

Gaining insights
Defining challenges
Delivering results

2015/16 Annual Report

MAKING FLORIDA THE SAFEST PLACE TO DIG



MISSION

The mission of Sunshine 811 is to promote and facilitate excavation safety and underground facility damage prevention.

VISION

Florida, the safest place to dig.

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Dear Members and Stakeholders,

Better damage prevention services. That's the essence of what we offer. And each year we strive to be better than the previous.

Fiscal year 2015-16 was another successful year for Sunshine 811. Led by our long-term vision to make Florida the safest place to dig, we improved our efficiency, developed new programs and went to the front lines for candid answers to our questions. We delivered results and gained new insights.

Delivered Results

Under new leadership, the call center saw a dramatic decrease in hold time with a 16.9 second average answer speed. That is a significant reduction in answer speed from last fiscal year, even as we experienced a 1.4 percent increase in phone calls. It is also a much higher level of customer service than the 30-second objective recommended by the Common Ground Alliance *Definitive Guide for Underground Utility Safety and Damage Prevention*, Version 13.0.

The online services accessed and used by our members, excavators and other stakeholders (irth Positive Response Telnet, irth Positive Response Web Services, irthNet Member Ticket Mgt, irthNet Positive Response, Sunshine 811 Web Site, Email List Server, Technical Support Website) maintained a 99 percent average uptime. Thanks to a System Performance page, you can now get up-to-the-minute updates on our system status and have them delivered to your inbox with the news feed.

We launched a new mobile-friendly website January 7, 2016. It's clean, simple design resizes to fit the screen you're using without sacrificing the viewing experience.

March saw a record-setting number of first time callers – 6,667 – the result of digital, billboard and radio campaigns targeting excavators and homeowners. The digital campaigns brought in nearly 13,000 web banner clicks; 27 percent increase year over year in sunshine811.com new users and site sessions; 7,250 homeowner page visits, 3:36 average time on site; 3,146 combined visits on contractor pages, 2:30 average time on site; all tickets up 13 percent vs March/April 2015; online tickets (ITE) up 19 percent vs March/April 2015.

2015-16

\$7.2 million
Revenues

\$6.6 million
Expenses

1.5 million
Tickets

9.9 million
Transmissions

71%
ITE Tickets

Implemented Single Address Ticket, the online system that lets homeowners and excavators digging at a single address request tickets over the internet.

We expanded our Spanish outreach program and produced translated versions of the homeowner, landscaper/horticulturist, color code, positive response and excavator quick reference cards for our Spanish-speaking excavators. We also developed a Spanish web page and section in our online store.

Gained New Insight

This year we “grew bigger ears” and launched the first phase of our Know Your Audience strategy by listening to our existing stakeholder base. We deployed three surveys: excavator communications, member and excavator issues. We wanted to know how we could better serve them, how to bring more value to their daily work life and how to communicate with them. Our goal was simple: develop targeted content for targeted audiences.

Email continued to be the preferred method of communication chosen by our stakeholders. We laid the foundation for our communications by transitioning our opt in email lists to another provider with easier sign-up/unsubscribe options and that easily integrates into the stakeholder contact cycle across several platforms. Then we added a blog and several news feeds plus a pop-up sharing bar and email sign up on every page.

Lastly, we looked at what our stakeholders did not understand and what we could do to help. See more survey results on page 6.

Redefined Challenges

For several years, Sunshine 811 has been drafting proposed legislation to strengthen enforcement in Florida and avoid Federal intervention. However, consensus with key government and industry stakeholders on stronger enforcement and elimination of exemptions mandated by the federal government has not been reached.

Our Legislative Ad Hoc Committee focused on common ground and, as of this publication (January 5, 2017) produced a final version for inclusion in Florida’s 2017 Legislative Session with the following:

- Allows state or local enforcement to keep 80% of civil penalty
- Requires excavators to call 911 when contact with a buried pipeline results in the release of a hazardous material or substance

- Requires members to report damages to their underground facilities at least annually
- Authorizes the system to analyze the damage data
- Requires the system to provide an annual summary of damages to the President of the Senate, the Speaker of the House of Representatives and the Governor pursuant to s. 556.103

When speaking of damage prevention, we like to say, “when everyone does their part, we prevent damages.” So, when we began hearing about breakdowns in the call-811-before-you-dig process, we jumped into action to see what we could do to help. After discussions, it was concluded that the biggest issue was communication among excavators on the jobsite, their office staff and locators. It was a lot of little things that added up to misunderstanding. We’ve incorporated some of those lessons learned into our education and online information. We’ve even heard some say, “I never thought of that!” It’s satisfying knowing the work we do is leading to positive behavior changes.

