

TOWN OF WORTHINGTON SPRINGS, FLORIDA
Annual Financial Report
For the Fiscal Year Ended September 30, 2023

TOWN OF WORTHINGTON SPRINGS, FLORIDA
Annual Financial Report
For the Fiscal Year Ended September 30, 2023
TABLE OF CONTENTS

	PAGE
List of Principal Officials	4
 FINANCIAL SECTION	
Independent Auditor's Report	6 - 8
Management's Discussion and Analysis	9 - 12
 Basic Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Governmental Fund Balance Sheet	16
Statement of Revenues, Expenditures and Changes in Fund Balance	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	18
Notes to Financial Statements	19 - 31
 REQUIRED SUPPLEMENTARY INFORMATION	
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	33
Notes to Required Supplementary Information	34
 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 <i>Government Auditing Standards</i>	36 - 37
Management Letter	38
Independent Accountant's Report	39
Communication with Those Charged with Governance	40 - 41
Schedule of Findings	42

INTRODUCTORY SECTION

TOWN OF WORTHINGTON SPRINGS, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2023

MAYOR

Joan Douglas

COUNCIL PRESIDENT

Ryan Clemons

COUNCIL MEMBERS

Priscilla Kirby

Nita Elixson

Travis Hemphill

Lee Hawkins

TOWN CLERK

Patricia Harrell

ATTORNEY

Niles B. Whitten

FINANCIAL SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, and major fund of the Town of Worthington Springs, Florida, (the Town) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund of the Town as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

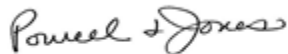
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 August 23, 2024, on our consideration of the Town'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's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
August 23, 2024

TOWN OF WORTHINGTON SPRINGS, FLORIDA
Management's Discussion and Analysis

The 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, 2023 and 2022 follows:

Net Position at September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and investments	\$ 269,328	\$ 257,500
Other current assets	-	2,298
Capital assets, net	<u>4,710,787</u>	<u>4,800,900</u>
Total assets	<u><u>4,980,115</u></u>	<u><u>5,060,698</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 4,877	\$ 5,832
Payroll Liabilities	426	590
Unearned revenue	-	<u>101,981</u>
Total liabilities	<u>5,303</u>	<u>108,403</u>
NET POSITION		
Invested in capital assets, net	4,710,787	4,800,900
Unrestricted	<u>264,025</u>	<u>151,395</u>
Total net position	<u><u>\$ 4,974,812</u></u>	<u><u>\$ 4,952,295</u></u>

95% 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.

The balance of unrestricted net assets \$264,025 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net assets. The decrease during the year through Governmental Activities net assets is due primarily to general government, and transportation expenses.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Years Ended September 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Revenues		
General revenues		
Taxes	\$ 64,348	\$ 56,390
Charges for services	10,085	9,525
Intergovernmental	46,320	45,400
Grant revenue	112,481	-
Fines and forfeitures	748	2,673
Miscellaneous revenue	7,109	5,803
Franchise fees	32,228	27,295
Total revenues	<u>273,319</u>	<u>147,086</u>
Expenses		
General government	106,349	130,094
Public safety	39,233	5,797
Transportation	85,750	96,979
Physical environment	4,657	5,785
Culture/recreation	14,813	47,658
Total expenses	<u>250,802</u>	<u>286,313</u>
Change in net position	22,517	(139,227)
Beginning net position	4,952,295	5,091,522
Ending net position	<u>\$ 4,974,812</u>	<u>\$ 4,952,295</u>

Governmental activities:

Taxes provide 24% of the revenues for Governmental Activities, while federal and state revenues provide 41%. Most of the Governmental Activities resources are spent for General Government (42%), Transportation (34%), and Public Safety (16%).

Budgetary Highlights

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

Capital Assets

At September 30, 2023, the Town had \$4,710,787 invested in capital assets, including fire equipment, park and recreation facilities, buildings, and streets.

Capital Assets at September 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Land	\$ 3,245,829	\$ 3,245,829
Construction in progress	11,322	-
Buildings and improvements	3,293,858	3,293,858
Equipment	383,295	348,846
Total capital assets	6,934,304	6,888,533
Accumulated depreciation	(2,223,517)	(2,087,633)
Capital assets, net	<u>\$ 4,710,787</u>	<u>\$ 4,800,900</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 4.4%, which is the approximate Union County rate.
- The estimated population for the Town in 2023 was 278 and is estimated to be approximately the same in 2023.

