

**TOWN OF WHITE SPRINGS, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended September 30, 2020**

**TOWN OF WHITE SPRINGS, FLORIDA**

**ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2020

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>INTRODUCTORY SECTION</b>	
List of Principal Officials	5
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7 - 8
Management's Discussion and Analysis	9 - 13
<b>Basic Financial Statements:</b>	
Statement of Net Position	15 - 16
Statement of Activities	17
<b>Governmental Funds</b>	
Balance Sheet	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
<b>Proprietary Fund</b>	
Statement of Net Position	21 - 22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24
Notes to Financial Statements	25 - 43

**TOWN OF WHITE SPRINGS, FLORIDA**

**ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2020

**TABLE OF CONTENTS**

<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	<b>PAGE NO.</b>
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	45 - 47
Notes to Required Supplementary Information	48
 <b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i>	50 - 51
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 <i>Government Auditing Standards</i> Schedule of Findings	52 - 53
Management Letter	54 - 55
Independent Accountant's Report	56
Communication with Those Charged with Governance	57 - 58

## **INTRODUCTORY SECTION**

**TOWN OF WHITE SPRINGS, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2020**

**MAYOR**

**Helen Miller**

**VICE MAYOR**

**Anita Rivers**

**TOWN COUNCIL**

**Tom Moore**

**Jacqueline Williams**

**TOWN CLERK**

**Pam Tomlinson**

**TOWN MANAGER**

**Tommie Jones**

**TOWN ATTORNEY**

**Meagan Logan**

## **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  
admin@powellandjonescpa.com

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of White Springs, Florida, (the Town) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### ***Basis for Disclaimer of Opinion***

Detailed property records have not been maintained and certain prior-year and current records and supporting data were not available for our audit. Therefore, we were not able to obtain sufficient appropriate audit evidence about the

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

amounts at which capital assets and related accumulated depreciation are recorded in the accompanying Statement of Net Position at September 30, 2020 stated at \$13,920,726 and \$3,911,162 respectively, and the amount of depreciation expense for the year then ended stated at \$385,637. We also could not verify the total of intergovernmental revenues stated at \$745,291 on the accompanying Statement of Changes in net Position.

**Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do express an opinion on the financial statements referred to in the first paragraph.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022, on our consideration of the Town of White Springs, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of White Springs, Florida's internal control over financial reporting and compliance.



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
July 25, 2022

## **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's (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 implemented Government 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 these 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 public works, parks and recreation, human services, community development, public safety, 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 Position 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. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, 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 one major governmental fund which is the general fund. Statements for the Town's proprietary fund follow the governmental fund statements and include net position, revenue, expenses and changes in net position, 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 serve as an introduction to the Town's basic financial statements and to explain the significant changes in the financial position and differences in operations between the current and prior years.

## Town as a Whole

### Government-wide Financial Statements

A condensed version of the Statement of Net Position follows:

#### Net Position at September 30, 2020 and 2019

	Governmental Activities	Business-type Activities	Total Government	
			2020	2019
Cash and investments	\$ 305,802	\$ 273,177	\$ 578,979	\$ 430,536
Other assets	198,135	112,446	310,581	229,482
Capital assets	3,618,439	6,391,125	10,009,564	9,845,144
<b>Total assets</b>	<b>4,122,376</b>	<b>6,776,748</b>	<b>10,899,124</b>	<b>10,505,162</b>
Current liabilities	373,688	495,501	869,189	236,487
Long term liabilities	13,626	953,569	967,195	981,751
<b>Total liabilities</b>	<b>387,314</b>	<b>1,449,070</b>	<b>1,836,384</b>	<b>1,218,238</b>
<b>Net position</b>				
Invested in capital assets, net of related debt	3,618,439	5,399,177	9,017,616	8,891,946
Restricted/committed/assigned	-	187,312	187,312	213,091
Unrestricted	116,623	(258,811)	(142,188)	181,887
<b>Total net position</b>	<b>\$ 3,735,062</b>	<b>\$ 5,327,678</b>	<b>\$ 9,062,740</b>	<b>\$ 9,286,924</b>

99.5% of the Town's net position 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.

Restricted assets of \$187,312 consist of earmarked funds as reserves for debt service and police training. The remaining balance of unrestricted net position \$(142,188) 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 position. The increase during the year through Governmental net position is due primarily to budgetary management; the increase in Business-type Activities net position is due primarily to the depreciation of sewer and water infrastructure.

A condensed version of the Statement of Activities follows:

**Change in Net Position  
For the Fiscal Years ended September 30, 2020 and 2019**

	Governmental Activities	Business-type Activities	Total Government	
			2020	2019
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$ 17,515	\$ 405,587	\$ 423,102	\$ 454,669
Grants	-	745,291	745,291	454,162
<b>General revenues</b>				
Taxes	473,503	-	473,503	365,662
State shared revenues	263,541	-	263,541	38,055
Other general revenues	121,316	109,693	231,009	194,224
<b>Total revenues</b>	<b>875,875</b>	<b>1,260,571</b>	<b>2,136,446</b>	<b>1,506,772</b>
<b>Expenses</b>				
General government	292,394	-	292,394	242,070
Public safety	308,707	-	308,707	328,087
Transportation	160,837	-	160,837	177,673
Culture and recreation	10,447	-	10,447	27,696
Economic environment	39,592	-	39,592	39,987
Water	-	1,552,082	1,552,082	566,635
<b>Total expenses</b>	<b>811,977</b>	<b>1,552,082</b>	<b>2,364,059</b>	<b>1,382,148</b>
<b>Change in net position</b>	<b>63,898</b>	<b>(291,511)</b>	<b>(227,613)</b>	<b>124,624</b>
<b>Beginning net position</b>	<b>3,671,164</b>	<b>5,619,189</b>	<b>9,290,353</b>	<b>9,162,300</b>
<b>Ending net position</b>	<b>\$ 3,735,062</b>	<b>\$ 5,327,678</b>	<b>\$ 9,062,740</b>	<b>\$ 9,286,924</b>

**Governmental activities:**

Taxes provided 54% of the revenues for Governmental Activities, state shared revenues provided 30%, while other general revenues provided 14%. Most of the Governmental Activities resources are spent for, General Government (36%), Public Safety (38%), and Transportation (20%).

