

ANNUAL FINANCIAL REPORT

Town of Eatonville, Florida

For the Fiscal Year Ended September 30, 2024



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**TOWN OF
EATONVILLE
ELECTED OFFICIALS**



ANGIE GARDNER

MAYOR



THEODORE WASHINGTON

(VICE-MAYOR) SEAT 2



RODNEY DANIELS

SEAT 3



TARUS MACK

SEAT 4



WANDA RANDOLPH

SEAT 5

DRAFT



THIS WATER TOWER SERVES AS A
BEACON TO LET ALL KNOW THAT
EATONVILLE, FLORIDA WAS THE
FIRST MUNICIPALITY WITHIN THE
UNITED STATES TO BE INCORPORATED
BY FAMILIES OF NEWLY FREED SLAVES.

INCORPORATED ON AUGUST 18, 1887,
"THIS IS THE TOWN THAT FREEDOM BUILT",

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**INDEPENDENT AUDITOR'S
REPORT**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Council
Town of Eatonville, Florida

Opinions

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 Eatonville, Florida (hereafter the Town) as of and for the year ended September 30, 2024, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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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 the 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 the 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 required supplementary information, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The enterprise fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 enterprise fund budgetary comparison schedules are 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 **DATE**, on our consideration of the Town of Eatonville, 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 solely 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 the effectiveness of the Town of Eatonville, Florida's 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 Eatonville, Florida's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida

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**MANAGEMENT'S DISCUSSION
&
ANALYSIS (MD&A)**

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Management's Discussion and Analysis

As the Administration of the Town of Eatonville, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended September 30, 2024. Please read our discussion and analysis of the Town's financial activities for the year ended September 30, 2024, in conjunction with the Town's basic financial statements, which immediately follow the discussion.

Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,146,138 (*net position*). The Town's total net position decreased by \$714,911 during fiscal year 2024, including a \$646,289 decrease in business-type activities and a \$68,622 decrease in governmental activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the Town assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information that demonstrates how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the Town include general government, human services, public safety, community redevelopment, physical environment, economic development, and culture and recreation. The business-type activities of the Town include water and sewer, solid waste and stormwater operations.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate Community Redevelopment Agency (CRA), for which the Town is financially accountable. The CRA, although a legally separate entity, functions for all practical purposes as a department of the Town and, therefore, has been included as an integral part of the primary government.

The Town's government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Fund. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains the following two individual governmental funds: General Fund and Community Redevelopment Agency Fund. Information is presented separately in the governmental fund balance sheet, and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. The Town adopts an annual appropriated budget for its enterprise funds and its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget. The basic governmental funds' financial statements can be found on pages 15-18 of this report.

Proprietary Funds. The Town maintains three enterprise funds, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer, solid waste, and stormwater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for the water and sewer, solid waste, and stormwater operations. The basic proprietary funds' financial statements can be found on pages 19-21 of this report.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are for the Police Pension Trust Fund and can be found on pages 22-23 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-55 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the Town's General Fund's and Community Redevelopment Agency Fund's budget compliance and schedules of changes in the net pension asset and schedules of contributions related to the Town of Eatonville Municipal Police Officers' Retirement Trust Fund (the Plan). Required supplementary information can be found on pages 56-60 of this report.

Additional budgetary information is presented immediately following the required supplementary information and can be found on pages 61-63 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets plus deferred outflows of resources exceeded liabilities and deferred inflows by \$14,146,138 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net Position found on page 13 of this report.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 7,004,593	\$ 6,894,733	\$ (891,268)	\$ (532,384)	\$ 6,113,325	\$ 6,362,349
Capital assets	6,563,360	6,296,091	6,851,362	7,142,317	13,414,722	13,438,408
Total assets	13,567,953	13,190,824	5,960,094	6,609,933	19,528,047	19,800,757
Deferred outflows of resources	51,395	203,940	-	-	51,395	203,940
Liabilities						
Other liabilities	178,564	256,176	1,246,140	1,167,210	1,424,704	1,423,386
Long-term liabilities	697,237	643,921	1,791,757	1,874,237	2,488,994	2,518,158
Total liabilities	875,801	900,097	3,037,897	3,041,447	3,913,698	3,941,544
Deferred inflows of resources	1,519,606	1,202,104	-	-	1,519,606	1,202,104
Net Position						
Net investment in capital assets	5,984,222	5,760,839	5,069,614	5,278,674	11,053,836	11,039,513
Restricted	1,462,590	1,050,828	-	-	1,462,590	1,050,828
Unrestricted (deficit)	3,777,129	4,480,896	(2,147,417)	(1,710,188)	1,629,712	2,770,708
Total net position	\$ 11,223,941	\$ 11,292,563	\$ 2,922,197	\$ 3,568,486	\$ 14,146,138	\$ 14,861,049