Looking Ahead

Making Florida the safest place to dig is a journey. I am so proud to be on this journey with this team of damage prevention professionals. They’re hard working, innovative thinkers with outstanding dedication that is on display every day.

The next year will certainly bring new challenges and more celebrations. But, our journey is more than simply implementing a set of steps or making operational changes. It’s about changing mindsets and work practices. It’s about public and worker safety and protecting Florida’s vital underground utility infrastructure.

Our team will continue working to achieve better outcomes, more efficiently and more effectively.

In closing, I want to thank our Board of Directors for their continued support, trust and confidence in the staff and employees of Sunshine 811, and for their shared vision to make Florida the safest place to dig.



Mark Sweet
Sunshine 811 Executive Director

2016 City & County Report

History

January 1, 2003

- All municipalities that operate underground facilities were required to be members.
- Small city membership exemption expires.

January 1, 1998

- Mandatory membership requirement for municipalities with population greater than 10,000 was included in the Underground Facility Damage Prevention and Safety Act, Chapter 556, Florida Statutes.
- Deadline for municipalities with a population less than 10,000 to notify Sunshine 811 in writing of their non-participation in Sunshine 811.

Membership

The Florida League of Cities represents 410 municipalities in the State. A total of 318 municipalities (or entities thereof) are actively participating as members of Sunshine 811. Active participation in the system is established when an underground facility operator has completed all membership application requirements, develops and registers a service area representing the geographical area of its underground facilities, and is capable of receiving notices of intended excavation from Sunshine 811.

New Municipalities

Two municipalities joined Sunshine 811 during 2016 year-to-date. The new municipal members and the dates they began actively participating in Sunshine 811 are listed below:

- City of Webster 01/11/2016
- Town of Penney Farms 07/06/2016

New Counties

There are 67 counties in Florida. The total number of counties that are active members is 43.

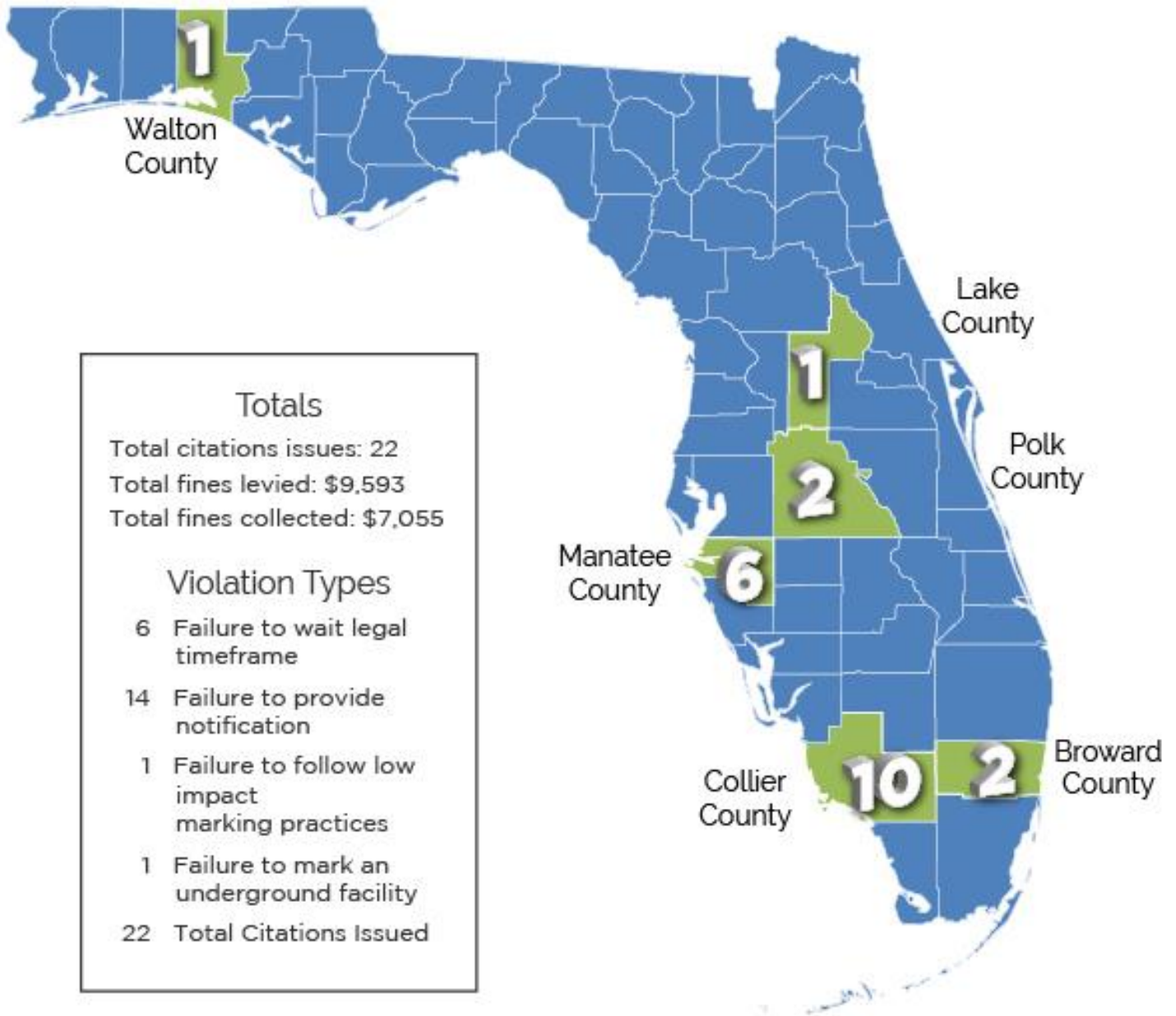
- No new counties became active members.
- No counties submitted a membership application.

