

TOWN OF WHITE SPRINGS, FLORIDA

ANNUAL FINANCIAL REPORT

September 30, 2012

TOWN OF WHITE SPRINGS, FLORIDA

ANNUAL FINANCIAL REPORT

September 30, 2012

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## INTRODUCTORY SECTION

TOWN OF WHITE SPRINGS, FLORIDA

September 30, 2012

LIST OF PRINCIPAL OFFICIALS

MAYOR	Dr. Helen Miller
VICE-MAYOR	Walter McKenzie
TOWN COUNCIL	Richard Marshall Dennis Price Tonja Brown
INTERIM TOWN MANAGER	Shirley Heath
TOWN CLERK	Shirley Heath
TOWN ATTORNEY	Fred Koberlein

FINANCIAL SECTION



**Powell & Jones**  
Certified Public Accountants

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

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
powellandjones@bellsouth.net

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, 2012, 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.

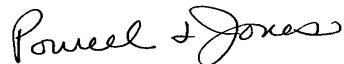
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the Town of White Springs, Florida, as of September 30, 2012, 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 4, 2013, 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 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information presented for the major governmental funds and required supplementary information, as listed in the table of contents, 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 us with sufficient evidence to express an opinion or provide assurance.

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

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

Powell & Jones  
Certified Public Accountants  
June 4, 2013



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, 2012 and 2011, follows:

Net Assets at September 30, 2012 and 2011

	Governmental Activities	Business-type Activities	Total Government	
			2012	2011
<b>Assets</b>				
Cash and cash equivalents	\$ 132,640	\$ 467,587	\$ 600,227	\$ 746,862
Other current assets	24,239	8,132	32,371	64,821
Capital assets	2,307,551	7,233,913	9,541,464	9,361,063
<b>Total assets</b>	<b>2,464,430</b>	<b>7,709,632</b>	<b>10,174,062</b>	<b>10,172,746</b>
<b>Liabilities</b>				
Other current liabilities	58,536	150,816	209,352	190,811
Long term debt outstanding	66,525	1,775,704	1,842,229	2,010,223
<b>Total liabilities</b>	<b>125,061</b>	<b>1,926,520</b>	<b>2,051,581</b>	<b>2,201,034</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	2,225,994	5,735,841	7,961,835	7,263,272
Restricted, debt service	-	36,954	36,954	512,308
Unrestricted	113,375	10,317	123,692	196,132
<b>Total net assets</b>	<b>\$ 2,339,369</b>	<b>\$ 5,783,112</b>	<b>\$ 8,122,481</b>	<b>\$ 7,971,712</b>

98% 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 1% 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 \$123,692 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 decrease in Governmental net assets is due primarily to ongoing operations. The increase during the year through Business-type Activities net assets is due to receiving a CDBG grant.

A condensed version of the Statement of Activities follows:

Change in Net Assets  
For the Fiscal Year Ended September 30, 2012 and 2011

	Governmental Activities	Business-type Activities	Total Government	
			2012	2011
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 42,850	\$ 283,798	\$ 326,648	\$ 374,453
Grants and contributions	60,129	427,701	487,830	361,484
General revenues				
Taxes	196,439	-	196,439	211,023
Franchise fees	31,209	-	31,209	37,318
Licenses, motor fuel rebate	5,766	-	5,766	5,119
State shared revenues	58,164	-	58,164	54,862
Interest	25	3,006	3,031	14,317
Miscellaneous	104,453	71,136	175,589	171,545
<b>Total revenues</b>	<b>499,035</b>	<b>785,641</b>	<b>1,284,676</b>	<b>1,230,121</b>
<b>Expenses</b>				
General government	121,335	57,884	179,219	200,178
Public safety	269,005	-	269,005	240,146
Transportation	97,846	-	97,846	99,387
Economic environment	27,976	-	27,976	27,976
Human services	55,204	-	55,204	258,475
Culture/recreation	25,811	-	25,811	11,341
Interest on long-term debt	2,682	28,952	31,634	43,662
Water	-	61,634	61,634	86,937
Garbage services	-	80,119	80,119	78,813
Sewer	-	305,459	305,459	289,393
<b>Total expenses</b>	<b>599,859</b>	<b>534,048</b>	<b>1,133,907</b>	<b>1,336,308</b>
Change in net assets	(100,824)	251,593	150,769	(106,187)
Transfers	(64,025)	64,025	-	-
Beginning net assets	2,504,218	5,467,494	7,971,712	8,077,899
<b>Ending net assets</b>	<b>\$ 2,339,369</b>	<b>\$ 5,783,112</b>	<b>\$ 8,122,481</b>	<b>\$ 7,971,712</b>

Governmental activities:

While grants and contributions provide 12% of the revenue for Governmental Activities, taxes provide 40% and state shared revenues provide 12%. Most of the Governmental Activities resources are spent for General Government (19%), Public Safety (41%), and Transportation (15%). Governmental activities decreased the Town's net assets by \$(100,824).

Business-type activities:

Business-type activities increased the Town's net assets by \$251,593.

