

TOWN OF WORTHINGTON SPRINGS, FLORIDA
Annual Financial Report
For the Fiscal Year Ended September 30, 2014

TOWN OF WORTHINGTON SPRINGS, FLORIDA

Annual Financial Report

For the Fiscal Year Ended September, 30, 2014

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INTRODUCTORY SECTION

TOWN OF WORTHINGTON SPRINGS, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September, 30, 2014

MAYOR	Ronny Pinkston
COUNCIL PRESIDENT	Betty Elixson
COUNCIL MEMBERS	Joan Douglas
	Dylan Hughey
	Chris Schaffer
	Pam Williams
TOWN CLERK	Patricia Harrell
ATTORNEY	Niles B. Whitten

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Worthington Springs, Florida, (the Town) as of and for the year ended September 30, 2014, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Worthington Springs, Florida, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

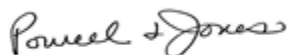
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 June 15, 2015, on our consideration of the Town of Worthington 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 Worthington Springs, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
June 15, 2015

TOWN OF WORTHINGTON SPRINGS, FLORIDA

Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Worthington Springs (Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, solid waste collection, and general governmental administration. The Town's water service is 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 on 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 presented in a separate column. A budgetary comparison is presented for the general fund. Statements for the Town's proprietary fund follow the governmental funds 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.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2014 and 2013, follows:

Net Position at September 30, 2014 and 2013

	Total Government	
	2014	2013
Assets		
Cash and investments	\$ 80,914	\$ 54,703
Prepaid expenses	3,118	3,647
Due from other governments	-	4,417
Capital assets	5,184,425	5,311,790
Total assets	<u>5,268,457</u>	<u>5,374,557</u>
Liabilities		
Current liabilities	-	73,898
Other liabilities	-	-
Total liabilities	<u>-</u>	<u>73,898</u>
Net position		
Invested in capital assets	5,184,425	5,238,094
Unrestricted	68,793	46,738
Restricted for transportation	15,239	15,827
Total net position	<u>\$5,268,457</u>	<u>\$5,300,659</u>

98% of the Town's net position reflects 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.

The unrestricted net position 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 decrease during the year through Governmental Activities net position is due primarily to the inability to fully fund depreciation.

A condensed version of the Statement of Activities follows:

Changes in Net Position
For the Fiscal Year Ended September 30, 2014 and 2013

	Total Government	
	2014	2013
Revenues		
Licenses and Permits	\$ 135	\$ 290
Taxes	58,148	57,436
Franchise fees	23,556	21,722
Intergovernmental	78,545	18,937
Interest and other	2,213	2,740
Fines and forfeitures	680	83
Charges for services	9,020	8,170
Total revenues	172,297	109,378
Expenses		
General government	81,123	72,094
Public safety	26,363	26,413
Transportation	50,202	52,389
Culture/recreation	46,025	42,425
Interest on long-term debt	786	828
Total expenses	204,499	194,149
Change in net position	(32,202)	(84,771)
Beginning net position	5,300,659	5,385,430
Ending net position	\$5,268,457	\$5,300,659

Governmental activities:

Taxes provide 36% of the revenues for Governmental Activities, while state shared revenues provide 13%. Most of the Governmental Activities resources are spent for General Government 42%, Transportation 23%, and Culture/Recreation 22%.

Budgetary Highlights

The Town operated within its budgetary limits in all funds during the current year.

Capital Assets

At September 30, 2014, the Town had \$5.2 million invested in capital assets, including fire equipment, park and recreation facilities, buildings, and water facilities.

Capital Assets at September 30, 2014 and 2013

	Total Government	
	2014	2013
Land	\$3,206,703	\$3,206,703
Construction in progress	-	66,177
Buildings and improvements	739,935	739,935
Improvements other than buildings	1,982,388	1,916,211
Equipment	266,820	266,820
Subtotal	<u>6,195,846</u>	<u>6,195,846</u>
Accumulated depreciation	<u>(1,011,421)</u>	<u>(884,056)</u>
Capital assets, net	<u>\$5,184,425</u>	<u>\$5,311,790</u>

REQUEST FOR INFORMATION

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 requests should be addressed to the Town Clerk, P. O. Box 150, State Road 121, Worthington Springs, Florida 32698.