Path Forward

Sunshine 811 will continue to exercise its best efforts to increase awareness of the mandatory membership requirements of Chapter 556, F.S. We will assist any underground facility operators that elect to fully participate in the system with the timely processing of their membership applications and the registration of their service areas.

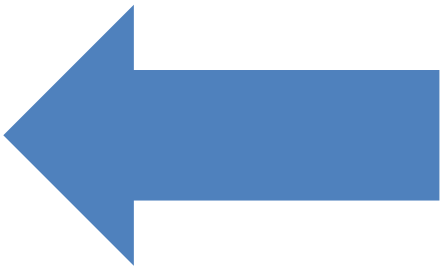
For our active members, we will continue to invest in and implement the best damage prevention technology available in the industry and deliver the highest quality damage prevention programs and services at the lowest possible cost.

2015 Enforcement

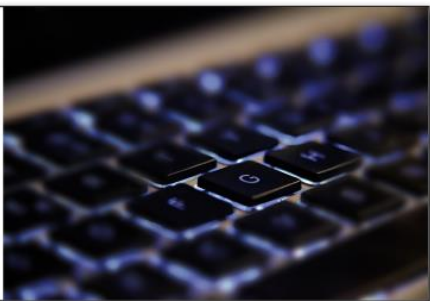


Year in Numbers

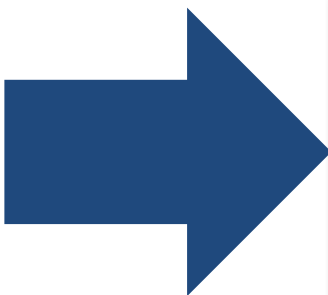
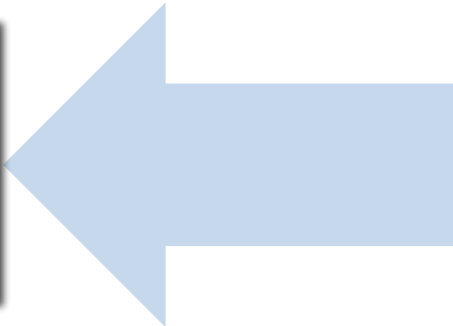
16.9 seconds
Average answer speed. Total call volume was 379,600.



71%
Tickets entered using Internet Ticket Entry. Trained 2,365 new users.