**Business-type activities:**

Business-type activities decreased the Town's net position by \$291,511.

## Budgetary Highlights

In the General Fund budgeted revenue amounts were more than actual revenue amounts by \$1,204,252, and budgeted expenditures amounts were more than actual expenditures by \$1,246,302.

## Capital Assets and Debt Administration

### Capital Assets

At September 30, 2020, the Town had \$10.01 million invested in capital assets, including park and recreation facilities, buildings, roads, bridges and water and sewer facilities.

### Capital Assets at September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 189,839	\$ 189,839	\$ 3,570	\$ 3,570	\$ 193,409	\$ 193,409
Buildings and improvements	3,456,858	3,097,113	8,583,845	8,583,845	12,040,703	11,680,958
Construction in progress	240,180	240,180	347,189	347,189	587,369	587,369
Equipment	827,795	736,790	271,450	271,450	1,099,245	1,008,240
Subtotal	4,714,672	4,263,922	9,206,054	9,206,054	13,920,726	13,469,976
Accumulated depreciation	(1,096,233)	(904,852)	(2,814,929)	(2,620,673)	(3,911,162)	(3,525,525)
Capital assets, net	<u>\$ 3,618,439</u>	<u>\$ 3,359,070</u>	<u>\$ 6,391,125</u>	<u>\$ 6,585,381</u>	<u>\$ 10,009,564</u>	<u>\$ 9,944,451</u>

### Debt Outstanding

At year-end, the Town had \$1,014,318 in debt outstanding versus \$999,118 last year, an increase of \$24,589.

### Debt Outstanding at September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 18,168	\$ 28,051	\$ 4,203	\$ 3,570	\$ 22,371	\$ 31,621
Capital leases	-	15,945	-	-	-	15,945
SRF loan	-	-	420,781	347,707	420,781	347,707
Water & Sewer bonds	-	-	546,000	562,000	546,000	562,000
FDEP note payable	-	5,000	25,167	27,457	25,167	32,457
Total	<u>\$ 18,168</u>	<u>\$ 48,996</u>	<u>\$ 996,151</u>	<u>\$ 940,734</u>	<u>\$ 1,014,319</u>	<u>\$ 989,730</u>

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

## **OTHER FINANCIAL INFORMATION**

### **Economic Factors and Rates**

- The current unemployment rate for the Town was 11.73%, which is higher than the approximate Hamilton County rate of 5.4%.
- The population of the Town in 2020 is estimated to be 735 by demographic services.
- The Town's ad valorem tax rate for 2020 was 6.000 mills, which was an increase of the 2019 rate of 4.4134 mills.

### **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 POSITION  
SEPTEMBER 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 305,802	\$ 85,865	\$ 391,667
Accounts receivable, net	13,826	72,384	86,210
Internal balances	(40,062)	40,062	-
Due from other governmental units	211,221	-	211,221
Prepaid expenses	13,150	-	13,150
<b>Total current assets</b>	<b>503,937</b>	<b>198,311</b>	<b>702,248</b>
Restricted assets			
Cash - debt service	-	121,720	121,720
Cash - customer deposits	-	65,592	65,592
<b>Total restricted assets</b>	<b>-</b>	<b>187,312</b>	<b>187,312</b>
Capital assets, net	3,618,439	6,391,125	10,009,564
<b>Total non-current assets</b>	<b>3,618,439</b>	<b>6,391,125</b>	<b>10,009,564</b>
<b>Total assets</b>	<b>\$ 4,122,376</b>	<b>\$ 6,776,748</b>	<b>\$ 10,899,124</b>
<b>LIABILITIES</b>			
Current liabilities (payable from current assets)			
Accounts payable	\$ 342,952	\$ 366,239	\$ 709,191
Contracts payable	25,906	-	25,906
Accrued liabilities	288	13,816	14,104
Accrued compensated absences	4,542	1,051	5,593
Accrued interest payable	-	5,206	5,206
<b>Total current liabilities (payable from current assets)</b>	<b>373,688</b>	<b>386,312</b>	<b>760,000</b>
Current liabilities (payable from restricted assets)			
Deposits	-	67,659	67,659
FDEP note payable, current	-	2,842	2,842
SRF loan payable, current	-	22,688	22,688
Bonds payable, current portion	-	16,000	16,000
<b>Total current liabilities (payable from restricted assets)</b>	<b>-</b>	<b>109,189</b>	<b>109,189</b>
<b>Total current liabilities</b>	<b>373,688</b>	<b>495,501</b>	<b>869,189</b>