By far the largest portion of the Town's net position, \$11,053,836 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$1,462,590 of the Town's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the Town reported a negative unrestricted net position in the business-type activities of \$2,147,417 and positive balances in all other categories of net position for both the governmental activities and business-type activities.

Governmental Activities. Total assets and deferred outflows increased \$224,584 (2%) from the prior year, while total liabilities and deferred inflows increased \$293,206 (22%) from the prior year. Key elements of these changes are as follows:

- The net pension asset increased \$568,142 and deferred outflows related to pensions decreased \$152,545, while deferred inflows related to pensions increased \$317,502. These changes are primarily due to a change in actuarial assumptions and expected to actual experience (see detailed discussion of the pension plan on pages 56-60 of this report).
- Capital assets increased \$267,269, \$418,212 of which was current year accumulated depreciation, offset by \$554,437 in capital asset additions.
- Long-term liabilities increased due to addition of capital lease of \$ 131,044 and \$85,109 of regular payments on notes and capital leases.

Business-type Activities. Total assets decreased \$649,839 (10%) from the prior year while total liabilities decreased \$3,550 (1%) from the prior year. Key elements of these changes are as follows:

- Capital assets decreased \$290,955, primarily due to current year additions of \$136,765, offset with accumulated depreciation increase of \$427,720.
- Internal balances of amounts due to the general fund increased \$339,212.

