025	\$ 64,025	\$ -
Community Development Block Grant- Florida Small Cities Program								
Wastewater development								
U.S. Department of Education Passed through the Florida Department of Education	84.397	243-59215-1P001	34,679	-	-	34,679	34,679	-
American Recovery & Reinvestment Act								
U.S. Department of Justice Passed through the Florida Department of Law Enforcement	16.738	2011-JADG-HAMI-1-B3-003	1,000	-	-	1,000	1,000	-
Total federal awards			\$ 635,679	\$ -	\$ -	\$ 99,704	\$ 99,704	\$ -
STATE FINANCIAL ASSISTANCE								
Florida Department of Environmental Protection State revolving fund grant	37.039	N/A	\$ 900,000	\$ -	\$ (570,866)	\$ 4,242	\$ 101,795	\$ (473,313)
Florida Department of Education Student Mentoring & Student Assistance Initiative	N/A	243-93650-1Q001	175,532	-	-	175,532	175,532	-
Total state financial assistance			\$ 1,075,532	\$ -	\$ (570,866)	\$ 179,774	\$ 277,327	\$ (473,313)

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

TOWN OF WHITE SPRINGS, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended September 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the Town of White Springs, Florida, (the "Town") have been designed to conform to generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

A. Reporting Entity

This reporting entity consists of the Town of White Springs, Florida. The Town includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The modified accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become measurable and available. Revenues are considered to be available when 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 40 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

C. Loan Proceeds

As required by OMB Circular A-133, any federal loan proceeds drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards.

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 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, 2011, and have issued our report thereon dated June 12, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of White Springs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of White Springs, Florida's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

Finding 2011-01 Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with

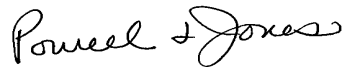
financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of White Springs, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

This report is intended solely for the information and use of management and the Town Council, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
June 12, 2012

MANAGEMENT LETTER

To the Town Council
Town of White Springs
White Springs, Florida

We have audited the financial statements of the Town of White Springs, as of and for the year ended September 30, 2011, and have issued our report thereon dated June 12, 2012. We have also issued our report on compliance and on internal control over financial reporting. That report 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 the standards applicable to financial audits contained in *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 certain items be addressed in this letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

USDA RURAL DEVELOPMENT DEPARTMENT OF AGRICULTURE REQUIREMENTS

We are providing the following additional information relative to our audit of the financial statements of the Town of White Springs, Florida, for the year ended September 30, 2011, as provided in the audit requirements for USDA – Rural Development borrowers.

1. Generally accepted auditing procedures were performed in this audit.
2. Internal control was evaluated and is discussed in the prior sections of this audit report.
3. Accounting records and physical control over assets were adequate.
4. The accounting records of the Town have been adjusted to agree with the audited financial statements.
5. The Town's funds are in institutions insured by the Federal Government and are authorized depositories of Florida public funds.
6. A summary of the Town's insurance coverage is shown in the annual report to USDA – Rural Development.

7. The Town is exempt from Federal Income Tax.
8. We found nothing to indicate that financial compliance with the loan agreements had not occurred.

FINANCIAL COMPLIANCE FINDINGS

Financial Report to Department of Financial Services - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial report of the Town of White Springs, for the fiscal year ended September 30, 2011

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(7)(c) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - Nothing came to our attention that caused us to believe that the Town had met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

We noted no deteriorating conditions as defined by Rule 10.544(1)(d).

Investment of Public Funds - The Town complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the fiscal year.

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(1)(f).

CONCLUSION

We have reviewed each of our specific findings with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year's audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
June 12, 2012



TOWN OF WHITE SPRINGS

"On the Banks of the Suwannee River"

June 20, 2012

Auditor General
State of Florida
Local Government Section/342
Room 410, Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Auditor General:

The 2010-2011 annual audit of the Town of White Springs indicated no findings, as the 2009-2010 audits. The Town of White Springs continues to practice quality fiscal management of our revenues and expenditures.

The Town Council, Town Management and Town Staff continue to work diligently to prepare the municipal budget and maintain responsible fiscal management of the Public Funds entrusted to us.

If you have any questions or concerns please contact me at town hall.

Respectfully,

A handwritten signature in cursive script that reads "Shirley Heath".

Shirley Heath, CMC
Interim Town Manager

P.O. Drawer D | 10363 Bridge Street | White Springs, FL 32096

Ph. 386.397.2310 | Fax 386.397.1542 | www.whitesprings.org | cityhall@windstream.net