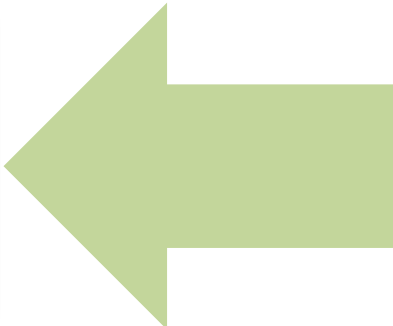


99%
Average uptime for online services accessed and used by stakeholders



12,623
Number of people educated during 640 meetings. An additional 33,495 saw our message at trade shows and 170 earned our CEUs.

47 million
Number of impressions from online, radio, billboard and television campaigns.



Survey Results

Satisfaction

This year we surveyed our members and excavators to determine their technology, customer service and education satisfaction levels; and analyzed the data to identify new insights and challenges. There was plenty of encouraging news and some good direction for Sunshine 811's future.

- Seventy to 80 percent of members who regularly interact with Sunshine 811 felt staff was easy to work with and quickly addressed issues.
- A majority of respondents were satisfied with irth and irthNet.
- A majority of irth and irthNet issues will be resolved with the new irthNet build.
- A majority of mapping issues will be resolved with map updates.
- Updating member and excavator contact information needs to be aggressively addressed.

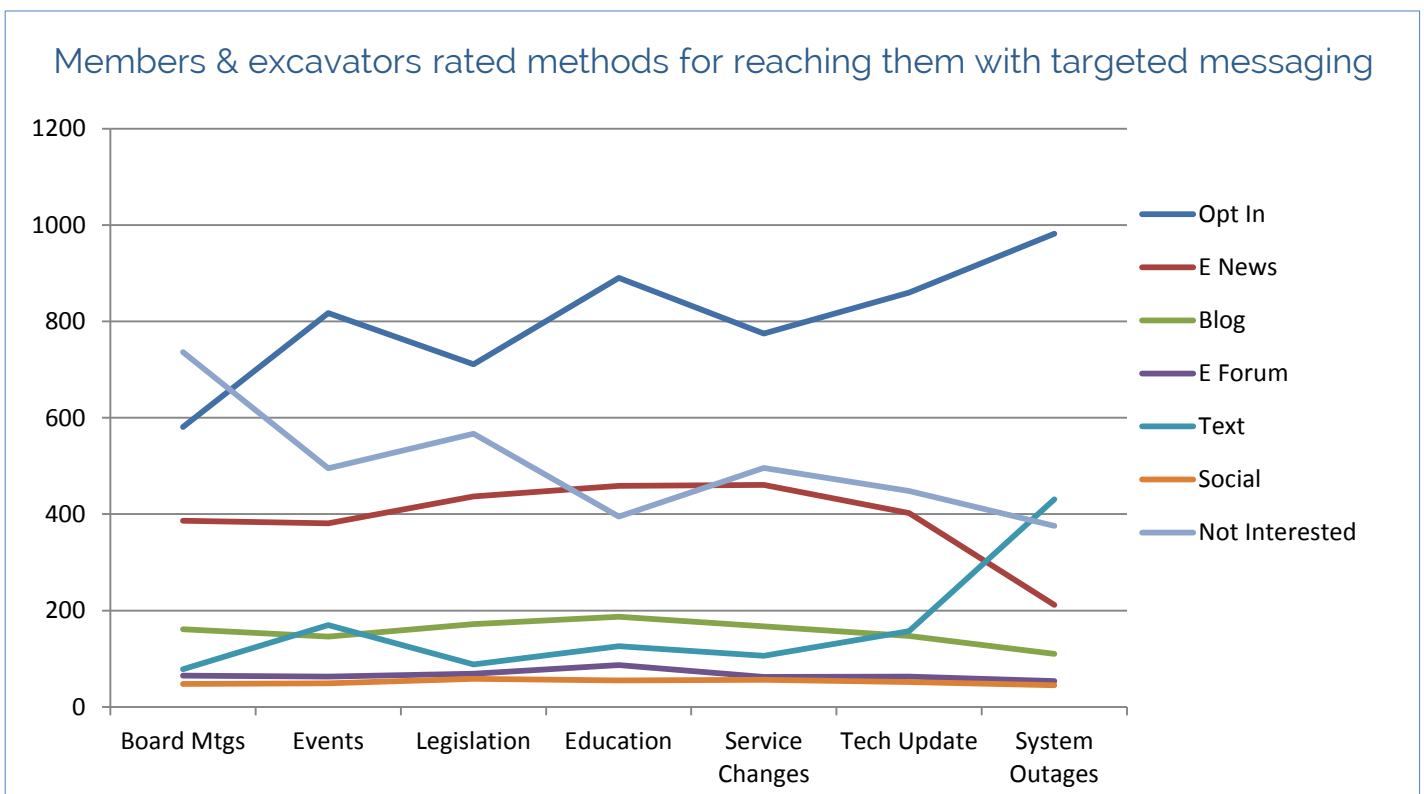
- Discussion needs to take place on locating standards for Florida.