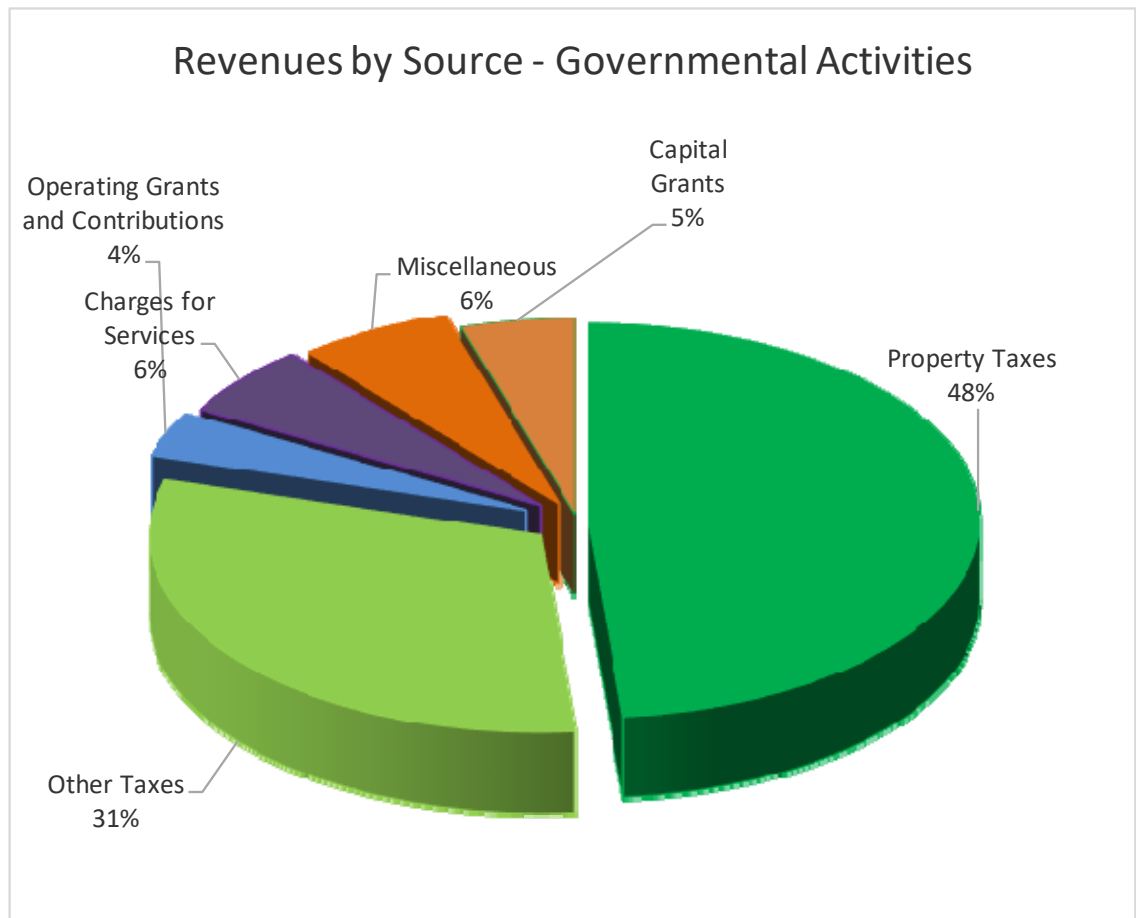
The following schedule is a summary of the Statement of Activities on **page 14** of this report.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for Services	\$ 310,476	\$ 490,858	\$ 1,403,171	\$ 1,631,077	\$ 1,713,647	\$ 2,121,935
Operating grants and contributions	192,425	264,320	-	-	192,425	264,320
Capital grants and contributions	250,000	-	-	-	250,000	-
General revenues						
Property taxes	2,579,818	2,284,193	-	-	2,579,818	2,284,193
Other taxes	1,642,219	1,657,234	-	-	1,642,219	1,657,234
Other revenues	334,810	437,232	-	-	334,810	437,232
Total revenues	5,548,015	5,133,837	1,403,171	1,631,077	6,951,186	6,764,914
Expenses						
General government	2,728,572	2,219,641	-	-	2,728,572	2,219,641
Public safety	2,166,509	1,718,556	-	-	2,166,509	1,718,556
Physical environment	543,729	371,184	-	-	543,729	371,184
Economic environment	8,176	6,541	-	-	8,176	6,541
Human services	500	500	-	-	500	500
Culture and recreation	96,976	90,650	-	-	96,976	90,650
Interest on long-term debt	17,175	11,492	-	-	17,175	11,492
Water and sewer	-	-	1,519,102	1,333,017	1,519,102	1,333,017
Solid waste	-	-	432,422	317,673	432,422	317,673
Stormwater	-	-	152,936	146,297	152,936	146,297
Total expenses	5,561,637	4,418,564	2,104,460	1,796,987	7,666,097	6,215,551
Increase (decrease) in net position before transfers	(13,622)	715,273	(701,289)	(165,910)	(714,911)	549,363
Transfers	(55,000)	(55,000)	55,000	55,000	-	-
Change in net position	(68,622)	660,273	(646,289)	(110,910)	(714,911)	549,363
Net position - beginning	11,292,563	10,632,290	3,568,486	3,679,396	14,861,049	14,311,686
Net position - ending	\$ 11,223,941	\$ 11,292,563	\$ 2,922,197	\$ 3,568,486	\$ 14,146,138	\$ 14,861,049