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA**

**STATEMENT OF NET POSITION  
September 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>Noncurrent liabilities</b>			
Accrued compensated absences	13,626	3,151	16,777
FDEP note payable	-	22,325	22,325
SRF loan payable	-	398,093	398,093
Bonds payable	-	530,000	530,000
<b>Total noncurrent liabilities</b>	<b>13,626</b>	<b>953,569</b>	<b>967,195</b>
<b>Total liabilities</b>	<b>387,314</b>	<b>1,449,070</b>	<b>1,836,384</b>
 <b>NET POSITION</b>			
Net investment in capital assets	3,618,439	5,399,177	9,017,616
<b>Restricted</b>			
Debt service	-	187,312	187,312
Unrestricted	116,623	(258,811)	(142,188)
<b>Total net position</b>	<b>\$ 3,735,062</b>	<b>\$ 5,327,678</b>	<b>\$ 9,062,740</b>

**See notes to financial statements.**



**TOWN OF WHITE SPRINGS, FLORIDA**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**September 30, 2020**

		General Fund
<b>ASSETS</b>		
Cash	\$	305,802
Accounts receivable		13,826
Due from other funds		10,938
Due from other governmental units		211,221
Prepaid expenses		13,150
<b>Total assets</b>	<b>\$</b>	<b>554,937</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$	342,952
Contracts payable		25,906
Accrued liabilities		288
Due to other funds		51,000
<b>Total liabilities</b>		<b>420,146</b>
<b>FUND BALANCES</b>		
Unassigned		134,791
<b>Total fund balances</b>		<b>134,791</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>554,937</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balance reported above		134,791
Add capital assets not reported above:	\$	4,714,672
Less accumulated depreciation	(1,096,233)	3,618,439
Less liabilities not reported above:		
Compensated absences	(18,168)	(18,168)
<b>Net position</b>	<b>\$</b>	<b>3,735,062</b>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA**

**GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended September 30, 2020**

	General Fund
<b>REVENUES</b>	
Taxes	\$ 473,503
Licenses and permits	3,092
Intergovernmental revenue	263,541
Charges for services	17,515
Fines and forfeitures	954
Miscellaneous	117,270
Total revenues	<u>875,875</u>
<b>EXPENDITURES</b>	
Current expenditures	
General government	283,289
Public safety	212,321
Transportation	113,927
Culture/recreation	1,176
Capital outlay	
Public safety	91,005
Transportation	359,745
Total expenditures	<u>1,061,463</u>
Deficit of revenues under expenditures	<u>(185,588)</u>
Fund balances at beginning of year	<u>320,379</u>
Fund balances at end of year	<u>\$ 134,791</u>

**See notes to financial statements.**

**TOWN OF WHITE SPRINGS, FLORIDA**

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

**For the Fiscal Year Ended September 30, 2020**

Net change in fund balances - total governmental funds		\$ (185,588)
Expenses on the Statement of Activities not included in the governmental funds statement:		
Depreciation expense	(191,381)	
Expenditures for capital assets	450,750	
Decrease in compensated absence liability	<u>(9,883)</u>	
		<u>249,486</u>
Change in net position reported on the Statement of Activities		<u>\$ 63,898</u>

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 September 30, 2020**

	<u>Business-Type Activities Enterprise Fund</u>
<b>ASSETS</b>	
Current assets	
Cash	\$ 85,865
Accounts receivable	72,384
Due from other funds	<u>51,000</u>
Total current assets	<u>209,249</u>
Noncurrent assets:	
Restricted assets	
Cash - debt service	121,720
Cash - customer deposits	<u>65,592</u>
Total restricted assets	<u>187,312</u>
Capital assets	
Not being depreciated:	
Land	3,570
Construction in progress	347,189
Being depreciated:	
Buildings/Improvements	1,100,606
Improvements other than buildings	7,483,239
Equipment	271,452
Accumulated depreciation	<u>(2,814,931)</u>
Capital assets - net	<u>6,391,125</u>
Total assets	<u>\$ 6,787,686</u>
<b>LIABILITIES</b>	
Current liabilities (payable from current assets)	
Accounts payable	366,239
Due to other funds	10,938
Accrued liabilities	13,816
Accrued compensated absences	1,051
Accrued interest payable	<u>5,206</u>
Total current liabilities (payable from current assets)	<u>397,250</u>
Current liabilities (payable from restricted assets)	
Deposits	67,659
FDEP notes payable, current	2,842
SRF loan payable, current	22,688
Bonds payable, current	<u>16,000</u>
Total current liabilities (payable from restricted assets)	<u>109,189</u>
Total current liabilities	<u>506,439</u>
Long-term liabilities:	
Accrued compensated leave	3,152
FDEP note payable	22,325
SRF loan payable	398,093
Bonds payable	<u>530,000</u>
Total long term liabilities	<u>953,570</u>
Total liabilities	<u>1,460,008</u>

(continued)

**TOWN OF WHITE SPRINGS  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

<b>NET POSITION</b>	
Net investment in capital assets	5,399,177
Restricted for debt service	187,312
Unrestricted	<u>(258,811)</u>
Total net position	<u>5,327,678</u>
Total liabilities and net position	<u><u>\$ 6,787,686</u></u>

**See notes to financial statements.**

**TOWN OF WHITE SPRINGS, FLORIDA**

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

**For the Fiscal Year Ended September 30, 2020**

	<u>Business-Type Activities Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Physical environment	
Water utility revenue	\$ 179,842
Sewer utility revenue	117,479
Solid waste utility revenue	108,266
Miscellaneous revenue	63,947
Total operating revenues	<u>469,534</u>
<b>OPERATING EXPENSES</b>	
Water utility services	
Personnel services	49,493
Operating expenses	1,271,327
Garbage/solid waste control	
Operating expenses	88,689
Sewer/waste water services	
Personnel services	20,141
Operating expenses	86,214
Total operating expenses	<u>1,515,864</u>
Operating loss	<u>(1,046,330)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	746
Interest expense	(36,218)
County agreement	45,000
Grant revenue	745,291
Total nonoperating revenues (expenses)	<u>754,819</u>
Decrease in net position	(291,511)
Net position beginning of year	<u>5,619,189</u>
Net position end of year	<u>\$ 5,327,678</u>