## 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 \$47,771 more than was budgeted, while the general fund's expenditures were \$100,180 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, 2012, the Town had \$9.5 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 increase (additions, deductions, and depreciation) of \$180,401 or 2% over last year.

### Capital Assets at September 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
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	64,025	-	-	446,726	64,025	446,726
Improvements	2,127,135	2,127,135	6,883,239	6,883,239	9,010,374	9,010,374
Equipment	462,914	450,684	280,924	280,924	743,838	731,608
Subtotal	2,856,369	2,780,114	8,268,339	8,715,065	11,124,708	11,495,179
Accumulated depreciation	(459,925)	(472,563)	(1,303,720)	(1,481,152)	(1,763,645)	(1,953,715)
Capital assets, net	<u>\$ 2,396,444</u>	<u>\$ 2,307,551</u>	<u>\$ 6,964,619</u>	<u>\$ 7,233,913</u>	<u>\$ 9,361,063</u>	<u>\$ 9,541,464</u>

### Debt Outstanding

At year-end, the Town had \$1.5 million in bonds and notes outstanding versus \$1.6 million last year, a decrease of \$57,011.

### Debt Outstanding at September 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
USDA bonds	\$ -	\$ -	\$ 666,000	\$ 655,000	\$ 666,000	\$ 655,000
State revolving fund loans	-	-	900,478	830,910	900,478	830,910
USDA loan	58,000	51,000	-	-	58,000	51,000
Lease payable	-	30,557	-	-	-	30,557
Total bonds and notes	<u>\$ 58,000</u>	<u>\$ 81,557</u>	<u>\$ 1,566,478</u>	<u>\$ 1,485,910</u>	<u>\$ 1,624,478</u>	<u>\$ 1,567,467</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 8.42%. This is approximately the same as Hamilton County.
- The official population for the Town in 2012 was 773 and is estimated to be approximately the same in 2013.
- The ad valorem tax millage rate for the Town was 4.297 mills in 2012.

##### 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, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 132,640	\$ 57,041	\$ 189,681
Accounts receivable - net	13,676	8,132	21,808
Due from other governmental units	10,563	-	10,563
Total current assets	<u>156,879</u>	<u>65,173</u>	<u>222,052</u>
Restricted assets:			
Cash	-	36,954	36,954
Investments	-	373,592	373,592
Total restricted assets	<u>-</u>	<u>410,546</u>	<u>410,546</u>
Non-current assets:			
Capital assets - net	2,307,551	7,233,913	9,541,464
Total assets	<u>\$ 2,464,430</u>	<u>\$ 7,709,632</u>	<u>\$ 10,174,062</u>
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	\$ 10,877	\$ 11,366	\$ 22,243
Accrued liabilities	92	27	119
Lease payable	7,032	-	7,032
Loans payable - USDA	8,000	-	8,000
Accrued compensated absences	32,535	12,948	45,483
Total current liabilities (payable from current assets)	<u>58,536</u>	<u>24,341</u>	<u>82,877</u>
Current liabilities (payable from restricted assets):			
Accrued interest payable	-	12,162	12,162
Deposits	-	30,515	30,515
Loans payable - FDEP	-	71,798	71,798
Loans payable - USDA	-	12,000	12,000
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>126,475</u>	<u>126,475</u>
(continued)			

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2012

	Governmental Activities	Business-type Activities	Total
Long-term liabilities			
Loans payable - FDEP	\$ -	\$ 759,112	\$ 759,112
Loans payable - USDA	43,000	643,000	686,000
Lease payable	23,525	-	23,525
Revenues collected in advance	-	373,592	373,592
Total long-term liabilities	<u>66,525</u>	<u>1,775,704</u>	<u>1,842,229</u>
Total liabilities	<u>125,061</u>	<u>1,926,520</u>	<u>2,051,581</u>
 NET ASSETS			
Invested in capital assets, net of related debt	2,225,994	5,735,841	7,961,835
Restricted	-	36,954	36,954
Unrestricted	113,375	10,317	123,692
Total net assets	<u>\$ 2,339,369</u>	<u>\$ 5,783,112</u>	<u>\$ 8,122,481</u>

See notes to financial statements.



TOWN OF WHITE SPRINGS, FLORIDA  
 STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 121,335	\$ 664	\$ -	\$ -	\$ (120,671)	\$ -	\$ (120,671)
Public safety	269,005	18,884	21,104	-	(229,017)	-	(229,017)
Transportation	97,846	18,954	-	-	(78,892)	-	(78,892)
Economic environment	27,976	-	34,025	-	6,049	-	6,049
Human services	55,204	-	-	-	(55,204)	-	(55,204)
Culture/recreation	25,811	4,348	5,000	-	(16,463)	-	(16,463)
Interest on long-term debt	2,682	-	-	-	(2,682)	-	(2,682)
Total governmental activities	<u>599,859</u>	<u>42,850</u>	<u>60,129</u>	-	<u>(496,880)</u>	-	<u>(496,880)</u>
Business-type activities							
General government	57,884	-	-	-	-	(57,884)	(57,884)
Water utility	61,634	101,935	-	-	-	40,301	40,301
Garbage services	80,119	86,436	-	-	-	6,317	6,317
Sewer utility	305,459	80,268	-	427,701	-	202,510	202,510
Water-Sewer combination	-	15,159	-	-	-	15,159	15,159
Interest on long-term debt	28,952	-	-	-	-	(28,952)	(28,952)
Total business-type activities	<u>534,048</u>	<u>283,798</u>	-	<u>427,701</u>	-	<u>177,451</u>	<u>177,451</u>
Total government	<u>\$ 1,133,907</u>	<u>\$ 326,648</u>	<u>\$ 60,129</u>	<u>\$ 427,701</u>	<u>(496,880)</u>	<u>177,451</u>	<u>(319,429)</u>
		General revenues					
					65,807	-	65,807
					71,571	-	71,571
					31,209	-	31,209
					43,489	-	43,489
					15,572	-	15,572
					4,282	-	4,282
					58,164	-	58,164
					1,484	-	1,484