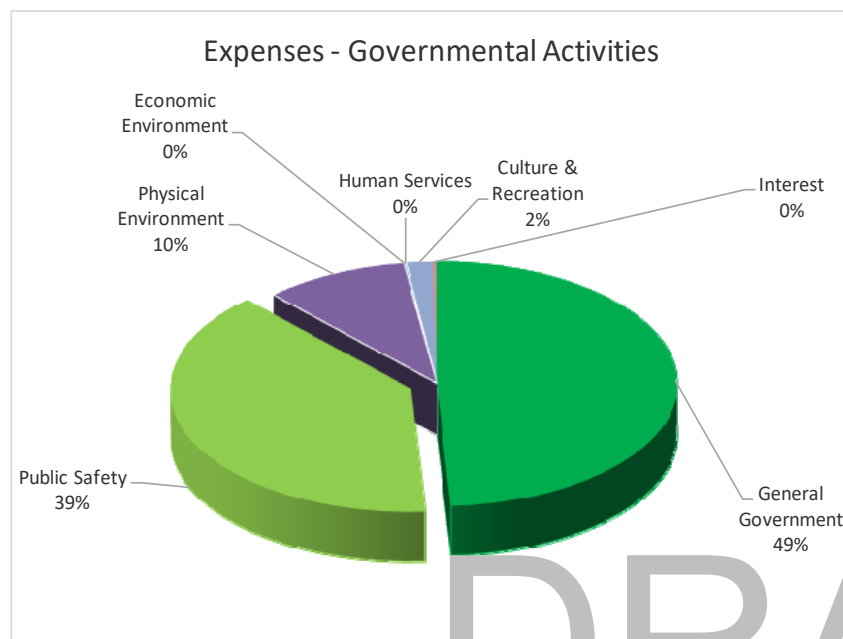
Governmental Activities. Governmental activities decreased net position by \$68,622, compared to an increase of \$660,273 in the prior year. Key elements of changes as a result of activities are as follows:

- General government expenses increased \$508,931 (23%) primarily as a result of an increase in salary and wages and contractual services.
- Public safety expenses increased \$447,953 (26%) primarily because of hiring of new police officers, health insurance premium increased and contractual service.
- Capital grants and contributions increased \$250,000 primarily due to new grant received for the CRA.

The following chart shows the composition of revenues for the Town's governmental activities.

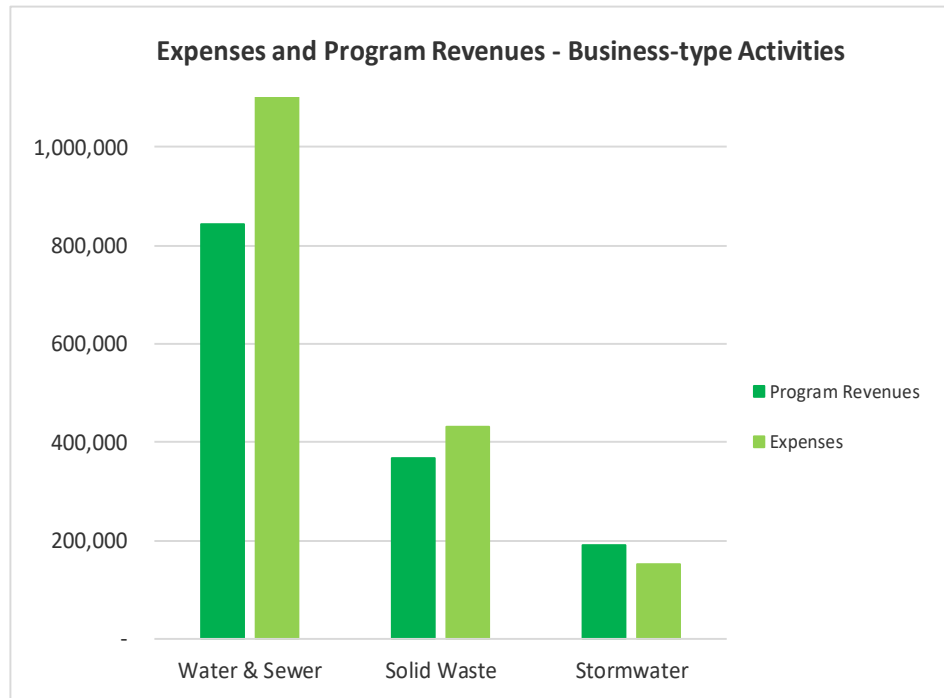


The following chart shows the Town's expenses by category.



Business-type Activities. Business-type activities increased net position by \$646,289, compared to a decrease of \$110,910 in the prior year.

The following chart compares expenses and program revenues for the Town's business-type activities.



Financial Analysis of the Town of Eatonville's Funds. As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with the legal requirements for financially related matters.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,021,366, a decrease of \$292,211 for the year. Approximately 69% (\$3,451,498) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is classified as non-spendable (\$107,278), and restricted (\$1,462,590).