**See notes to financial statements.**

**TOWN OF WHITE SPRINGS, FLORIDA**

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2020

	Business-type Activities Enterprise Fund
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 412,513
Cash paid to employees and benefits	(68,125)
Cash paid to suppliers	(1,178,592)
Net cash used for operating activities	(834,204)
<b>Cash flows from capital and related financing activities</b>	
Grants	745,291
Principal payments	95,028
Interest payments	(285)
Receipt of interest	746
Net cash provided by capital and related financing activities	840,780
<b>Net change in cash</b>	6,576
<b>Cash, October 1, 2019</b>	266,601
<b>Cash, September 30, 2020</b>	\$ 273,177
<b>Reconciliation of increase in net position to net cash provided by operating activities</b>	
Decrease in net position	\$ (291,511)
<b>Adjustments to reconcile increase in net position to net cash provided by operating activities:</b>	
Depreciation	194,256
Changes in assets and liabilities:	
Increase in accounts receivable:	
Accounts receivable	(362,281)
Increase (decrease) in liabilities:	
Accrued expenses	7,445
Accounts payable	(382,711)
Customer deposits	6,534
Decrease in accrued compensated absences	(5,936)
Total adjustments	(542,693)
<b>Net cash used for operating activities</b>	\$ (834,204)

**See notes to financial statements.**

## TOWN OF WHITE SPRINGS, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2020

#### 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.

**A. Reporting Entity** - The Town of White Springs, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and was specifically organized under and derives its power from Chapter 14451-No. 887 of the *Laws of Florida*. It is governed by a Mayor and a five member Town Council, all of whom are individually elected.

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 the following component unit 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 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, as applicable.

**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 a 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 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 position.

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 has two major funds as follows:

**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 Fund:**

**Enterprise Fund** - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.

**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 position.

**D. Assets, Liabilities and Net Position or Equity**

- 1. Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
- 2. Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less, excluding money market accounts, to be cash equivalents.
- 3. Allowance for Doubtful Accounts** - As applicable year-to-year, the Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2020, 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, 2020.
- 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. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets. Other restricted assets are classifications by the Town Council.

When an expense is incurred for purposes for which both restricted and unrestricted net position 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 \$1,000 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:

<u>Assets</u>	<u>Years</u>
Building and improvements	10 - 50
Machinery and equipment	5 - 14
Street and related infrastructure	20 - 40

9. **Capitalization of Interest** - Interest related to borrowings 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. Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent revenues received but not yet earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues received but not earned, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned 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. Fund Balances/Net Position**

**A. Governmental Funds**

As of September 30, 2020, 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, 2020, fund balances are composed of the following:

	<u>Amount</u>
Unassigned	<u>\$ 134,791</u>
	<u>\$ 134,791</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, 2020, net position is composed of the following:

	<u>Amount</u>
Net investment in capital assets	<u>\$ 5,399,177</u>
Restricted for debt service	187,312
Unrestricted	<u>(258,811)</u>
	<u>\$ 5,327,678</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 Statement of Net Position.**

“Total fund balances” of the Town’s governmental funds \$134,791 differs from “net position” of governmental activities \$3,735,062 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds 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 position included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 4,714,672
Accumulated depreciation	<u>(1,096,233)</u>
Total	<u>\$ 3,618,439</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 position. Balances at September 30, 2019, were:

Compensated absences	\$ (18,168)
Total	<u>\$ (18,168)</u>

**TOWN OF WHITE SPRINGS, FLORIDA**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Net Assets
<b>ASSETS</b>				
Cash and cash equivalents	\$ 305,802	\$ -	\$ -	\$ 305,802
Accounts receivable	13,826	-	-	13,826
Due from other funds	10,938	-	-	10,938
Due from other governmental units	211,221	-	-	211,221
Prepaid expenses	13,150	-	-	13,150
Capital assets - net	-	3,618,439	-	3,618,439
<b>Total assets</b>	<b>\$ 554,937</b>	<b>\$ 3,618,439</b>	<b>\$ -</b>	<b>\$ 4,173,376</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 342,952	\$ -	\$ -	\$ 342,952
Contracts payable	25,906	-	-	25,906
Accrued liabilities	288	-	-	288
Due to other funds	51,000	-	-	51,000
Accrued compensated absences	-	-	18,168	18,168
<b>Total liabilities</b>	420,146	-	18,168	438,314
 Fund balances/net position	 134,791	 3,618,439	 (18,168)	 3,735,062
 <b>Total liabilities and fund balance/net position</b>	 <b>\$ 554,937</b>	 <b>\$ 3,618,439</b>	 <b>\$ -</b>	 <b>\$ 4,173,376</b>

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

The “net change in fund balances” for governmental funds \$(185,588) differs from the “change in net position” for governmental activities \$63,898 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 position decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 450,750
Depreciation expense	<u>(191,381)</u>
Difference	<u>\$ 259,369</u>

Long-term debt transactions

Governmental funds do not report increases or decreases in long-term accrued compensated absences. However, in the statement of activities, the decrease reduces expenses.