(continued)

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
SRF Grant earned	\$ -	\$ 69,568	\$ 69,568
Interest	25	3,006	3,031
Miscellaneous	104,453	1,568	106,021
Total general revenues	396,056	74,142	470,198
Change in net assets	(100,824)	251,593	150,769
Transfers	(64,025)	64,025	-
Net assets - beginning	2,504,218	5,467,494	7,971,712
Net assets - ending	\$ 2,339,369	\$ 5,783,112	\$ 8,122,481

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 September 30, 2012

	General Fund
<b>ASSETS</b>	
Cash	\$ 132,640
Accounts receivable	13,676
Due from other governmental units	10,563
Total assets	\$ 156,879
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 10,877
Accrued payroll deductions	92
Accrued compensated absences	32,535
Total liabilities	43,504
 <b>FUND BALANCES</b>	
Unassigned	113,375
Total fund balances	113,375
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	2,307,551
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds	(81,557)
Net assets of governmental activities	\$ 2,339,369

TOWN OF WHITE SPRINGS, FLORIDA  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended September 30, 2012

	General Fund
<b>REVENUES</b>	
Taxes	\$ 227,648
Licenses and permits	4,282
Intergovernmental revenue	119,777
Charges for services	41,621
Fines and forfeitures	1,229
Miscellaneous	104,478
Total revenues	499,035
<b>EXPENDITURES</b>	
Current expenditures	
General government	117,702
Public safety	230,050
Transportation	93,921
Health and human services	55,204
Culture/recreation	22,123
Capital outlay	
General government	1,233
Transportation	868
Debt service	
Public safety	9,682
Transportation	8,728
Grants/aids	
Public safety	11,923
Total expenditures	551,434
Deficit of revenues under expenditures	(52,399)
Fund balance at beginning of year	165,774
Fund balance at end of year	\$ 113,375

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, 2012

Net change in fund balances - total governmental fund		\$ (52,399)
<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	\$ 41,386	
Less current year depreciation	<u>(66,254)</u>	(24,868)
Transfer of assets		(64,025)
<p>Loan proceeds are recognized as revenues in the governmental funds, but incurring a long-term debt increases liabilities in the statement of net assets</p>		
Loan proceeds		(39,285)
<p>Repayment of notes are expenditures in the governmental funds, but the repayment reduces long-time liabilities in the statement of net assets</p>		
Note principal payments		<u>15,728</u>
Change in net assets of governmental activities		<u><u>\$ (164,849)</u></u>

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
September 30, 2012

	Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 57,041
Accounts receivable	8,132
Total current assets	65,173
Restricted assets	
Cash and cash equivalents	36,954
Investments	
Government securities	373,592
Total restricted assets	410,546
Non-current assets:	
Capital assets	
Land	3,570
Buildings and improvements	1,100,606
Improvements other than buildings	6,883,239
Equipment	280,924
Construction in progress	446,726
Less accumulated depreciation	(1,481,152)
Total non-current assets	7,233,913
Total assets	\$ 7,709,632
<b>LIABILITIES</b>	
Current liabilities (payable from current assets):	
Accounts payable	\$ 11,366
Accrued payroll deductions and matching	27
Accrued compensated absences	12,948
Total current liabilities (payable from current assets)	24,341
Current liabilities (payable from restricted assets):	
Accrued interest payable	12,162
Deposits	30,515
Loan payable FDEP	71,798
Loan payable USDA	12,000
Total current liabilities (payable from restricted assets)	126,475

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
September 30, 2012

	<u>Enterprise Fund</u>
Non-current liabilities:	
Loan payable FDEP	\$ 759,112
Loan payable USDA	643,000
Revenues collected in advance	
State revolving grant	373,592
Total non-current liabilities	1,775,704
Total liabilities	1,926,520
 NET ASSETS	
Invested in capital assets, net of related debt	5,735,841
Restricted	36,954
Unrestricted	10,317
Total net assets	\$ 5,783,112

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
For the Fiscal Year Ended September 30, 2012