BASIC FINANCIAL STATEMENTS

TOWN OF WORTHINGTON SPRINGS, FLORIDA
STATEMENT OF NET POSITION
September, 30, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 79,365
Investments	1,549
Prepaid expenses	3,118
Total current assets	84,032
Non-current assets:	
Capital assets, net	5,184,425
Total non-current assets	5,184,425
Total assets	5,268,457
LIABILITIES	
Total current liabilities	-
NET POSITION	
Invested in long-term assets, net of related debt	5,184,425
Restricted for:	
Transportation	15,239
Unrestricted	68,793
Total net position	5,268,457

See notes to financial statements.

**TOWN OF WORTHINGTON SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September, 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
General government	\$ 81,123	\$ -	\$ -	\$ 66,177	\$ (14,946)
Public safety	26,363	-	-	-	(26,363)
Transporation	50,202	5,309	-	-	(44,893)
Culture and recreation	46,025	3,711	-	-	(42,314)
Interest on long term debt	786	-	-	-	(786)
Total governmental activities	<u>\$ 204,499</u>	<u>\$ 9,020</u>	<u>\$ -</u>	<u>\$ 66,177</u>	<u>\$ (129,302)</u>
General Revenues					
Taxes					58,148
Franchise fees					23,556
Licenses and permits					135
Intergovernmental					12,368
Fines and forfeitures					680
Miscellaneous					2,213
Total general revenue					<u>97,100</u>
Change in net position					(32,202)
Net position - beginning					5,300,659
Net position - ending					<u>\$ 5,268,457</u>

See notes to financial statements.

**TOWN OF WORTHINGTON SPRINGS, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September, 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash	\$ 79,365
Investments	1,549
Prepaid expenses	3,118
Total assets	84,032
 LIABILITIES	
Total liabilities	-
 FUND BALANCES	
Nonspendable - prepaids	3,118
Restricted - transportation	15,239
Unassigned	65,675
Total fund balances	84,032

Amounts reported for governmental activities in
the statement of net assets are different because:
Capital assets used in governmental activities are
not financial resources and, therefore, are not
reported in the governmental funds.

	5,184,425
Net position of governmental activities	\$ 5,268,457

See notes to financial statements.

**TOWN OF WORTHINGTON SPRINGS, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September, 30, 2014**

REVENUES	<u>General Fund</u>
Taxes	\$ 58,148
Franchise fees	23,556
Licenses and permits	135
Intergovernmental	78,545
Charges for services	9,020
Fines and forfeitures	680
Miscellaneous	2,213
Total revenues	<u>172,297</u>
EXPENDITURES	
Current Expenditures	
General government	50,913
Public safety	2,715
Transportation	16,392
Culture and recreation	6,328
Debt Service	
Principal	73,696
Interest	786
Total expenditures	<u>150,830</u>
 Net change in fund balances	 21,467
 Fund balances at beginning of year	 62,565
Fund balances at end of year	<u>\$ 84,032</u>

See notes to financial statements.

**TOWN OF WORTHINGTON 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, 2014

Net change in fund balance - total governmental funds	\$	21,467
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Less current year depreciation	\$	(127,365)
		<u> </u>
	\$	(127,365)
Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.		
Loan principal		73,696
Change in net position of governmental activities	\$	<u><u>(32,202)</u></u>

See notes to financial statements

TOWN OF WORTHINGTON SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September, 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Worthington Springs, Florida (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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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

A. Reporting Entity - The Town of Worthington Springs, Florida is a municipal, political subdivision of the State of Florida, created and organized under Chapter 6732 *Laws of Florida*. Accordingly, it is controlled by the Florida Constitution and various Florida Statutes as well as its own local charter, ordinances and policies. It is governed by an elected Mayor and Town Council.