Excavators would like more in-depth education on these top five topics:

1. How to work with locators and avoid delays
2. Writing clear locate descriptions
3. Figuring out the tolerance zone
4. What the locate marks mean
5. What to do about emergency tickets

Communication

When it comes to non-ticket related communications, members and excavators prefer receiving our information on an as-needed basis followed by monthly and then weekly. Surprisingly, they also prefer written content with clearly-labeled sections first, visual content second and video last. Targeted information was varied as you can see by the chart below.



Locate Excellence



Sunshine 811 introduced its Locate Technician Excellence Award earlier this year. It's a way to honor the hard work and dedication of those men and women who locate underground utilities to ensure the safety of Florida's residents and underground infrastructure.

We knew there were stories to be told and wanted to hear them. So, we asked excavators to nominate locators who continually went above and beyond. See what they said:

> He helped develop perimeters to clearly define locate limits for oddly shaped areas that covered over 5 miles. He met with our foremen and superintendents after hours to explain his role in our success and constantly checked up on our progress when he did not hear from us.

> Locates can be difficult. He make every effort to find them and call us for better information when he can't.

> She is one of our best locators in an emergency and has become an integral part of our rapid response personnel. She makes time – even while completing her regular locates – to meet with excavators who need clarification on locates or answer questions about their projects requiring on-site meetings.

> He is always in contact to make sure the paint/markings are fresh and has no problem refreshing the paint for my crews.

> He always contacts us with concerns on our jobs and goes beyond the expectations to answer questions about his locating.

By the end of the nominating process, we had two public and two private locator winners. Each received \$200, an 811 rain slicker perfect for those rainy Florida afternoons, an award and bragging rights plus travel expenses to the April 7, 2016, Awards Luncheon in Ocala, FL.

This program is just one way Sunshine 811 lets locators know that we appreciate the work they do to make Florida the safest place to dig.

Locate Technician Excellence Winners



David McClymonds, City of Largo, pictured with Sunshine 811 Executive Director Mark Sweet. David was nominated by Cole Twehous with Garney Construction.



Ruben Adrianza, High Tech Engineering, pictured with John Segovia, South FL Sunshine 811 liaison. Ruben was nominated by Nelson Rodriguez with Guaranteed Fence Corp.



Karen Vaughan, Pinellas County Utilities, standing with Mark Sweet. Karen was nominated by Steve Allen, Pinellas County Utilities.



Troy Forte, USIC, pictured with John Segovia. Troy was nominated by Mark Calloway with the City of Naples.

Board of Directors



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TECO



Steve Marshall
Vice Chair
Bright House
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Dino Farruggio
Secretary
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Michelle Johnson
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Terrill Booker
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Gas District



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Department



Mike DeGraw
CenturyLink



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Williams/Gulfstream
Natural Gas System



Joe Heatherly
FPL



Louise Hom
Lochrane
Engineering



Lisa Jackson
Hillsborough County
Public Works



Bud Joiner
Reedy Creek
Energy Services



Bruce Kershner
R. Bruce Kershner
Company



Sandra Panos
TECO Peoples Gas



Pedro Vigil
Miami-Dade Water &
Sewer Department



Curtis Vilt
Manatee County



Charles Wait
Florida Gas
Transmission



Brad Warren
Jacksonville Electric
Authority



Mark Sweet
Executive Director



Wayne Flowers
Legal Counsel

FINANCIAL STATEMENTS (WITH INDEPENDENT AUDITOR'S REPORT)
Years Ended May 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sunshine State One-Call of Florida, Inc.
d/b/a Sunshine 811