	Enterprise Fund
<b>OPERATING REVENUES</b>	
Physical environment	
Water utility revenue	
Water revenues	\$ 91,760
Water tax	10,175
Garbage/solid waste revenue	
Garbage revenue	86,436
Sewer utility revenue	
Sewer revenue	72,439
Sewer tax	7,829
Water-sewer combination	
Service charges	15,159
Miscellaneous income	1,568
Total operating revenues	285,366
<b>OPERATING EXPENSES</b>	
Legislative	
Personnel services	
Executive salaries	4,680
FICA	278
Total personnel services	4,958
Financial and administration	
Personnel services	
Regular salaries	25,725
FICA	2,127
Retirement	1,390
Life and health insurance	11,296
Total personnel services	40,538
Operating expenses	
Accounting and auditing	5,499
Travel and per diem	11



TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
For the Fiscal Year Ended September 30, 2012

	Enterprise Fund
Communication services	\$ 480
Repair and maintenance	1,050
Legal advertising	326
Other current charges and obligations	167
Office supplies	1,597
Total operating supplies	9,130
Total financial and administrative	49,668
Legal counsel	
Operating expenses	
Professional services	758
Comprehensive planning	
Operating expenses	
Other contractual services	2,500
Water utility services	
Personnel services	
Regular salaries	37,799
FICA	3,051
Retirement	1,994
Life and health insurance	7,497
Total personnel services	50,341
Operating expenses	
Communications services	480
Postage	2,002
Insurance	3,387
Repair and maintenance	761
Other current charges and obligations	22
Gas and oil	4,641
Total operating expenses	11,293
Total water utility services	61,634

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
For the Fiscal Year Ended September 30, 2012

	Enterprise Fund
Garbage and solid waste services	
Operating expenses	
Other contractual services	\$ 80,119
Sewer services	
Personnel services	
Regular salaries	29,219
FICA	1,944
Retirement	926
Life and health insurance	5,232
Total personnel services	37,321
Operating expenses	
Depreciation	177,432
Professional services	10,413
Other contractual services	6,671
Travel and per diem	263
Communication services	1,485
Utility services	33,127
Insurance	5,767
Repair and maintenance	3,763
Other current charges and obligations	15,437
Operating supplies	6,820
Books, publications and subscriptions	685
Vehicle expense	942
Gas and oil	5,333
Total operating expenses	268,138
Total sewer services	305,459
Total operating expenses	505,096
Operating loss	(219,730)

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
For the Fiscal Year Ended September 30, 2012

	Enterprise Fund
NONOPERATING REVENUES (EXPENSES)	
CDBG Grant	\$ 382,701
Grants from other local units	45,000
Interest earnings	
Interest on investments	3,006
SRF Grant earned	69,568
Debt service	
Interest	(28,952)
Total nonoperating revenues (expenses)	471,323
Net gain	251,593
OTHER FINANCING SOURCES (USES)	
Transfer from General Fund	64,025
Total net assets, beginning of year	5,467,494
Total net assets, end of year	\$ 5,783,112

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Fiscal Year Ended September 30, 2012

	Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 315,366
Miscellaneous receipts	1,568
Cash paid to employees	(101,595)
Cash paid for employee benefits	(35,918)
Cash paid to suppliers	(192,959)
Net cash used for operating activities	(13,538)
 Cash flows from non-capital financing activities:	
Contractual grant revenue from County	45,000
Net cash flows provided by non-capital financing activities	45,000
 Cash flows from capital financing activities:	
Principal payments	(80,568)
Interest payments	(29,820)
Net cash used for capital financing activities	(110,388)
 Cash flows from investing activities:	
Investment income	72,574
Net cash provided by investing activities	72,574
 Net decrease in cash	(6,352)
Cash, beginning of year	100,347
Cash, end of year	\$ 93,995
 Noncash capital financing activities	\$ -

(continued)

TOWN OF WHITE SPRINGS, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Fiscal Year Ended September 30, 2012

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (219,730)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	177,432
Decrease in accounts receivable	33,303
Decrease in customer deposits	(1,735)
Increase in accounts payable	1,547
Decrease in accrued payroll deductions and matching	(183)
Decrease in accrued compensated absences	(4,172)
Total adjustments	206,192
Net cash used for operating activities	\$ (13,538)

See notes to financial statements.

TOWN OF WHITE SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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 Fund:  
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.



2. Proprietary Major Funds:  
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.

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.

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 - Cash includes amounts in demand deposits as well as short-term money market investment accounts. All such deposits 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, 2012, 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, 2012, 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, 2012.
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, 2012, 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, 2012, fund balances are composed of the following:

	<u>Amount</u>
Unassigned	\$ 113,375
	<u>\$ 113,375</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, 2012, net assets are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 5,735,841
Restricted for debt service	36,954
Unrestricted	10,317
	<u>\$ 5,783,112</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 \$113,375 differs from "net assets" of governmental activities \$2,339,369 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	\$ 2,780,114
Accumulated depreciation	<u>(472,563)</u>
Total	<u><u>\$ 2,307,551</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, 2012, were:

Loan payable	<u>\$ 81,557</u>
	<u><u>\$ 81,557</u></u>

TOWN OF WHITE SPRINGS, FLORIDA

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

A. Explanation of Difference Between Government Fund Balance Sheet and the Government-Wide Statement of Net Assets

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
<b>ASSETS</b>				
Cash and cash equivalents	\$ 132,640	\$ -	\$ -	\$ 132,640
Accounts receivable	13,676	-	-	13,676
Due from other governmental units	10,563	-	-	10,563
Capital assets - net	-	2,307,551	-	2,307,551
<b>Total assets</b>	<b><u>\$ 156,879</u></b>	<b><u>\$ 2,307,551</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,464,430</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,877	\$ -	\$ -	\$ 10,877
Accrued liabilities	92	-	-	92
Accrued compensated absences	32,535	-	-	32,535
Loans payable	-	-	81,557	81,557
<b>Total liabilities</b>	<b><u>43,504</u></b>	<b><u>-</u></b>	<b><u>81,557</u></b>	<b><u>125,061</u></b>
<b>Fund balances/net assets</b>	<b><u>113,375</u></b>	<b><u>2,307,551</u></b>	<b><u>(81,557)</u></b>	<b><u>2,339,369</u></b>
<b>Total liabilities and fund balance/net asset</b>	<b><u>\$ 156,879</u></b>	<b><u>\$ 2,307,551</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,464,430</u></b>

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

The "net change in fund balances" for governmental funds \$(52,399) differs from the "change in net assets" for governmental activities \$(164,849) 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	\$ 41,386
Depreciation expense	(66,254)
Difference	<u>\$ (24,868)</u>
Transfer of capital assets	\$ (64,025)
	<u>\$ (64,025)</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>\$ 15,728</u>
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TOWN OF WHITE SPRINGS, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
<b>REVENUES</b>				
Taxes	\$ 227,648	\$ -	\$ -	\$ 227,648
Licenses and permits	4,282	-	-	4,282
Intergovernmental	119,777	-	-	119,777
Charges for services	41,621	-	-	41,621
Fines and forfeitures	1,229	-	-	1,229
Miscellaneous	104,478	-	-	104,478
Total revenues	<u>499,035</u>	<u>-</u>	<u>-</u>	<u>499,035</u>
<b>EXPENDITURES</b>				
Current expenditures				
General government	117,702	3,633	-	121,335
Public safety	241,973	27,032	-	269,005
Transportation	93,921	(35,360)	39,285	97,846
Health and human services	55,204	-	-	55,204
Economic environment	-	27,976	-	27,976
Culture/recreation	22,123	3,688	-	25,811
Capital outlays				
General government	1,233	(1,233)	-	-
Transportation	868	(868)	-	-
Debt service				
Principal	15,728	-	(15,728)	-
Interest	2,682	-	-	2,682
Total expenditures	<u>551,434</u>	<u>24,868</u>	<u>23,557</u>	<u>599,859</u>
Excess of revenues over (under) expenditures	<u>(52,399)</u>	<u>(24,868)</u>	<u>(23,557)</u>	<u>(100,824)</u>
Other financing sources				
Transfers	-	(64,025)	-	(64,025)
Net change in fund balance	<u>(52,399)</u>	<u>(88,893)</u>	<u>(23,557)</u>	<u>(164,849)</u>
Fund balances at beginning of year	165,774	2,396,444	(58,000)	2,504,218
Fund balances at end of year	<u>\$ 113,375</u>	<u>\$ 2,307,551</u>	<u>\$ (81,557)</u>	<u>\$ 2,339,369</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, 2012

U.S. government securities	<u>\$ 373,592</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 2011-2012 fiscal year were levied in October 2011. 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, 2012, was as follows:

	Beginning Balance	Additions/ Reclassifications	Deletions/ Reclassifications	Transfers	Ending Balance
<u>Governmental activities:</u>					
Capital assets:					
Land	\$ 114,440	\$ -	\$ -	\$ -	\$ 114,440
Construction in progress	64,025	-	-	(64,025)	-
Buildings	87,855	-	-	-	87,855
Improvements	2,127,135	-	-	-	2,127,135
Equipment and vehicles	462,914	41,386	(53,616)	-	450,684
Total capital assets	2,856,369	41,386	(53,616)	(64,025)	2,780,114
Less accumulated depreciation	(459,925)	(66,254)	53,616	-	(472,563)
Governmental activities capital assets, net	<u>\$ 2,396,444</u>	<u>\$ (24,868)</u>	<u>\$ -</u>	<u>\$ (64,025)</u>	<u>\$ 2,307,551</u>
<u>Business-type activities:</u>					
Land	\$ 3,570	\$ -	\$ -	\$ -	\$ 3,570
Construction in progress	-	382,701	-	64,025	\$ 446,726
Buildings and improvements	1,100,606	-	-	-	1,100,606
Improvements other than buildings	6,883,239	-	-	-	6,883,239
Equipment	280,924	-	-	-	280,924
Total capital assets	8,268,339	382,701	-	64,025	8,715,065
Less accumulated depreciation	(1,303,720)	(177,432)	-	-	(1,481,152)
Business-type activities capital assets, net	<u>\$ 6,964,619</u>	<u>\$ 205,269</u>	<u>\$ -</u>	<u>\$ 64,025</u>	<u>\$ 7,233,913</u>