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

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

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

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include a separate column for the

governmental activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues. 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. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – “Accounting and Financial Reporting for Nonexchange Transactions.”

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

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

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

Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of a single fund. The operations of this fund is 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 fund are presented after the government-wide financial statements. These statements display information about the major fund.

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

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of “available spendable resources.” Governmental funds operating statements present

increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any non-current portions of long-term receivables 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.

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 only one major fund.

1. Governmental Major Funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. For the year ended September, 30, 2014, the Town utilized the General Fund to record all of its financial transactions.

2. 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

3, Cash and Investments - Cash deposits are held by a bank qualified as a public depository under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, *Florida Statutes*.

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund and the Fund B. Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, *Florida Statutes*, and those made locally. On December 4, 2007, the State Board of Administration restructured the Local Government Surplus Funds Trust Fund (Pool) to also establish the Fund B Surplus Funds Trust Fund. The local investments operate under the guidelines established by Section 218.415, *Florida Statutes*. The Town’s investments in the Pool, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September, 30, 2014, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The Town's investments in the Fund B. Surplus Trust Fund are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.13262284 at September, 30, 2014. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the State Board of Administration, are effected by transferring eligible cash or securities to the Local Government Surplus Funds Trust Fund, consistent with the pro rata allocation of Pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within the Local Government Surplus Funds Trust Fund.

Investments made locally consist of certificates of deposit and are reported at fair value. Types and amounts of investments held at fiscal year end are described in a subsequent note on investments.

1. **Inventories** - The costs of governmental 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.
2. **Fund Equity** - As of September, 30, 2014, fund balances of the governmental funds are classified as follows:

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

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 current practices, the assignment of amounts for specific purposes is approved by the Town Council.

Fund Balance Flow Assumptions - Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

At September 30, 2014, fund balances are composed of the following:

Non-spendable - prepaids	\$ 3,118
Restricted - transportation	15,239
Unassigned	65,675
	\$ 84,032

3. **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.
4. **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 column in the government-wide financial statements. Capital assets are

defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded as historical costs. 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.

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

Assets	Years
Buildings and improvements	10 - 50
Machinery and equipment	5 - 15
Street and relatd infrastructure	20 - 40

5. **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.
6. **Deferred Revenues** - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. During the current period, the Town did not have any deferred revenues.

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 balance” of the Town’s governmental fund \$84,032 differs from “net position” of governmental activities \$5,268,457 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	\$ 6,195,846
Accumulated depreciation	(1,011,421)
Total	<u>\$ 5,184,425</u>

Long-term debt transactions

Long-term liabilities 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, 2014 were:

Note payable (\$0)

A summary of the Town’s long-term debt outstanding at September 30, 2014 is as follows;

	October 1 2013	Increase	Decrease	September 30, 2014
Capital City Bank	\$ 7,519	\$ -	\$ (7,519)	\$ -
Capital City Bank	66,177	-	(66,177)	-
	<u>\$ 73,696</u>	<u>\$ -</u>	<u>\$ (73,696)</u>	<u>\$ -</u>

TOWN OF WORTHINGTON 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 position
ASSETS				
Cash	\$ 79,365	\$ -	\$ -	\$ 79,365
Investments	1,549	-	-	1,549
Prepaid expenses	3,118	-	-	3,118
Capital assets - net	-	5,184,425	-	5,184,425
Total assets	\$ 84,032	\$ 5,184,425	\$ -	\$ 5,268,457
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Total liabilities	-	-	-	-
Fund balance/net position	62,767	5,184,425	-	5,247,192
Total liabilities and fund balances/net position	\$ 84,032	\$ 5,184,425	\$ -	\$ 5,268,457

TOWN OF WORTHINGTON SPRINGS, FLORIDA (tiffany)

