

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**  
**Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2019**

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**

**Annual Financial Report**

For the Fiscal Year Ended September 30, 2019

**TABLE OF CONTENTS**

	<u><b>PAGE</b></u>
List of Principal Officials	4
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	6 - 7
Management's Discussion and Analysis	8 - 11
<b>Basic Financial Statements</b>	
Statement of Net Position	13
Statement of Activities	14
Governmental Fund Balance Sheet	15
Statement of Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	17
Notes to Financial Statements	18- 29
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	31
Notes to Required Supplementary Information	32
<b>OTHER INFORMATION</b>	
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36 - 37
Management Letter	38 - 39
Independent Accountant's Report	40
Communication with Those Charged with Governance	41 - 42

## **INTRODUCTORY SECTION**

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2019**

**MAYOR**

**Ronnie Pinkston**

**COUNCIL PRESIDENT**

**Joan Douglas**

**COUNCIL MEMBERS**

**Lee Hawkins**

**Nita Elixson**

**Ryan Clemons**

**TOWN CLERK**

**Patricia Harrell**

**ATTORNEY**

**Niles B. Whitten**

## **FINANCIAL SECTION**



**Powell & Jones**  
Certified Public Accountants

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

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
admin@powellandjonescpa.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Worthington Springs, Florida

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

We have audited the accompanying 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, (the Town) as of and for the year ended September 30, 2019, 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, each major fund, and the aggregate remaining fund information of the Town of Worthington Springs, Florida, as of September 30, 2019, 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 Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Worthington Springs, Florida's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, 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 17, 2020

## **OWN 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. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as governmental activities. Governmental activities include basic services such as law enforcement and fire control, public works, parks and recreation, human services, community development and general governmental administration. 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 Unassigned amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus on governmental 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 governmental fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

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



**Town as a Whole**

*Government-wide Financial Statements*

A condensed version of the Statement of Net Position at September 30, 2019 and 2018, follows:

**Net Position at September 30, 2019 and 2018**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and investments	\$ 140,242	\$ 178,902
Other current assets	20,445	11,050
Capital assets	4,629,055	4,693,762
Total assets	<u>4,789,742</u>	<u>4,883,714</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable		-
Accrued liabilities	9,254	485
Total liabilities	<u>9,254</u>	<u>485</u>
<b>Net Position</b>		
Invested in capital assets	4,629,055	4,693,762
Unrestricted	151,433	189,467
Total net assets	<u>\$ 4,780,488</u>	<u>\$ 4,883,229</u>

97% of the Town's net assets reflect its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net assets \$151,433 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net assets. The increase during the year through Governmental Activities net assets is due primarily to budgetary management. A condensed version of the Statement of Activities follows:

**Change in Net Position**  
For the Fiscal Years Ended September 30, 2019 and 2018

	Governmental Activities	
	2019	2018
<b>Revenues</b>		
General revenues		
Taxes	\$ 66,801	\$ 72,630
Fines and forfeitures	181	684
Charges for services	4,575	6,860
Franchise fees	21,072	18,916
Intergovernmental	48,339	35,321
Other miscellaneous revenue	3,481	6,914
Total revenues	<u>144,449</u>	<u>141,325</u>
<b>Expenses</b>		
General government	131,880	107,536
Public safety	12,319	6,056
Transportation	55,393	43,620
Culture/recreation	47,598	52,017
Total expenses	<u>247,190</u>	<u>209,229</u>
Change in net position	(102,741)	(67,904)
Beginning net position	<u>4,883,229</u>	<u>4,951,133</u>
Ending net position	<u>\$ 4,780,488</u>	<u>\$ 4,883,229</u>

Governmental activities:

Taxes provide 46% of the revenues for Governmental Activities, while state revenues provide 33%. Most of the Governmental Activities resources are spent for General Government (53%), and Culture and Recreation (19%).

**Budgetary Highlights**

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

**Capital Assets**

At September 30, 2019, the Town had \$4,629,055 invested in capital assets, including fire equipment, park and recreation facilities, buildings, and streets.

**Capital Assets at September 30, 2019 and 2018**

	Governmental Activities	
	2019	2018
Land	\$ 3,245,829	\$ 3,206,703
Buildings and improvements	2,728,195	2,728,195
Equipment	279,032	273,013
Total capital assets	6,253,056	6,207,911
Accumulated depreciation	(1,624,001)	(1,514,149)
Capital assets, net	<u>\$ 4,629,055</u>	<u>\$ 4,693,762</u>

**Debt Outstanding**

At year-end, the Town had no debt outstanding which was the same as last year.