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

<u>Governmental activities:</u>	
General government	\$ 3,633
Public safety	27,032
Transportation	3,925
Economic environment	27,976
Culture/recreation	3,688
Total depreciation expense - governmental activities	<u>\$ 66,254</u>
<u>Business-type activities:</u>	
Water utility	\$ -
Sewer utility	177,432
Total depreciation expense - business-type activities	<u>\$ 177,432</u>

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2012, were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General	\$ 13,676	\$ 10,563	\$ 24,239
Business-type activities:			
Enterprise	8,132	-	8,132
	<u>\$ 21,808</u>	<u>\$ 10,563</u>	<u>\$ 32,371</u>

Payables

Payables at September 30, 2012, were as follows:

Governmental activities:	
General	<u>\$ 10,877</u>
Business-like activities:	
Enterprise	<u>\$ 11,366</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, 2012, the balance of this loan was \$51,000.

Repayments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	9,000	833	9,833
2018	9,000	416	9,416
	<u>\$ 51,000</u>	<u>\$ 8,465</u>	<u>\$ 59,465</u>

## B. Lease Payable

On January 24, 2012, the Town entered into a lease agreement with Ring Investments, in the amount of \$39,285, for the purchase of a 2008 Cat Backhoe Loader. The lease will be paid in five annual payments of \$8,728, including 5.55% interest. As of September 30, 2012, the balance of this loan was \$30,557.

Payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2013	\$ 7,032	\$ 1,696	\$ 8,728
2014	7,422	1,306	8,728
2015	7,834	894	8,728
2016	8,269	459	8,728
2017	-	1	1
	<u>\$ 30,557</u>	<u>\$ 4,356</u>	<u>\$ 34,913</u>

## B. Changes in Governmental -type Debt

A schedule of changes in governmental -type debt follows:

Description	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012	Due Within One Year
USDA Bond 2008	\$ 58,000	\$ -	\$ (7,000)	\$ 51,000	\$ 8,000
Lease payable	-	39,285	(8,728)	30,557	7,032
	<u>\$ 58,000</u>	<u>\$ 39,285</u>	<u>\$ (15,728)</u>	<u>\$ 81,557</u>	<u>\$ 15,032</u>

## 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 (FDEP) 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, 2012, the balance on this loan was \$830,910. Payments from the escrow account with Capital City Trust Company, including interest of \$145,640, are scheduled as follows:

Fiscal Year Ending September 30,	Amount
2013	\$ 97,655
2014	97,655
2015	97,655
2016	97,655
2017	97,655
2018-2022	488,275
	\$ 976,550

**Subsequent Refinancing**

On February 1, 2013, subsequent to year end, the Town refinanced this loan with the FDEP. After applying the escrowed repayment funds the new loan balance was \$479,401. This loan will be repaid in forty semiannual installments of \$16,434, including interest at 3.18%. In addition to the pledged revenues of the original loan, this loan carries a subordinate pledge of water and sewer net revenues.

**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, 2012, is \$655,000. 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, 2012, was \$28,920.

Proprietary fund debt service requirements to maturity, including \$527,927 of interest are as follows:

Fiscal Year Ending September 30,	Series 2001A	Series 2001B	Total
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
2017	28,952	12,348	41,300
2018-2022	141,662	62,675	204,337
2023-2027	142,336	62,823	205,159
2028-2032	141,633	62,395	204,028
2033-2037	141,940	63,173	205,113
2038-2041	110,298	47,996	158,294
	<u>\$ 820,392</u>	<u>\$ 362,535</u>	<u>\$ 1,182,927</u>

### C . Changes in Business-type Debt

A schedule of changes in business-type debt follows:

Description	Balance	Additions	Retirements	Balance	Due
	October 1, 2011			September 30, 2012	Within One Year
State Revolving Fund Loan	\$ 900,478	\$ -	\$ (69,568)	\$ 830,910	\$ 71,798
Water and Sewer Revenue					
Bonds 2001	666,000	-	(11,000)	655,000	12,000
	<u>\$ 1,566,478</u>	<u>\$ -</u>	<u>\$ (80,568)</u>	<u>\$ 1,485,910</u>	<u>\$ 83,798</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 2012 was \$8,754.

### 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 \$373,592 at September 30, 2012.

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	\$ 45,000
United States Department of Housing and Urban Development - Community Development Block Grant	<u>382,701</u>
	<u>\$ 427,701</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	\$ 27,510	\$ 6,165
Engineering	91,100	49,700	40,000	1,400
Sewer lines	415,800	-	315,191	100,609
New sewer line replacments	11,500	-	-	11,500
Sewer hook-ups	33,600	-	-	33,600
	<u>\$ 600,000</u>	<u>\$ 64,025</u>	<u>\$ 382,701</u>	<u>\$ 153,274</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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 67,000	\$ 65,807	\$ (1,193)
Sales and use taxes			
Local option gas tax/alternative fuel	36,000	32,183	(3,817)
Infrastructure surtax	31,334	39,388	8,054
Franchise fees			
Electricity	40,000	31,209	(8,791)
Utility and service taxes			
Electricity	46,500	40,084	(6,416)
Propane			
Suburban	1,000	1,059	59
Amerigas	500	214	(286)
Ferrell/Home Gas	3,000	1,242	(1,758)
Live Oak Gas	1,500	582	(918)
Local Gas	1,000	308	(692)
Communications services taxes	23,300	15,572	(7,728)
Total taxes	<u>251,134</u>	<u>227,648</u>	<u>(23,486)</u>
Licenses and permits			
Occupational licenses	3,000	2,792	(208)
Other licenses and permits			
LDR compliance	3,000	1,450	(1,550)
Other licenses and permits	1,450	40	(1,410)
Total licenses and permits	<u>7,450</u>	<u>4,282</u>	<u>(3,168)</u>
Intergovernmental revenue			
Federal grants			
Public safety			
Local Law Enforcement Block Grant	1,000	1,000	-
Fish/Wildlife Grant	67,000	-	(67,000)
COPS Grant	-	20,104	20,104
State shared revenues			
General government			
State revenue sharing	32,230	32,371	141