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

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

	Governmental Fund	Capital Related Items	Long-Term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 58,148	\$ -	\$ -	\$ 58,148
Franchise fees	23,556	-	-	23,556
Licenses and permits	135	-	-	135
Intergovernmental	78,545	-	-	78,545
Charges for services	9,020	-	-	9,020
Fines and forfeitures	680	-	-	680
Miscellaneous	2,213	-	-	2,213
Total revenues	172,297	-	-	\$ 172,297
EXPENDITURES				
Current Charges				
General government	50,913	30,210	-	81,123
Public safety	2,715	23,648	-	26,363
Transportation	16,392	33,810	-	50,202
Culture and recreation	6,328	39,697	-	46,025
Debt services				
Principal	73,696	-	(73,696)	-
Interest	786	-	-	786
	150,830	127,365	(73,696)	204,499
Excess of revenues over (under) expenditures	21,467	(127,365)	73,696	(32,202)
OTHER FINANCING SOURCES				
Loan proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	21,467	(127,365)	73,696	(32,202)
Fund balances at beginning of year	62,565	5,311,790	(73,696)	5,300,659
Fund balances at end of year	\$ 84,032	\$ 5,184,425	\$ -	\$ 5,268,457

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 Council 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 a resolution.
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. The budget for the General Fund is 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

1. Deposits

At September, 30, 2014, the carrying amount of the Town's bank deposits was \$79,365. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer pursuant to the Public Depository Security Act of the State of Florida. The Act established a Trust Fund, maintained by the State Treasurer, which is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

2. Investments

As of September, 30, 2014, the Town had the following investments and maturities:

Investment	Maturities	Fair Value
State Board of Administration Local Government		
Surplus Funds Trust Fund Investment Pool	32 day average (WAM)	\$ 1,549
Total investments		<u>\$ 1,549</u>

Interest Rate Risk

- Section 218.415(17), *Florida Statutes*, limits investment maturities to provide sufficient liquidity to pay obligations as they come due.

- The maturity of the State Board of Administration Local Government Investment Pool is based on the weighted average of days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. The maturity of the State Board of Administration Fund B Surplus Funds Trust Fund is based on the weighted average life (WAL). A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates as of September 30, 2014.

Credit Risk

- Section 218.415(17), *Florida Statutes*, limits investments to the State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, *Florida Statutes*; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits in qualified public depositories, as defined in Section 280.02, *Florida Statutes*, and direct obligations to the United States Treasury. The Town's investment policy limits investments to these types of securities.
- As of September 30, 2014, the Town's investment in the Local Government Surplus Funds Trust Fund investment pool is AAAM by Standard & Poors. The Fund B Surplus Trust Fund is unrated.

Custodial Credit Risk

- Section 218.415(18), *Florida Statutes*, requires the Town to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. All Town investments complied with this provision of law.

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 2013-2014 fiscal year were levied in October 2013. 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 May 18. 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, 2014, was as follows:

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

	Beginning Balance	Additions	Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Land	\$ 3,206,703	\$ -	\$ -	\$ 3,206,703
Construction in progress	66,177	-	(66,177)	-
Buildings and improvements	739,935	-	-	739,935
Improvements other than buildings	1,916,211	-	66,177	1,982,388
Equipment	266,820	-	-	266,820
Total capital assets	6,195,846	-	-	6,195,846
Less accumulated depreciation	(884,056)	(127,365)	-	(1,011,421)
Governmental activities capital assets, net	\$ 5,311,790	\$ (127,365)	\$ -	\$ 5,184,425

NOTE 7. 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.

NOTE 8. 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.