**OTHER FINANCIAL INFORMATION**

**Economic Factors and Rates**

- The estimated current unemployment rate for the Town was 2.8%, which is the approximate Union County rate.
- The estimated population for the Town in 2019 was 380 and is estimated to be approximately the same in 2020.

**Financial Contact**

The Town's financial statements are designed to present users (citizens, taxpayers, other interested parties, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town Clerk, at P.O. Box 150, Worthington Springs, Florida 32698.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash	\$ 138,573
Investments	1,669
Due from state	15,826
Prepaid expenses	4,619
<b>Total current assets</b>	<b>160,687</b>
Non-current assets:	
Capital assets, net	4,629,055
<b>Total non-current assets</b>	<b>4,629,055</b>
<b>Total assets</b>	<b>4,789,742</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	9,254
<b>Total current liabilities</b>	<b>9,254</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,629,055
Unrestricted	151,433
<b>Total net position</b>	<b>\$ 4,780,488</b>

See notes to financial statements



**TOWN OF WORTHINGTON SPRINGS, FLORIDA  
GOVERNMENTAL FUND**

**BALANCE SHEET  
September 30, 2019**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 138,573
Investments	1,669
Due from state	15,826
Prepaid expenses	4,619
<b>Total assets</b>	<b>160,687</b>
 <b>LIABILITIES</b>	
Accounts payable	9,254
<b>Total liabilities</b>	<b>9,254</b>
 <b>FUND BALANCES</b>	
Non-spendable- prepaids	4,619
Unassigned	146,814
<b>Total fund balances</b>	<b>151,433</b>
 <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,629,055
<b>Net position of governmental activities</b>	<b>\$ 4,780,488</b>

**TOWN OF WORTHINGTON SPRINGS**  
**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended September 30, 2019**

<b>REVENUES</b>	<u>General Fund</u>
Taxes	\$ 66,801
Franchise fees	21,072
Intergovernmental	48,339
Charges for services	4,575
Fines and forfeitures	181
Miscellaneous	3,481
<b>Total revenues</b>	<u><b>144,449</b></u>
<b>EXPENDITURES</b>	
Current Expenditures	
General government	100,381
Public safety	9,145
Transportation	19,377
Culture and recreation	8,434
Capital outlay	
General government	40,961
Culture and recreation	4,185
<b>Total expenditures</b>	<u><b>182,483</b></u>
<b>Deficit of revenues under expenditures</b>	<b>(38,034)</b>
Fund balances at beginning of year	<u>189,467</u>
Fund balances at end of year	<u><u>\$ 151,433</u></u>



**TOWN OF WORTHINGTON SPRINGS, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2019

Net change in fund balance - total governmental funds	\$	(38,034)
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.		
Expenditures for capital assets	\$	45,145
Less current year depreciation		<u>(109,852)</u>
		<u>(64,707)</u>
Change in net position of governmental activities	\$	<u>(102,741)</u>

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**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, 2019, 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**

**1. 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 Florida PRIME investment pool created by Sections 218.405 and 218.417, *Florida Statutes*, and those made locally.

## 2. Investments

### General Fund

As of September 30, 2019, the Town's general fund had the following investments and maturities:

Investment	Maturities	Fair Value
State Board of Administration Local Government Florida PRIME Investment Fund	37 Day Average	\$ 1,669
Total Investments		\$ 1,669

The Town's investment in Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2019, Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one- and three-month LIBOR. These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average of days to maturity of the Florida PRIME at September 30, 2019 is 51 days. The fair value of the Town's position in the pool approximates the value of the pool shares. At September 30, 2019, the Town had \$1,669 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://www.sbafla.com/prime/Audits/tabid/582Default.aspx>.

### Fair Value Measurements

In February 2015, GASB issued GASB Statement No. 72. GASB 72 applicability related to the application of fair value is limited to assets and liabilities that are currently measured at fair value and certain investments that are not currently measured at fair value.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2019, the Town's investment in the Florida PRIME investment pool is rated AAAM by Standard & Poors.

### Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poors U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in this Policy.

## **Interest Rate Risk**

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2019, is 35 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2019, is 85 days.

## **Foreign Currency Risk**

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2018 through September 30, 2019.

## **Securities Lending**

Florida PRIME did not participate in a securities lending program in the period October 1, 2018 through September 30, 2019.

## **Fair Value Hierarchy**

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore, participant account balances should be also reported at amortized cost.

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.