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town reported a positive fund balance of \$3,558,776 for the General Fund, a decrease of \$703,973 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. As of September 30, 2024, the General Fund's unassigned fund balance represents 62% of total General Fund expenditures.

The fund balance of the Town's CRA Fund increased \$411,762 from the prior year to \$1,462,590. Operating costs of \$221,632 within the CRA fell below revenue sources of \$633,394.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net deficit of the Water and Sewer, Solid Waste and Stormwater Funds at the end of the year amounted to \$2,147,417 with an unrestricted \$4,106,178 deficit in the Water and Sewer Fund offsetting positive balances in the other funds. The Water and Sewer and Solid Waste funds decreased net position and the Stormwater fund increased net positions by (\$620,300), (\$64,853) and \$38,864, respectively.

The Town intends to rebuild the net position of the Water and Sewer Fund through a change to the utility rate structure and increases in overall utility rates going into effect in fiscal year 2025. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights. During the year, there were \$5,077,843 budgeted expenditures, which were less than actual expenditures by \$485,752 as shown below.

Expenditures	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
General government	\$ 2,235,569	\$ 2,235,569	\$ 2,323,645	\$ (88,076)
Public safety	2,200,006	2,200,006	2,112,069	87,937
Physical environment	299,391	299,391	421,680	(122,289)
Economic environment	8,446	8,446	8,176	270
Human services	17,655	17,655	500	17,155
Culture/recreation	92,776	92,776	56,079	36,697
Capital outlay	130,000	130,000	669,606	(539,606)
Debt service:				
Principal	59,500	59,500	85,109	(25,609)
Interest	34,500	34,500	17,775	16,725
Total expenditures	\$ 5,077,843	\$ 5,077,843	\$ 5,694,639	\$ (616,796)

Capital Asset and Debt Administration

Long-term Debt. At the end of the current fiscal year, the Town had \$2,488,994 in total long-term debt outstanding. Of this amount, \$475,995 consists of a loan, and the related premium, through the Florida Municipal Loan Council; \$1,521,553 consists of State Revolving Fund loans; \$106,835 consists of lease liabilities; and the remainder consists of revenue bonds of \$260,195.

The State Revolving Fund loans with the State of Florida Department of Environmental Protection are for wastewater facilities improvement projects, with initial draws occurring in fiscal year 2013. Repayments for one of the loans began in fiscal year 2017 and repayments on the second loan began in fiscal year 2018.

Additional information on the Town's long-term liabilities can be found in Note 2, pages 44-47 of this report.

Capital Assets. The Town's capital assets for its governmental and business-type activities as of September 30, 2024 amounted to \$13,414,722 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, improvements, machinery and equipment, and recreational facilities. Additional information on the Town's capital assets can be found in Note 2 on pages 42-43 of this report.

Economic Factor. General economic conditions are increasingly positive in recent years. Although the Town's fund balances and cash flows are well below desired levels, recent development has begun on a major planned development project in the Town that will increase tax revenue and help add stability to the General Fund. In addition to development by external sources, the Town has been awarded some major infrastructure grants that will be beneficial to the Capital Improvement Programs associated with Water and Sewer Utilities which will strengthen the utility and add stability also.

Requests for Information. This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Eatonville, 307 Kennedy Blvd., Eatonville, Florida, 32751.

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BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present financial information about the reporting government as a whole. The fund financial statements present financial information about major funds individually and non-major funds in the aggregate. The notes to the financial statements present information essential for a fair presentation of the financial statements not displayed on the face of the financial statements.

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Town of Eatonville, Florida
Statement of Net Position