Increase in accrued compensated absences	<u>\$ (9,883)</u>
------------------------------------------	-------------------

**TOWN OF WHITE SPRINGS, FLORIDA**

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Activities
<b>REVENUES</b>				
Taxes	\$ 473,503	\$ -	\$ -	\$ 473,503
Licenses and permits	3,092	-	-	3,092
Intergovernmental	263,541	-	-	263,541
Charges for services	17,515	-	-	17,515
Fines and forfeitures	954	-	-	954
Miscellaneous	117,270	-	-	117,270
<b>Total revenues</b>	<b>875,875</b>	<b>-</b>	<b>-</b>	<b>875,875</b>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
General government	283,289	5,208	3,897	292,394
Public safety	212,321	90,838	5,548	308,707
Transportation	113,927	46,472	438	160,837
Culture/recreation	1,176	9,271	-	10,447
Economic environment	-	39,592	-	39,592
<b>Capital Outlay</b>				
Public Safety	91,005	(91,005)	-	-
Transportation	359,745	(359,745)	-	-
<b>Total Expenditures</b>	<b>1,061,463</b>	<b>(259,369)</b>	<b>9,883</b>	<b>811,977</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(185,588)</b>	<b>259,369</b>	<b>(9,883)</b>	<b>63,898</b>
<b>Net change in fund balance</b>	<b>(185,588)</b>	<b>259,369</b>	<b>(9,883)</b>	<b>63,898</b>
<b>Fund balance at beginning of year</b>	<b>320,379</b>	<b>3,359,070</b>	<b>(8,285)</b>	<b>3,671,164</b>
<b>Fund balances at end of year</b>	<b>\$ 134,791</b>	<b>\$ 3,618,439</b>	<b>\$ (18,168)</b>	<b>\$ 3,735,062</b>

**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 totaling \$578,979 were fully insured by federal depository insurance or pledged collateral under state law.

**Schedule of Restricted Cash at September 30, 2020**

Business-type activities:	
Restricted cash representing debt service	\$ 121,720
Restricted cash representing utility customer deposits	65,592
	<u>\$ 187,312</u>

**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 2019-2020 fiscal year were levied in October 2019. 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, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets:				
Not being depreciated:				
Land	\$ 189,839	\$ -	\$ -	\$ 189,839
Construction in progress	240,180	-	-	240,180
Total non-depreciable capital assets	430,019	-	-	430,019
Being depreciated:				
Buildings	756,943	-	-	756,943
Infrastructure	2,340,170	359,745	-	2,699,915
Equipment, furniture and vehicles	736,790	91,005	-	827,795
Total depreciable capital assets	3,833,903	450,750	-	4,284,653
Less accumulated depreciation for				
Buildings	(86,764)	(18,747)	-	(105,511)
Infrastructure	(432,746)	(106,271)	-	(539,017)
Equipment, furniture and vehicles	(385,342)	(66,363)	-	(451,705)
Total accumulated depreciation	(904,852)	(191,381)	-	(1,096,233)
Other capital assets, net	2,929,051	259,369	-	3,188,420
Governmental activities capital assets, net	\$ 3,359,070	\$ 259,369	\$ -	\$ 3,618,439
<b>Business-type activities:</b>				
Not being depreciated:				
Land	\$ 3,570	\$ -	\$ -	\$ 3,570
Construction in progress	347,189	-	-	347,189
Total non-depreciable capital assets	350,759	-	-	350,759
Being depreciated:				
Buildings	1,100,606	-	-	1,100,606
Infrastructure	7,483,239	-	-	7,483,239
Equipment, furniture and vehicles	271,450	-	-	271,450
Total capital assets	8,855,295	-	-	8,855,295
Less accumulated depreciation for				
Buildings	(475,663)	(27,515)	-	(503,178)
Infrastructure	(1,963,710)	(156,467)	-	(2,120,177)
Equipment, furniture and vehicles	(181,300)	(10,274)	-	(191,574)
Total accumulated depreciation	(2,620,673)	(194,256)	-	(2,814,929)
Other capital assets, net	6,234,622	(194,256)	-	6,040,366
Business-type activities capital assets, net	\$ 6,585,381	\$ (194,256)	\$ -	\$ 6,391,125
<b>Governmental activities:</b>				
General Government			\$ 5,208	
Public Safety			90,838	
Transportation			46,472	
Economic environment			39,592	
Culture/recreation			9,271	
Total depreciation expense-governmental activities			\$ 191,381	
<b>Business-type activities:</b>				
Water services			\$ 194,256	
Total depreciation expense-business-type activities			\$ 194,256	

**NOTE 7. INTERFUND RECEIVABLES/PAYABLES**

The following is a schedule of interfund receivables and payables at September 30, 2020.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 10,938	\$ 51,000
Enterprise fund	51,000	10,938
	<u>\$ 61,938</u>	<u>\$ 61,938</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 8. RECEIVABLE AND PAYABLE BALANCES**

**Receivables**

Receivables at September 30, 2020 net of allowances for bad debts, were as follows:

	<u>Accounts</u>	<u>Due from other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities			
General fund	\$ 13,826	\$ 211,221	\$ 225,047
Business-type activities			
Enterprise fund	72,384	-	72,384
	<u>\$ 86,210</u>	<u>\$ 211,221</u>	<u>\$ 297,431</u>

**Payables**

Payables at September 30, 2020, were as follows:

	<u>Vendors</u>	<u>Accrued Liabilities</u>	<u>Total</u>
Governmental activities			
General fund	\$ 368,858	\$ 288	\$ 369,146
Business-type activities			
Enterprise fund	366,239	13,816	380,055
	<u>\$ 735,097</u>	<u>\$ 14,104</u>	<u>\$ 749,201</u>

## NOTE 9. PROPRIETARY LONG-TERM DEBT

### A. Debt Purchase Agreement

The Town has a Debt Purchase Agreement, Funding Number CS120 22902P, with the State of Florida Department of Environmental Protection in the original amount of \$1,370,000, with a current balance of \$325,754. The Agreement provided funding for the collection, transmission, and major rehabilitation of the Town's Wastewater System.