Report on the Financial Statements

We have audited the accompanying financial statements of *Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 (A Not-for-Profit Corporation)*, which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 (A Not-for-Profit Corporation)* as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McDirmit Davis & Company LLC

Orlando, Florida
August 3, 2016

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

STATEMENTS of FINANCIAL POSITION

Years Ended May 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	5,009,673	4,178,056
Certificate of deposit	250,000	250,000
Accounts receivable, net of allowance for doubtful accounts	1,055,331	1,109,402
Interest receivable	2,379	782
Prepaid expenses	378,222	474,398
Deposits	17,400	20,625
Property and equipment, net of accumulated depreciation	1,759,150	1,826,070
Total assets	8,472,155	7,859,333
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	83,827	110,093
Accrued expenses	456,098	438,627
Total liabilities	539,925	548,720
Commitments and Contingencies (See Note 6)		
Net Assets:		
Unrestricted	7,932,230	7,310,613
Total liabilities and net assets	8,472,155	7,859,333

The accompanying Notes to Financial Statements are an integral part of these statements.

STATEMENT of ACTIVITIES

Years Ended May 31, 2016 and 2015

	2016	2015
Changes in Unrestricted Net Assets:		
Revenues and Support:		
Members fees and special billings	\$ 7,203,773	\$ 6,770,187
Interest income	8,772	10,331
Miscellaneous income	941	3,282
Gain on sale of fixed assets	8,625	-
Total revenues and support	7,222,111	6,783,800
Expenses:		
Leased employees	3,930,853	3,894,438
Advertising and promotion	581,580	603,817
Communication	386,785	456,612
Computer and software maintenance	514,584	511,986
Depreciation and amortization	458,825	476,123
Legal and professional fees	110,821	124,551
Meetings and seminars	104,824	120,585
Office and operating expenses	135,945	491,990
Repairs and maintenance	102,258	109,319
Insurance	81,461	79,686
Utilities	52,180	56,901
Travel	40,236	49,079
Property taxes	36,204	37,414
Equipment , rent and maintenance	17,110	18,948
Income taxes	14,350	14,350
Miscellaneous expenses	13,536	10,456
Bad debts	18,942	1,840
Total expenses	6,600,494	7,058,095
Change in unrestricted net assets	621,617	(274,295)
Net assets – beginning of year	7,310,613	7,584,908
Net assets – end of year	\$ 7,932,230	\$ 7,310,613

The accompanying Notes to Financial Statements are an integral part of these statements.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
d/b/a SUNSHINE 811
(A Not-For-Profit Corporation)

STATEMENTS of CASH FLOWS
Years Ended May 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Receipts from membership fees and special billings	\$7,238,902	\$6,562,219
Investments and other receipts	8,116	13,613
Cash paid to suppliers of materials, employees and other operating cash payments	(6,032,121)	(6,771,908)
Net Cash provided (used for) operating activities	1,214,897	(196,076)
Cash Flows from Investing Activities		
Purchase of property and equipment	(391,905)	(375,568)
Proceeds from disposal of equipment	8,625	-
Net cash used for investing activities	(383,280)	(375,568)
Net increase (decrease) in cash and cash equivalents	831,617	(571,644)
Cash and cash equivalents – beginning of year	4,178,056	4,749,700
Cash and cash equivalents – end of year	\$ 5,009,673	\$ 4,178,056
Reconciliation of change in Net Assets to Net Cash Provided by (used for) Operating Activities:		
Change in net assets per statement of activities	\$ 621,617	\$ (274,295)
Add (subtract) items not requiring (providing) cash:		
Depreciation and amortization	458,825	476,123
Gain on disposal of asset	(8,625)	-
Provision for bad debts	18,942	1,840
Total	1,090,759	203,668
Changes in operating Assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	35,129	(207,968)
Interest receivable	(1,597)	-
Prepaid expenses	96,176	(102,322)
Deposits	3,225	(7,002)
Increase(decrease) in:		
Accounts payable	(26,266)	(109,562)
Accrued expenses	17,471	27,110
Net cash provided by (used for) operating activities	\$1,214,897	\$(196,076)

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES to FINANCIAL STATEMENTS

Years Ended May 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies:

The financial statements of *Sunshine State One-Call of Florida, Inc.* (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of business - The Organization was incorporated on February 1, 1993. The purpose of the Organization is to serve as a central contact point for owners of underground utilities and excavators. The Organization acts as an information conduit, enabling its members to take appropriate action to protect their underground facilities from damage as well as to protect their customers from service interruption and promote a safer environment for excavators. The Organization is funded primarily through member fees.