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
For the Fiscal Year Ended September 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 267,748
Investments	1,580
Total current assets	269,328
Non-current assets:	
Nondepreciable capital assets	3,257,151
Depreciable capital assets, net	1,453,636
Total non-current assets	4,710,787
Total assets	4,980,115
 LIABILITIES	
Current liabilities	
Accounts payable	\$ 4,877
Payroll liabilities	426
Total current liabilities	5,303
 NET POSITION	
Net investment in capital assets	4,710,787
Unrestricted	264,025
Total net position	\$ 4,974,812

See notes to financial statements.

TOWN OF WORTHINGTON SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net</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	\$ 106,349	\$ -	\$ 72,700	\$ 39,781	\$ 6,132
Public safety	39,233	-	-	-	(39,233)
Transportation	85,750	-	-	-	(85,750)
Culture and recreation	14,813	-	-	-	(14,813)
Total governmental activities	\$ 250,802	\$ -	\$ 72,700	\$ 39,781	\$ (138,321)
			General Revenues		
			Taxes	\$ 64,348	
			Franchise fees	32,228	
			Intergovernmental	46,320	
			Charges for services	10,085	
			Fines and forfeitures	748	
			Miscellaneous	7,109	
			Total general revenue	160,838	
			Change in net position	22,517	
			Net position at beginning	4,952,295	
			Net position at ending	\$ 4,974,812	

See notes to financial statements.

TOWN OF WORTHINGTON SPRINGS, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
For the Fiscal Year Ended September 30, 2023

	<u>General Fund</u>
ASSETS	
Cash	267,748
Investments	1,580
Total assets	269,328
 LIABILITIES	
Accounts payable	4,877
Payroll liabilities	426
Total liabilities	5,303
 FUND BALANCES	
Unassigned	264,025
Total fund balances	\$ 264,025

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.	4,710,787
Net position of governmental activities	\$ 4,974,812

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, 2023

REVENUES	<u>General Fund</u>
Taxes	\$ 64,348
Franchise fees	32,228
Federal and state grants	112,481
Intergovernmental	46,320
Charges for services	10,085
Fines and forfeitures	748
Miscellaneous	7,109
Total revenues	<u>273,319</u>
EXPENDITURES	
Current Expenditures	
General government	95,959
Physical environment	4,657
Public safety	3,484
Transportation	7,869
Culture and recreation	2,949
Capital outlay	
General government	45,771
Total expenditures	<u>160,689</u>
Excess of revenues over expenditures	112,630
Fund balances at beginning of year	<u>151,395</u>
Fund balances at end of year	<u>\$ 264,025</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, 2023

Net change in fund balance - total governmental funds	\$	112,630
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p style="margin-left: 20px;">Governmental funds report capital outlay as expenditures</p> <p style="margin-left: 20px;">However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Expenditures for capital assets		45,771
Less current year depreciation		(135,884)
		(90,113)
 Change in net position of governmental activities	 \$	 <u>22,517</u>

See notes to financial statements.

TOWN OF WORTHINGTON SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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.

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.

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 another 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 within 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 resource 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 deferred inflows. Because of their spending measurement focus, expenditure recognition for governmental fund types excludes 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 another 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.

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, 2023, the Town utilized the General Fund to record all of its financial transactions.

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, 2023, the Town's general fund had the following investments and maturities:

Investment	Maturities	Fair Value
State Board of Administration Local Governmnet Florida PRIME Investment Fund	38 day average	\$ 1,580
Total Investments		\$ 1,580

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, 2023, 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, 2023 is 38 days. The fair value of the Town's position in the pool approximates the value of the pool shares.

At September 30, 2023, the Town had \$1,580 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, 2023, 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, 2023, is 38 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2022 through September 30, 2023.

Securities Lending

Florida PRIME did not participate in a securities lending program in the period October 1, 2022 through September 30, 2023.

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.

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.

Fund Equity – As of September 30, 2023, 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, 2023, fund balances are composed of the following:

Unassigned	\$ 264,025
------------	------------

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.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, rights-of-way, 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 related infrastructure	20 - 40

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.

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 \$264,025 differs from “net position” of governmental activities \$4,974,812 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	\$ 6,934,304
Accumulated depreciation	(2,223,517)
	<u>\$ 4,710,787</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	Statement of Net position
ASSETS			
Cash	\$ 267,748	\$ -	\$ 267,748
Investments	1,580	-	1,580
Capital assets - net	-	4,710,787	4,710,787
Total assets	\$ 269,328	\$ 4,710,787	\$ 4,980,115
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,877	\$ -	\$ 4,877
Payroll liabilities	426	-	426
Total liabilities	5,303	-	5,303
Fund balance/net position	264,025	4,710,787	4,974,812
Total liabilities and fund balances/net position	\$ 269,328	\$ 4,710,787	\$ 4,980,115

See notes to financial statements.