The debt is to be repaid in forty semiannual payments of \$16,434 including interest of 3.18%. The Agreement is secured by "specific revenues (all income or earnings received by the Town from the ownership or operation of its Water and Sewer Systems, including investment income) pledged as security for repayment of the Debt and shall be the funds appropriated by the State of Florida for the purpose of wastewater facilities improvements and the investment earnings thereon all as held under the Escrow Agreement."

The Town incurred interest expense of \$10,914 during the year ending September 30, 2020. The amount is included in the direct expense of the Town's Sewer/Wastewater Department.

Debt service to maturity is as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 22,688	\$ 10,179	\$ 32,867
2022	32,054	9,452	41,506
2023	32,804	8,702	41,506
2024	33,556	7,950	41,506
2025	34,378	7,128	41,506
2026-2030	184,791	22,739	207,530
2031-2032	80,510	2,500	83,010
	<u>\$ 420,781</u>	<u>\$ 68,650</u>	<u>\$ 489,431</u>

### B. DEP Construction Loan Agreement WW229041

In March 2019, the Town entered into a Construction Loan Agreement with the Florida Department of Environmental Protection. Per the Agreement, the estimated amount of the loan upon project completion is \$725,790. Payments on the current balance are to be made in semiannual amounts of \$1,551 including interest of 1.15%.

The total loan proceeds disbursed through September 30, 2020, (including capitalized interest of \$383) totaled \$55,412. The loan balance at September 30, 2020 was \$25,167. Payments on the current balance are to be made in semi-annual amounts of \$1,551 including interest of 1.15%.

The Town incurred interest expense of \$291 during the year ending September 30, 2020. The amount is included in the direct expense of the Town's Sewer/Wastewater Department.

Debt service to maturity is as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 2,842	\$ 260	\$ 3,102
2022	2,874	228	3,102
2023	2,905	197	3,102
2024	2,937	165	3,102
2025	2,946	156	3,102
2026-2029	10,663	180	10,843
	<u>\$ 25,167</u>	<u>\$ 1,186</u>	<u>\$ 26,353</u>

In the event of default of these loans, the loan holder may take whatever action necessary to satisfy the loan requirements.

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

On November 1, 2001, the Town issued Water and Sewer Bonds Series A&B in the amount of \$738,500 through the U.S. Department of Agriculture for the purpose of providing permanent financing for the water and sewer project. The Bonds are secured by the gross revenues from the combined water and sewer system.

The bonds mature annually on January 1 through September 1, 2041. Annual payments average \$40,784, including interest of 4.5%.

A sinking fund is required by the bond ordinance to accumulate funds to meet principal and interest payments. Monthly deposits of one-twelfth of the annual payment are required. Within the sinking fund, a reserve account is also to be established and requires funding over a ten-year period of a “monthly reserve deposit amount” equal to 1/120<sup>th</sup> of the “maximum bond service requirement” or \$41,665. Funding of the reserve may cease when the maximum bond service requirement is equaled or exceeded.

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

The Town incurred interest expense of \$25,290 on the Series 2001 A&B Revenue Bonds during the year ending September 30, 2020. The amount is included in the direct expense of the Town’s Sewer/Wastewater Department.

Debt service to maturity is as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 16,000	\$ 24,637	\$ 40,637
2022	17,000	23,850	40,850
2023	17,000	23,085	40,085
2024	19,000	22,320	41,320
2025	20,000	21,465	41,465
2026-2030	111,000	93,240	204,240
2031-2035	139,000	65,835	204,835
2036-2040	169,000	31,770	200,770
2041	38,000	1,710	39,710
	<u>\$ 546,000</u>	<u>\$ 307,912</u>	<u>\$ 853,912</u>

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

A summary of changes in proprietary long-term debt follows:

	Beginning Balance 2019	Additions	Deletions	Ending Balance 2020	Due Within One Year
Compenstated absences	\$ 5,292	\$ -	\$ (1,089)	\$ 4,203	\$ 1,051
SRF loan	347,707	95,027	(21,953)	420,781	22,688
Water & Sewer bonds	562,000	-	(16,000)	546,000	16,000
FDEP note payable	27,457	-	(2,290)	25,167	2,842
	<u>\$ 942,456</u>	<u>\$ 95,027</u>	<u>\$ (41,332)</u>	<u>\$ 996,151</u>	<u>\$ 42,581</u>

#### NOTE 10. GOVERNMENTAL LONG-TERM DEBT

A summary of changes in governmental long-term debt follows:

	Beginning Balance 2019	Additions	Deletions	Ending Balance 2020	Due Within One Year
Compenstated Absences	\$ 28,051	\$ -	\$ (9,883)	\$ 18,168	\$ 4,542
Notes payable	5,000	-	(5,000)	-	-
Capital leases	15,945	-	(15,945)	-	-
	<u>\$ 48,996</u>	<u>\$ -</u>	<u>\$ (30,828)</u>	<u>\$ 18,168</u>	<u>\$ 4,542</u>

#### A. Note Payable

In November 2017, the Town executed a promissory note with Windsor Volunteer Fire Department of Columbia County, Florida, in the amount of \$15,000, for the purchase of a 1994 E-One Pumper Truck with a 1000-gallon tank. The note is to be paid in three annual installments of \$5,000. No interest is being charged on the note.