Basis of presentation - Financial statement presentation adheres to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (FASB ASC) 958-605, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations* for presentation of its financial statements. As such, the financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Tax status - *Sunshine State One-Call of Florida, Inc.* is a not-for-profit corporation under Chapter 617 of the Florida statutes and is exempt from taxation under Internal Revenue Code Section 501(c)(4) on income related to its tax-exempt purpose. The Organization had no unrelated business income, as defined by the Internal Revenue Code, during the years ended May 31, 2016 and 2015. The Organization incurred income tax expense in the amount of \$14,350 and \$14,360 for the years ended May 31, 2016 and 2015 for federal income taxes, as a result of lobbying expense paid by the Organization.

The Organization has adopted the application of the uncertain tax position provisions of FASB ASC 740, *Income Taxes*. The Organization evaluates its uncertain tax positions using the provisions of FASB ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of May 31, 2016 and 2015, there were no uncertain tax positions identified. The Organization files income tax returns in the U.S. federal jurisdiction and state of Florida. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before May 31, 2013.

NOTES to FINANCIAL STATEMENTS (continued)
Years Ended May 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies - (Continued):

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments - The carrying amounts of cash, accounts receivable, and accounts payable approximate fair value because of the short maturity of these items.

Cash and cash equivalents - For purposes of the statement of cash flows, cash and cash equivalents include cash invested in certificates of deposit with an original maturity date of three months or less.

Investments - Investments, if any, are carried at fair market value. Certificates of deposit with an original maturity of greater than three months are considered investments and are carried at amortized cost. Changes in market values are recorded as investment income.

Property, equipment and depreciation - The Organization's policy is to capitalize all purchases whose estimated useful life is greater than one year. Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the various classes of assets as follows:

Building and Improvements	15 - 40 years
Furniture and Fixtures	7 years
Equipment	7 years
Computers and Software	3 - 7 years
Vehicles	5 years

Revenue recognition - The Organization bills members on an assessment based billing system. All members who have more than twelve months of billing history, and more than ten tickets per month are assessed a percentage of the Organization's annual budget based on their pro rata share of the prior year's ticket volume. Revenue is recognized when fees are declared and invoiced.

Membership dues and grants from governmental agencies are recognized as revenue when the dues or grants are received. All dues and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

NOTES to FINANCIAL STATEMENTS (continued)
Years Ended May 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies - (Continued):

Accounts receivable - Accounts receivable are stated at net realizable value. Management provides an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at May 31, 2016 and 2015 was \$25,000 reflecting management's best estimate of future uncollectable accounts.

Advertising costs - The Organization expenses advertising costs as incurred. Advertising costs were \$581,580 and \$603,817 for the years ended May 31, 2016 and 2015, respectively, and are included in the accompanying statements of activities.

Subsequent events - The Organization has evaluated subsequent events for potential disclosure in or adjustment to the financial statements through the date of the independent auditor's report, the date which the accompanying financial statements were available to be issued. Based on such evaluation, no events have occurred that in the opinion of management warrant disclosures in or adjustment to the financial statements.

Note 2 - Investments:

The Organization's investment in a certificate of deposit is carried at amortized cost. This investment does not qualify as a security as defined in FASB ASC 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by FASB ASC 820, *Fair Value Measurements and Disclosures*, are not provided. The nature of investments held is as follows:

	2016	2015
Beal Bank Certificate of Deposit	\$ 250,000	\$ 250,000
Total Investments	\$ 250,000	\$ 250,000

NOTES to FINANCIAL STATEMENTS (continued)
Years Ended May 31, 2016 and 2015

Note 3 - Property, Plant and Equipment:

Property, plant and equipment are summarized as follows:

	2016	2015
Land	\$ 249,956	\$ 249,956
Building	1,379,638	1,392,673
Communication Equipment	956,914	974,889
Vehicles	158,747	155,857
Furniture, Fixtures, and Office Equipment	517,767	546,131
Computers and Software	3,590,792	3,271,090
Total	6,853,814	6,590,596
Less: accumulated depreciation and amortization	5,094,664	4,764,526
Total	\$ 1,759,150	\$ 1,826,070

Depreciation and amortization expense for the years ended May 31, 2016 and 2015 amounted to \$458,825 and \$476,123, respectively.