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

The “net change in fund balances for the governmental fund of \$112,630 differs from the “change in net position” for governmental activities of \$22,517 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 the capital assets which 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	\$ 45,771
Depreciation expense	<u>(135,884)</u>
	<u>\$ (90,113)</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	Statement of Activities
REVENUES			
Taxes	\$ 64,348	\$ -	\$ 64,348
Franchise fees	32,228	-	32,228
Intergovernmental	46,320	-	46,320
Grant revenue	112,481	-	112,481
Charges for services	10,085	-	10,085
Fines and forfeitures	748	-	748
Miscellaneous	7,109	-	7,109
Total revenues	273,319	-	273,319
EXPENDITURES			
Current Charges			
General government	95,959	10,390	106,349
Physical environment	4,657	-	4,657
Public Safety	3,484	35,749	39,233
Transportation	7,869	77,881	85,750
Culture and recreation	2,949	11,864	14,813
Capital outlay			
General government	45,771	(45,771)	-
Total expenditures	160,689	90,113	250,802
Excess of revenues over (under) expenditures	112,630	(90,113)	22,517
Fund balances at beginning of year (restated)	151,395	4,800,900	4,952,295
Fund balances at end of year	\$ 264,025	\$ 4,710,787	\$ 4,974,812

See notes to financial statements.

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, 2023, the carrying amount of the Town's bank deposits was \$267,131. All deposits with financial institutions were 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 value for all property is established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2022-2023 fiscal year were levied in October 2022 and collected by 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, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not depreciable:				
Land	\$ 3,245,829	\$ -	\$ -	\$ 3,245,829
Construction in progress	-	11,322	-	11,322
Total capital assets not depreciable:	3,245,829	11,322	-	3,257,151
Capital assets depreciable:				
Buildings and improvements	739,935	-	-	739,935
Improvements other than buildings	2,553,923	-	-	2,553,923
Equipment	348,846	34,449	-	383,295
Total capital assets depreciable:	3,642,704	34,449	-	3,677,153
Total capital assets	6,888,533	45,771	-	6,934,304
Less accumulated depreciation	(2,087,633)	(135,884)	-	(2,223,517)
Governmental activities capital assets, net	<u>\$ 4,800,900</u>	<u>\$ (90,113)</u>	<u>\$ -</u>	<u>\$ 4,710,787</u>

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

Governmental activities:	
General government	10,390
Public safety	35,749
Transportation	77,881
Parks and recreation	11,864
	<u>\$ 135,884</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 August 23, 2024, 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, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 48,266	\$ 64,348	\$ 16,082
Franchise fees	26,300	32,228	5,928
Federal and state grants	702,146	112,481	(589,665)
Intergovernmental	36,730	46,320	9,590
Charges for services	8,000	10,085	2,085
Fines and forfeitures	1,000	748	(252)
Miscellaneous	1,350	7,109	5,759
Total revenues	<u>823,792</u>	<u>273,319</u>	<u>(550,473)</u>
EXPENDITURES			
Current			
General government	94,111	95,959	(1,848)
Physical Environment	5,784	4,657	1,127
Public safety	3,200	3,484	(284)
Transportation	7,000	7,869	(869)
Culture and recreation	15,321	2,949	12,372
Capital outlay			
General government	-	45,771	(45,771)
Total expenditures	<u>125,416</u>	<u>160,689</u>	<u>(35,273)</u>
Excess of revenues over expenditures	698,376	112,630	(585,746)
Fund balance at beginning of year	151,395	151,395	-
Fund balance at end of year	<u>\$ 849,771</u>	<u>\$ 264,025</u>	<u>\$ (585,746)</u>

TOWN OF WORTHINGTON SPRINGS, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2023

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.

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 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, 2023, and have issued our report thereon dated August 23, 2024. 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. *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 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, material weaknesses may exist that have not been identified. We did identify the following deficiency in internal control, described in the accompanying schedule of audit findings as item 2014—1, that we consider to be a significant deficiency.

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 and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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 and JONES CPA
Lake City, Florida
August 23, 2024

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, 2023, and have issued our report thereon dated August 23, 2024. 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 year, applicable to the management letter.

AUDITOR GENERAL COMPLIANCE MATTERS

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.

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

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 provide them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year's audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



POWELL and JONES CPA
Lake City, Florida
August 23, 2024

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

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, 2023. 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, 2023.

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 and Jones CPA
Lake City, Florida
August 23, 2024

Communication with Those Charged with Governance

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 for the year ended September 30, 2023. 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 2023. 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 August 23, 2024.

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

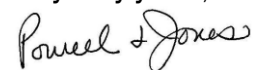
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

Lake City, Florida

August 23, 2024

SCHEDULE OF FINDINGS

CURRENT YEAR FINDINGS

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 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.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ competent bookkeepers 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.