- E. 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.
- F. Fund Equity** - As of September 30, 2019, 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 Unassigned 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 Unassigned fund balance. Further, when the components of Unassigned 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, 2019, fund balances are composed of the following:

Nonspendable, prepaids	\$ 4,619
Unassigned	<u>146,814</u>
	<u>\$ 151,433</u>

- G. **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.
- H. **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:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 50
Machinery and equipment	5 - 15
Street and related infrastructure	20 - 40

- I. **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.
- J. **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 \$151,433 differs from “net position” of governmental activities \$4,780,488 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	\$ 6,253,056
Accumulated depreciation	<u>(1,624,001)</u>
Total	<u><u>\$ 4,629,055</u></u>



**TOWN OF WORTHINGTON SPRINGS, FLORIDA**

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

**A. Explanation of Differences Between the Government 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
<b>ASSETS</b>				
Cash	\$ 138,573		-	\$ 138,573
Investments	1,669		-	1,669
Due from state	15,826		-	15,826
Prepaid expenses	4,619			4,619
Capital assets - net	-	4,629,055	-	4,629,055
<b>Total assets</b>	<b>\$ 160,687</b>	<b>\$ 4,629,055</b>	<b>-</b>	<b>\$ 4,789,742</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 9,254	-	-	\$ 9,254
<b>Total liabilities</b>	<b>9,254</b>	<b>-</b>	<b>-</b>	<b>9,254</b>
<b>Fund balance/net position</b>	<b>151,433</b>	<b>4,629,055</b>	<b>-</b>	<b>4,780,488</b>
<b>Total liabilities and fund balances/net position</b>	<b>\$ 160,687</b>	<b>\$ 4,629,055</b>	<b>-</b>	<b>\$ 4,789,742</b>

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

The “net change in fund balances for the governmental fund \$(38,034) differs from the “change in net position” for governmental activities \$(102,741) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

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

Capital outlay	\$ 45,145
Depreciation expense	(109,852)
	<u>\$ (64,707)</u>

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**

**Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities**

	Governmental Fund	Capital Related Items	Long-Term Debt Transactions	Statement of Activities
<b>REVENUES</b>				
Taxes	\$ 66,801	\$ -	\$ -	\$ 66,801
Franchise fees	21,072	-	-	21,072
Intergovernmental	48,339	-	-	48,339
Charges for services	4,575	-	-	4,575
Fines and forfeitures	181	-	-	181
Miscellaneous	3,481	-	-	3,481
<b>Total revenues</b>	<u>144,449</u>	<u>-</u>	<u>-</u>	<u>144,449</u>
<b>EXPENDITURES</b>				
Current Charges				
General government	100,381	31,499	-	131,880
Capital outlay				
General government	40,961	(40,960)	-	1
Public safety	9,145	3,174	-	12,319
Transportation	19,377	36,016	-	55,393
Culture and recreation	8,434	39,163	-	47,597
Capital outlay				
Culture and recreation	4,185	(4,185)	-	-
	<u>182,483</u>	<u>64,707</u>	<u>-</u>	<u>247,190</u>
<b>Excess of revenues over (under) expenditures</b>	(38,034)	(64,707)	-	(102,741)
<b>Net change in fund balance</b>	(38,034)	(64,707)	-	(102,741)
<b>Fund balances at beginning of year</b>	189,467	4,796,762	-	4,986,229
<b>Fund balances at end of year</b>	<u>\$ 151,433</u>	<u>\$ 4,732,055</u>	<u>\$ -</u>	<u>\$ 4,780,747</u>

### **NOTE 3. LEGAL COMPLIANCE–BUDGETS**

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

1. Prior to September 1, the Town 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, 2019, the carrying amount of the Town's bank deposits was \$138,573. 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.

### **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 2018-2019 fiscal year were levied in October 2018 and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

## NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets:				
Land	\$ 3,206,703	\$ 39,126	\$ -	\$ 3,245,829
Buildings and improvements	739,935	-	-	739,935
Improvements other than buildings	1,988,260	-	-	1,988,260
Equipment	273,013	6,019	-	279,032
Total capital assets	6,207,911	45,145	-	6,253,056
Less accumulated depreciation	(1,514,149)	(109,852)	-	(1,624,001)
Governmental activities capital assets, net	\$ 4,693,762	\$ (64,707)	\$ -	\$ 4,629,055

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

Governmental activities:	
General government	\$ 31,499
Public safety	3,174
Transportation	36,016
Parks and recreation	39,163
	<u>\$ 109,852</u>

## 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 17, 2020, the date the financial statements were available to be issued.

## NOTE 10. EMPLOYEE HEALTH CARE

The Town does not provide paid health insurance for its employees and thus has no liability for post-employment benefits.