Note 4 - Pension Plan:

The Organization has entered into an agreement to lease all employees from an employee leasing company. Such agreement may be terminated with a 30-day advance written notice. In accordance with this agreement, the employees are participants in the employee leasing company's 401(k) retirement savings plan. The Organization provides matching contributions based on 75% of the first 6% contributed by the leased employee. Matching contributions for the years ended May 31, 2016 and 2015 amounted to \$109,266 and \$79,078 respectively. In addition, the Organization made safe harbor contributions of 3% of gross compensation for the years ended May 31, 2016 and 2015 amounting to \$84,703 and \$89,255, respectively.

Note 5 - Concentration of Credit Risk:

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk, consist principally of cash and accounts receivable.

The Organization maintains cash balances at high credit quality financial institutions to limit the amount of credit exposure. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of May 31, 2015, cash balances exceeded federally insured limits by approximately \$3,782,250.

Concentrations of credit risk with respect to accounts receivable relates to the Organization's business activity. The Organization monitors this risk and does not anticipate losses beyond the allowance for doubtful accounts.

NOTES to FINANCIAL STATEMENTS (continued)
Years Ended May 31, 2016 and 2015

Note 6 - Commitments and Contingencies:

Operating leases - The Organization leases office equipment under an operating lease with quarterly payments of \$1,109 including sales tax, expiring in 2018.

The Organization is committed to minimum lease payments, including state sales tax, as follows:

<u>Year Ending May 31,</u>	
2017	\$ 4,435
2018	3,327
	<u>\$ 7,762</u>

The rent expense relating to these leases, including sales tax, amounted to \$4,435 and \$4,435 for the years ended May 31, 2016 and 2015, respectively.

Purchases - The Organization signed an agreement for software license, software usage, and disaster recovery for the Irth mapping software. The agreement was renewed February 1, 2015 for a five-year term at an annual cost of \$203,000 and a total five-year cost of \$1,015,000.

The Organization has an agreement with annual renewals for disaster recovery services. The agreement automatically renews annually each November at the current monthly rate of \$3,200. The Organization recorded disaster recovery expense, including this agreement, for the years ended May 31, 2016 and 2015 of \$87,881 and \$449,180, respectively.

The Organization has a maintenance agreement with Avaya for a three year term beginning July 2014 at an estimated total cost of \$39,746.

The Organization has renewed a lobbying agreement with a professional lobbyist for a one year term beginning October 2015 at a monthly cost of \$3,417.

The organization has contracted with a hotel to hold a strategic planning meeting in August 2016 with a minimum commitment of \$15,393.

REPORT to the BOARD of DIRECTORS
Years Ended May 31, 2016 and 2015

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MCDIRMIT  DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

To the Board of Directors
Sunshine State One-Call of Florida, Inc.
d/b/a Sunshine 811
Debary, Florida

In planning and performing our audit of the financial statements of *Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811* (the Organization) as of and for the year ended May 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

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

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

McDirmit Davis & Company, LLC

Orlando, Florida
August 3, 2016

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

MCDIRMIT  DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

August 3, 2016

Board of Directors
11 Plantation Rd,
Debary, FL, 32789

We have audited the financial statements of *Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811* (the Organization) as of and for the year ended May 31, 2016, and have issued our report thereon dated August 3, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 26, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control and other matters noted during our audit in a separate letter to you dated August 3, 2016.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Compliance with All Ethics Requirements Regarding Independence

The engagement team, our firm, and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization Sunshine State One-Call of Florida, Inc. is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate for the allowance for depreciation and management's estimate for the allowance for doubtful accounts.

Management's estimate of the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. We evaluated the key factors and assumptions used to develop the allowance for depreciation and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on historical collection rates and analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. No such misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's Sunshine State One-Call of Florida, Inc. financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated August 3, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This report is intended solely for the information and use of the Board of Directors and, and management of *Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811* and is not intended to be and should not be used by anyone other than these specified parties.

McDiernit Davis & Company, LLC

Orlando, Florida
August 3, 2016