See notes to financial statements.



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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Mobile home licenses	\$ 700	\$ 923	\$ 223
Alcoholic beverage licenses	500	140	(360)
Local government half-cent sales tax	19,088	24,730	5,642
Transportation			
Motor fuel tax rebate	1,700	1,484	(216)
Grants from other local units			
Economic environment			
Hamilton County	-	34,025	34,025
Culture/recreation			
Hamilton County	-	5,000	5,000
Total intergovernmental revenue	<u>122,218</u>	<u>119,777</u>	<u>(2,441)</u>
Charges for services			
General government			
Certification, copying, record search	500	149	(351)
Faxes	500	215	(285)
Notary	500	300	(200)
Public safety			
Fire protection services			
Fire Department	27,000	17,655	(9,345)
Transportation			
DOT state highway lighting	4,362	7,574	3,212
DOT Greenscape	11,000	11,380	380
Culture/recreation			
Recreation	1,000	-	(1,000)
Special events	2,500	4,348	1,848
Total charges for services	<u>47,362</u>	<u>41,621</u>	<u>(5,741)</u>
Fines and forfeitures			
Court cases			
Court fines	2,500	1,119	(1,381)
Law enforcement education	250	102	(148)
Police reports	50	8	(42)
Code enforcement fines	1,000	-	(1,000)
Total fines and forfeitures	<u>3,800</u>	<u>1,229</u>	<u>(2,571)</u>

See notes to financial statements.

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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Miscellaneous			
Interest earnings			
Interest on investments	\$ 100	\$ 25	\$ (75)
Rents and royalties	16,700	17,056	356
Contributions and donations			
Fire department	-	16,384	16,384
Education	-	38,930	38,930
Recreation	-	208	208
Special events	-	2,395	2,395
Other miscellaneous	2,500	29,480	26,980
Total miscellaneous	<u>19,300</u>	<u>104,478</u>	<u>85,178</u>
Total revenues	<u>451,264</u>	<u>499,035</u>	<u>47,771</u>
EXPENDITURES			
General government			
Legislative			
Personnel services	5,038	5,003	35
Operating expenses	500	2,990	(2,490)
Total legislative	<u>5,538</u>	<u>7,993</u>	<u>(2,455)</u>
Executive			
Personnel services	<u>18,876</u>	<u>13,200</u>	<u>5,676</u>
Financial and administrative			
Personnel services	45,349	47,173	(1,824)
Operating expenses	30,096	33,789	(3,693)
Capital outlay	-	1,233	(1,233)
Total financial and administrative	<u>75,445</u>	<u>82,195</u>	<u>(6,750)</u>
Legal counsel			
Operating expenses	<u>11,200</u>	<u>8,047</u>	<u>3,153</u>
Comprehensive planning			
Operating expenses	<u>5,000</u>	<u>7,500</u>	<u>(2,500)</u>
Total general government	<u>116,059</u>	<u>118,935</u>	<u>(2,876)</u>

See notes to financial statements.

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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Public safety			
Law enforcement			
Personnel services	\$ 123,982	\$ 148,838	\$ (24,856)
Operating expenses	32,752	40,556	(7,804)
Capital outlay	68,000	-	68,000
Debt service	7,159	7,158	1
Total law enforcement	<u>231,893</u>	<u>196,552</u>	<u>35,341</u>
Fire control			
Personnel services	6,190	6,190	-
Operating expenses	-	29,564	(29,564)
Capital outlay	27,000	-	27,000
Debt service	-	2,524	(2,524)
Grants/aids	-	11,923	(11,923)
Total fire control	<u>33,190</u>	<u>50,201</u>	<u>(17,011)</u>
Protective inspections			
Personnel services	2,704	2,022	682
Operating expenses	3,800	2,880	920
Total protective inspections	<u>6,504</u>	<u>4,902</u>	<u>1,602</u>
Total public safety	<u>271,587</u>	<u>251,655</u>	<u>19,932</u>
Transportation			
Roads and streets			
Personnel services	24,771	27,518	(2,747)
Operating expenses	37,787	66,403	(28,616)
Capital outlay	-	868	(868)
Debt service	-	8,728	(8,728)
Total transportation	<u>62,558</u>	<u>103,517</u>	<u>(40,959)</u>
Health and human services			
Health			
Operating expenses	200	75	125
Other human services			
Operating expenses	-	55,129	(55,129)
Total health and human services	<u>200</u>	<u>55,204</u>	<u>(55,004)</u>

See notes to financial statements.