NOTE 9. SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 15, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WORTHINGTON SPRINGS, FLORIDA

**GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
REVENUES			
Taxes	65,242	58,148	(7,094)
Franchise fees	23,400	23,556	156
Licenses and permits	500	135	(365)
Intergovernmental	16,187	78,545	62,358
Charges for service	-	9,020	9,020
Fines and forfeitures	250	680	430
Miscellaneous	7,500	2,213	(5,287)
Total revenues	<u>113,079</u>	<u>172,297</u>	<u>59,218</u>
EXPENDITURES			
Current			
General government	50,100	50,913	(813)
Public safety	3,000	2,715	285
Transportation	10,500	16,392	(5,892)
Culture and recreation	11,950	6,328	5,622
Debt services			
Principal	9,393	73,696	(64,303)
Interest	607	786	(179)
Total expenditures	<u>85,550</u>	<u>150,830</u>	<u>(65,280)</u>
Excess of revenue over (under) expenditures	27,529	21,467	(6,062)
OTHER FINANCING SOURCES			
Loan proceeds	77,529	-	(77,529)
Net change in fund balance	<u>105,058</u>	<u>21,467</u>	<u>(83,591)</u>
Fund balance at beginning of year	62,565	62,565	-
Fund balance at end of year	<u>\$ 272,681</u>	<u>\$ 84,032</u>	<u>\$ (188,649)</u>

See notes to financial statements.

**TOWN OF WORTHINGTON SPRINGS, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014**

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

To the Mayor and Members
of the Town Council
Town of Worthington 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Worthington Springs, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Worthington Springs, Florida's basic financial statements, and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Worthington 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 Worthington Springs, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Worthington Springs, Florida's internal control.

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

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

**Finding 2014-1
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town of Worthington Springs, Florida is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted

accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

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

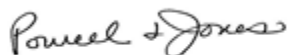
At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future,.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Worthington 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.



POWELL & JONES
Certified Public Accountants
June 15, 2015

**TOWN OF WORTHINGTON SPRINGS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

The prior auditor noted the following deficiencies in internal control:

DEFICIENCY IN INTERNAL CONTROLS FINDING 11-1 – (This finding was also included in the second preceding audit.

COMMENT: As noted in prior audit reports, because of the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties. An employee has access to both physical assets and the related accounting records. Consequently, the possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected. Our audit did reveal errors resulting from this lack of separation of employee duties and responsibilities. For example, in some instances, credit card receipts were not attached to the monthly bills paid by the Town.

At the conclusion of the previous annual audit, we recommended that the Town perform a detail review of practices and procedures to strengthen controls, specifically over purchasing procedures. In June 2011, the Town Council adopted many of the recommendations that were recommended by our firm. We noted that the Town no longer uses a credit card to pay expenditures.

RECOMMENDATION: We recommend the Town continue to seek ways to strengthen internal control through segregation of duties.

STATUS: There is still a lack of segregation of duties between employees who have recordkeeping responsibilities and employees with custody of Town assets. However, the Town has implemented improved policies and procedures to increase internal controls where feasible.

MANAGEMENT LETTER

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

We have audited the financial statements of the Town of Worthington Springs, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 15, 2015. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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

PRIOR YEAR FINDINGS

There were no reportable findings in the prior audit for the fiscal year ended September 30, 2011.

CURRENT YEAR FINDINGS

There were no reportable findings for the fiscal year ended September 30, 2014.

AUDITOR GENERAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the Town of Worthington Springs, Florida, for the fiscal year ended September 30, 2014.

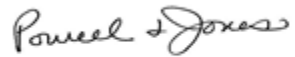
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(7)(c) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based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

Financial Emergency Status - 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.

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

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

POWELL & JONES

Certified Public Accountants

June 15, 2015

INDEPENDENT ACCOUNTANT'S REPORT

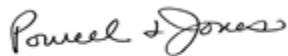
Honorable Mayor and
Members of the Town Council
Town of Worthington Springs, Florida

We have examined the Town of Worthington Springs, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2014. 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, 2014.

This report is intended solely for the information and use of the Town of Worthington 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
June 15, 2015

Communication with Those Charged with Governance

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

We have audited the financial statements of the Town of Worthington Springs, Florida for the year ended September 30, 2014. 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 Worthington 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 2014. 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 Worthington 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 June 15, 2015.

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

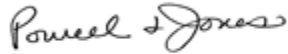
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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 Town Council and management of the Town of Worthington 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
June 15, 2015