This note was paid in full during the fiscal year ended September 30, 2020.

#### B. Capital Lease

In August 2018, the Town entered into a lease purchase agreement with Ring Investments, LLC for the purchase of a 304E2 Mini Excavator. The agreement calls for three payments of \$16,734, including interest of 4.95% as applicable.

This capital lease was paid in full during the fiscal year ended September 30, 2020.

**NOTE 11. DEFINED CONTRIBUTION PLAN**

The Town participates in a 457 Deferred Compensation Plan administered by the International City/County Management Association (ICMA). Contributions to the plan by employees are made pre-tax. Employees control how their account is invested. Withdrawals can be made from the account upon a separation of service. Beneficiaries can receive any remaining assets upon death.

The Town and its participants are required to contribute 5% each of the annual covered payroll. The Town's contributions for its participating employees for the past five years are as follows (employees matched the amounts):

2020	\$	3,264
2019		2,644
2018		6,825
2017		8,238
2016		8,355

**NOTE 12. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)**

The Town is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Town or the retiree. Participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Town's younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

**NOTE 13. COMMITMENTS**

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

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

#### **NOTE 14. 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 government expects such amounts, if any to be immaterial.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

#### **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 coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

**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, 2020**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
<b>Taxes</b>			
Ad valorem taxes			
Current ad valorem taxes	\$ 73,000	\$ 86,961	\$ 13,961
Sales and use taxes			
Local option gas tax/alternative fuel	192,228	189,895	(2,333)
Discretionary sales tax	69,188	65,377	(3,811)
Utility service taxes			
Electricity	54,000	30,451	(23,549)
Propane	1,500	3,243	1,743
Communication service tax	21,702	27,960	6,258
Franchise fees			
Electricity	44,000	69,616	25,616
Total taxes	<u>455,618</u>	<u>473,503</u>	<u>17,885</u>
<b>Licenses and permits</b>			
Professional and occupational	3,000	1,020	(1,980)
Zoning permits	500	2,000	1,500
Other licenses and permits	100	72	(28)
Total licenses and permits	<u>3,600</u>	<u>3,092</u>	<u>(508)</u>
<b>Intergovernmental revenue</b>			
<b>Federal grants</b>			
Community Development Block Grant	600,000	117,522	(482,478)
USDA - public safety	285,000	-	(285,000)
<b>State grants</b>			
Interlocal DOT agreement	48,711	51,081	2,370
Small County Outreach Program	456,242	17,555	(438,687)
<b>Public safety</b>			
FMIT safety grant	2,000	1,000	(1,000)
Fire Assistance Program	35,703	-	(35,703)
Local grants	10,000	10,000	-
<b>State shared revenues</b>			
<b>General government</b>			
State revenue sharing	38,064	36,007	(2,057)
Mobile home license	500	758	258
Alcoholic beverage licenses	350	317	(33)
Local government half-cent sales tax	38,252	29,301	(8,951)
Total intergovernmental revenue	<u>1,514,822</u>	<u>263,541</u>	<u>(1,251,281)</u>
<b>Charges for services</b>			
<b>General government</b>			
Public Safety	206	206	-
Law enforcement services	2,675	-	(2,675)
Fire protection services	500	-	(500)
Total charges for services	<u>6,825</u>	<u>17,515</u>	<u>10,690</u>

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2020**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Fines and forfeitures</b>			
Court cases	9,000	954	(8,046)
<b>Miscellaneous</b>			
Interest earnings			
Interest on investments	10	509	499
Rents and royalties			
Cell tower tax	20,092	5,500	(14,592)
Insurance claims	-	25,606	25,606
FRDAP grant	50,000	-	(50,000)
Contributions	2,000	10,000	8,000
Special events	9,660	1,339	(8,321)
Other miscellaneous	8,500	74,316	65,816
Total miscellaneous	90,262	117,270	27,008
Total revenues	2,080,127	875,875	(1,204,252)
<b>EXPENDITURES</b>			
<b>General Government</b>			
Legislative			
Personnel services	14,091	11,584	2,507
Financial and administrative			
Personnel services	121,987	94,218	27,769
Operating expenses	70,011	108,898	(38,887)
Total financial and administrative	191,998	203,116	(11,118)
Legal counsel			
Operating expenses	-	61,104	(61,104)
Comprehensive planning			
Operating expenses	14,000	3,788	10,212
Other general government			
Code enforcement	7,978	1,247	6,731
Operating expenses	2,500	2,450	50
Special events	9,500	-	9,500
Contingency	148,935	-	148,935
Total other general government	168,913	3,697	165,216
Total general government	389,002	283,289	105,713

(continued)