**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, 2019**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 68,965	\$ 66,801	\$ (2,164)
Franchise fees	19,300	21,072	1,772
Intergovernmental	32,158	48,339	16,181
Charges for services	6,000	4,575	(1,425)
Fines and forfeitures	700	181	(519)
Miscellaneous	1,350	3,481	2,131
<b>Total revenues</b>	<b>128,473</b>	<b>144,449</b>	<b>15,976</b>
<b>EXPENDITURES</b>			
Current			
General government	71,578	100,381	(28,803)
Public safety	8,700	9,145	(445)
Transportation	19,000	19,377	(377)
Culture and recreation	17,100	8,434	8,666
Capital outlay			
General government	6,200	40,961	(34,761)
Culture and recreation	3,000	4,185	(1,185)
<b>Total expenditures</b>	<b>125,578</b>	<b>182,483</b>	<b>(56,905)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>2,895</b>	<b>(38,034)</b>	<b>(40,929)</b>
<b>Fund balance at beginning of year</b>	<b>189,467</b>	<b>189,467</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ 192,362</b>	<b>\$ 151,433</b>	<b>\$ (40,929)</b>

**TOWN OF WORTHINGTON SPRINGS, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2019**

**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). Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

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

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

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

1. Prior to September 1, the Town Clerk 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.



## **OTHER INFORMATION**

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended September 30, 2019

GRANTOR/PROGRAM TITLE	CFDA #	Grant Number	Amount	Reported in Prior Years	Expenditures Recognized In Current Year
Federal Awards					
U.S. Department of Housing & Urban Development					
Passed through Florida Department of Economic Opportunity					
Community Development Block Grant	14.228	18DB-OM-03-73-02-N08	\$ 600,000	\$ 5,000	\$ 17,472

**TOWN OF WORTHINGTON SPRINGS, FLORIDA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended September 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards of the Town of Worthington Springs, Florida, (the "Town") have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards by Title 2 U.S. Code of Federal Regulations (CFR) Part 200.

**A. Reporting Entity**

The reporting entity consists of the Town of Worthington Springs, Florida. The Town includes a Schedule of Expenditures of Federal Awards in the Compliance Section for the purpose of additional analysis.

**B. Basis of Accounting**

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

The modified accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards. Under the modified accrual basis, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**C. Subrecipients**

The Schedule of Expenditures of Federal Awards is required to identify amounts passed through to subrecipients of grant funding. The Town did not have any subrecipients of grant funding in the current year.

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

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

We have audited the basic financial statements of the Town of Worthington Springs, Florida as of and for the year ended September 30, 2019, and have issued our report thereon dated June 17, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Town of Worthington Springs, Florida is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Worthington Springs, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Worthington Springs, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Worthington Springs, Florida's internal control over financial reporting.

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

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

**Finding 2014-1 (Excess of second preceding year)**

**Financial Statement Preparation**

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

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

#### **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 staff and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.***

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

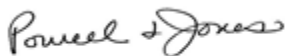
#### **Compliance and Other Matters**

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

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

#### **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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**POWELL & JONES**  
Certified Public Accountants  
June 17, 2019

## MANAGEMENT LETTER

To the 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, (the Town) as of and for the year ended September 30, 2019, and have issued our report thereon dated June 17, 2020. 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

The Town was not required to have an audit in the prior year; there were no prior year findings.

### CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

### AUDITOR GENERAL COMPLIANCE MATTERS

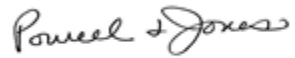
Financial Emergency Status – We have determined that the Town of Worthington Springs, Florida did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment – As required by the *Rules of the Auditor General*, (Sections 10.554(1)(l)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.

Annual Local Government Financial Report - The Financial Report filed with the Department of Our audit did not disclose any further items that would be required to be reported under *Rules of the Auditor General*, Chapter 10.5549(1)(f).

## **CONCLUSION**

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

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

## **POWELL & JONES**

Certified Public Accountants

June 17, 2020

## INDEPENDENT ACCOUNTANT'S REPORT

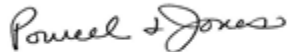
To the Honorable Mayor  
and Members of the Town Council  
Town of Worthington Springs, Florida

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, 2019. 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, 2019.

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 17, 2020



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

To the Mayor and Members of the City 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, 2019. 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 2019. 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 17, 2020.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Information in Documents Containing Audited Financial Statements

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

This information is intended solely for the use of the Mayor and Members of the Town Council and management of the Town of 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 17, 2020