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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture/recreation			
Parks and recreation			
Operating expenses	\$ 850	\$ 15,399	\$ (14,549)
Special events			
Operating expenses	-	6,724	(6,724)
Total culture/recreation	<u>850</u>	<u>22,123</u>	<u>(21,273)</u>
Total expenditures	<u>451,254</u>	<u>551,434</u>	<u>(100,180)</u>
Excess of revenue over (under) expenditures	10	(52,399)	(40,894)
Fund balance at beginning of year	165,774	165,774	-
Fund balance at end of year	<u>\$ 165,784</u>	<u>\$ 113,375</u>	<u>\$ (40,894)</u>

COMPLIANCE SECTION

TOWN OF WHITE SPRINGS, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 2012

<u>GRANTOR PROGRAM TITLE</u>	<u>CFDA #</u> <u>CSFA #</u>	<u>Contract</u> <u>Number</u>	<u>Award</u> <u>Amount</u>	<u>Received/</u> <u>Reported</u> <u>Prior Years</u>	<u>Balance</u> <u>10-01-11</u>	<u>Revenue</u> <u>Received or</u> <u>Receivable</u>	<u>Expenditures</u>	<u>Balance</u> <u>(Deferred)</u> <u>09-30-12</u>
FEDERAL AWARDS NONMAJOR PROGRAMS U.S. Department of H.U.D. Passed through the Florida Department of Community Affairs Community Development Block Grant - Florida Small Cities Program Wastewater development	14.228	11DB-4N-03-34-02-N-03	\$ 600,000	\$ 64,025	\$ -	\$ 382,701	\$ 382,701	\$ -
U.S. Department of Justice Passed through the Florida Department of Law Enforcement	16.738		1,000	-	-	1,000	1,000	-
Total federal awards			<u>\$ 601,000</u>	<u>\$ 64,025</u>	<u>\$ -</u>	<u>\$ 383,701</u>	<u>\$ 383,701</u>	<u>\$ -</u>
STATE FINANCIAL ASSISTANCE Florida Department of Environmental Protection State revolving fund grant	37.039	N/A	\$ 900,000	\$ 4,242	\$ (473,113)	\$ 2,934	\$ 102,655	\$ (373,592)
Total state financial assistance			<u>\$ 900,000</u>	<u>\$ 4,242</u>	<u>\$ (473,113)</u>	<u>\$ 2,934</u>	<u>\$ 102,655</u>	<u>\$ (373,592)</u>

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, 2012

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, 2012, and have issued our report thereon dated June 4, 2013. 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.

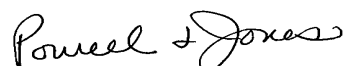
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### 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*.

However, we noted certain matters that we reported to management of the Town of White Springs, Florida in a separate letter dated June 4, 2013 on pages 58-59.

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 4, 2013

## 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, 2012, and have issued our report thereon dated June 4, 2013.

We have issued our 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 June 4, 2013. Disclosures in 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, 2012, 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, 2012

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.

Deteriorating Financial Conditions – From our audit procedures, we found the following conditions which together comprise “deteriorating financial conditions” as defined by Section 218.503(1), *Florida Statutes*:

The General Fund showed the following trends:

	<u>9/30/2012</u>	<u>9/30/2011</u>	<u>9/30/2010</u>
Net gain (loss) for the year ended	<u>\$ (52,399)</u>	<u>\$ 8,329</u>	<u>\$ (30,896)</u>
Unrestricted cash reserve balance at year end	<u>\$ 113,375</u>	<u>\$ 165,774</u>	<u>\$ 157,445</u>

The ending fund balance at September 30, 2012 represents only approximate 2.5 months of General Fund expenditures, when three to six months are the generally recommend minimum levels.

To correct these deteriorating financial conditions we recommend that the Town implement strict measures during the current budget cycle to assure that revenues are sufficient to fund expenditures and replenish needed fiscal reserves in the General Fund. Finances should then be closely monitored during the subsequent year to ensure that these objectives are met.

Failure to correct these conditions could cause the Town in the future to meet a statutory condition that could result in a financial emergency.


Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550

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 4, 2013



# TOWN OF WHITE SPRINGS

*" On the Banks of the Suwannee River "*

June 7, 2013

David W. Martin, CPA  
Claude Denson Pepper Building  
111 West Madison Street, Room 401  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

This will respond to the finding in our audit for the fiscal year ended September, 30, 2012.

**Finding 2011-01 Financial Statement Preparation**  
(Page 56)

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

I am pleased that there were no other findings concerning our audit for the fiscal year ended September 30, 2012.

Sincerely,

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

Shirley Heath  
Town Clerk/

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

Ph. 386.397.2310 | Fax 386.397.1542 | [www.whitesprings.org](http://www.whitesprings.org) | [cityhall@windstream.net](mailto:cityhall@windstream.net)