**TOWN OF WHITE SPRINGS, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2020**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Public Safety</b>			
Law enforcement			
Personnel services	163,680	147,342	16,338
Operating expenses	45,351	34,261	11,090
Capital outlay	285,000	66,005	218,995
<b>Total law enforcement</b>	<b>494,031</b>	<b>247,608</b>	<b>246,423</b>
Fire control			
Personnel services	12,112	1,965	10,147
Operating expenses	26,556	28,753	(2,197)
Capital outlay	47,703	25,000	22,703
<b>Total fire control</b>	<b>86,371</b>	<b>55,718</b>	<b>30,653</b>
<b>Total public safety</b>	<b>580,402</b>	<b>303,326</b>	<b>277,076</b>
<b>Transportation</b>			
Roads and streets			
Personnel services	62,853	59,535	3,318
Operating expenses	166,086	54,392	111,694
Capital outlay	453,872	359,745	94,127
<b>Total transportation</b>	<b>682,811</b>	<b>473,672</b>	<b>209,139</b>
Parks and recreation			
Operating expenses	5,550	1,176	4,374
Capital outlay	50,000	-	50,000
<b>Total culture/recreation</b>	<b>55,550</b>	<b>1,176</b>	<b>54,374</b>
<b>Economic environment</b>			
CDBG grant			
Operating expenses	600,000	-	-
<b>Total economic environment</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>
<b>Total expenditures</b>	<b>2,307,765</b>	<b>1,061,463</b>	<b>1,246,302</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(227,638)</b>	<b>(185,588)</b>	<b>42,050</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers in	50,000	-	(50,000)
<b>Total other financing sources (uses)</b>	<b>50,000</b>	<b>-</b>	<b>(50,000)</b>
<b>Net change in fund balances</b>	<b>(177,638)</b>	<b>(185,588)</b>	<b>(7,950)</b>
<b>Fund balance at beginning of year</b>	<b>320,379</b>	<b>320,379</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ 142,741</b>	<b>\$ 134,791</b>	<b>\$ (7,950)</b>

See notes to financial statements.

See notes to financial statements.

**TOWN OF WHITE SPRINGS, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020**

**I. Stewardship, Compliance, and Accountability**

**A. Budgetary information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the Town Manager submits to the Town Council 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 in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

**COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and each major fund of the Town of White Springs, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of White Springs, Florida's basic financial statements, and have issued our report thereon dated July 25, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items that we consider to be significant deficiencies.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
July 25, 2022

**INDEPENDENT AUDITORS' 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**

**SCHEDULE OF FINDINGS**

**PRIOR YEAR FINDINGS**

**2018-001 Available Cash** – During the prior year, the prior auditor noted that the Town's operating cash accounts represented only two months of expenditures/expenses and had decreased approximately \$100,000 during the year.

During the current year the Town's operating cash continued to be inadequate to meet the Town's operating cash needs. We again recommend that the Town take steps to increase its operating cash funds.

**2019-001 Town's Books** – During the prior fiscal year, the prior auditor noted that the Town generally had inadequate financial records for the preparation of accurate financial statements.

During the current year the Town retained an outside accountant to monitor and assist in the maintenance of accurate financial records.

**2019-002 Fixed Asset Listing and Depreciation Schedule** – During the prior year, the prior auditor noted that the Town's fixed assets records were incomplete and inaccurate. He recommended that the Town prepare and maintain a complete fixed asset listing including all relevant data of fixed assets.

During the current year, we found this finding to be unchanged and again recommend that the Town prepare and maintain proper fixed assets records.

**2019-003 Significant Budget Difference** – During the prior year, the prior auditor noted that there were significant differences between the budgeted and actual amounts of expenditures in both the General and Enterprise funds. He recommended that there be a more accurate preparation of the annual budget to better monitor the overall performance of the Town.

During the current year, we found this finding to be unchanged and again recommend that the Town more accurately prepare its annual budget.

**2019-004 Post-Employment Benefits other than Pension (OPEB)** – During the prior year, the prior auditor noted that the Town did not have an OPEB actuarial report prepared for the year.

During the current year, we found that under present circumstances, the Town was not required to have an OPEB actuarial report prepared.

**CURRENT YEAR FINDINGS**

**2020-01 Grant Revenue and Receivables** – During the current year, we found that the Town's financial records did not accurately reflect the grant revenue received and earned by the Town. This resulted in the Town not properly recording its grant revenue and related receivables earned in the financial statements.

We recommend that the Town establish subsidiary records to accurately reflect the grant activity during the year and that the financial records be regularly reconciled to these subsidiary records.

**2020-02 Documentation of Expenditures/Expenses** – From our audit test of disbursements, we found disbursements that were inadequately documented as to retained invoices or other supporting documentation.

We recommend that the Town have adequate supporting documentation be retained for all Town disbursements and that the documentation be filed in a manner that is easily retrievable.

**MANAGEMENT LETTER**

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

We have audited the financial statements of the Town of White Springs, as of and for the year ended September 30, 2020, and have issued our report thereon dated July 25, 2022. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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

**PRIOR YEAR FINDINGS**

All prior year findings are listed and discussed in the Schedule of Findings on pages 52.

**CURRENT YEAR FINDINGS**

All current year findings are listed and discussed in the Schedule of Findings on page 52-53.

**AUDITOR GENERAL COMPLIANCE MATTERS**

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)(5)a 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 - We determined that the Town had not 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 in the current year, we found the following conditions which together comprise "deteriorating financial conditions" as defined by Chapter 10.550 *Rules of the Auditor General*:

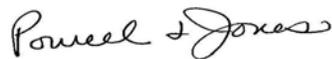
Enterprise Fund:	<u>9/30/2020</u>	<u>9/30/2019</u>
Net loss for the year ended	<u>\$(291,511)</u>	<u>\$(153,343)</u>
Unrestricted cash reserve balance at year end	<u>\$(258,811)</u>	<u>\$ -</u>

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

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.

## **CONCLUSION**

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  
Lake City, Florida  
July 25, 2022

## INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Town of White Springs, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Town of White Springs, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
July 25, 2022

## **Communication with Those Charged with Governance**

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

We have audited the financial statements of the Town of White Springs, Florida for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of White Springs, Florida are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town of White Springs, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

#### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated July 25, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and Members of the Town Council and management of the Town of White Springs, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
July 25, 2022