September 30, 2024	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,445,334	\$ 1,111,972	\$ 3,557,306
Accounts receivable, net	257,915	213,348	471,263
Leases receivable	1,159,338	-	1,159,338
Due from other governments	72,656	-	72,656
Prepaid items and other assets	110,970	-	110,970
Internal balances	2,216,588	(2,216,588)	-
Net pension asset	741,792	-	741,792
Capital assets net of accumulated depreciation:			
Nondepreciable	1,014,679	2,500	1,017,179
Depreciable	5,548,681	6,848,862	12,397,543
Total assets	\$ 13,567,953	\$ 5,960,094	\$ 19,528,047
Deferred Outflows of Resources			
Deferred outflows related to pensions	\$ 51,395	\$ -	\$ 51,395
Total deferred outflows of resources	\$ 51,395	\$ -	\$ 51,395
Liabilities			
Accounts payable	\$ 7,867	\$ 102,143	\$ 110,010
Accrued liabilities	91,859	184,186	276,045
Unearned revenues	28,314	860,309	888,623
Other liabilities	50,524	-	50,524
Customer deposits	-	99,502	99,502
Long-term liabilities:			
Due within one year	172,305	81,953	254,258
Due in more than one year	524,932	1,709,804	2,234,736
Total liabilities	\$ 875,801	\$ 3,037,897	\$ 3,913,698
Deferred Inflows of Resources			
Deferred inflows related to leases	\$ 1,066,547	\$ -	\$ 1,066,547
Deferred inflows related to pensions	453,059	-	453,059
Total deferred inflows of resources	\$ 1,519,606	\$ -	\$ 1,519,606
Net Position			
Net investment in capital assets	\$ 5,984,222	\$ 5,069,614	\$ 11,053,836
Restricted for:			
Economic environment	1,462,590	-	1,462,590
Unrestricted (deficit)	3,777,129	(2,147,417)	1,629,712
Total net position	\$ 11,223,941	\$ 2,922,197	\$ 14,146,138

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Town of Eatonville, Florida Statement of Activities

For the year ended September 30, 2024					Net (Expense) Revenue and Changes in Net Position		
Program Revenues					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,728,572	227,336	\$ 151,003	250,000	\$ (2,100,233)	\$ -	\$ (2,100,233)
Public safety	2,166,509	83,140	41,422	-	(2,041,947)	-	(2,041,947)
Physical environment	543,729	-	-	-	(543,729)	-	(543,729)
Economic environment	8,176	-	-	-	(8,176)	-	(8,176)
Human services	500	-	-	-	(500)	-	(500)
Culture/recreation	96,976	-	-	-	(96,976)	-	(96,976)
Interest on long-term debt	17,175	-	-	-	(17,175)	-	(17,175)
Total governmental activities	5,561,637	310,476	192,425	250,000	(4,808,736)	-	(4,808,736)
Business-type activities:							
Water and sewer	1,519,102	843,802	-	-	-	(675,300)	(675,300)
Solid waste	432,422	367,569	-	-	-	(64,853)	(64,853)
Stormwater	152,936	191,800	-	-	-	38,864	38,864
Total business-type activities	2,104,460	1,403,171	-	-	-	(701,289)	(701,289)
Total primary government	\$ 7,666,097	\$ 1,713,647	\$ 192,425	\$ 250,000	(4,808,736)	(701,289)	(5,510,025)
General revenues:							
Property taxes					2,579,818	-	2,579,818
Franchise fees based on gross receipts					462,344	-	462,344
Sales taxes					449,508	-	449,508
Utility service taxes					730,367	-	730,367
Miscellaneous and other taxes					261,166	-	261,166
Unrestricted investment earnings					73,644	-	73,644
Insurance recovery					238,267	-	238,267
Transfers, net					(55,000)	55,000	-
Total general revenues and transfers					4,740,114	55,000	4,795,114
Change in net position					(68,622)	(646,289)	(714,911)
Net position, beginning of year					11,292,563	3,568,486	14,861,049
Net position, end of year					\$ 11,223,941	\$ 2,922,197	\$ 14,146,138

The notes to the financial statements are an integral part of this statement.

Town of Eatonville, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2024</i>	General	Community Redevelopment Agency	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 973,146	\$ 1,472,188	\$ 2,445,334
Accounts receivable, net	257,915	-	257,915
Leases receivable	1,159,338	-	1,159,338
Due from other funds	2,542,555	-	2,542,555
Due from other governments	72,656	-	72,656
Prepaid items	107,278	-	107,278
Total assets	\$ 5,112,888	\$ 1,472,188	\$ 6,585,076
Liabilities			
Liabilities			
Accounts payable	\$ 5,959	\$ 1,908	\$ 7,867
Accrued liabilities	84,491	-	84,491
Unearned revenue	28,314	-	28,314
Due to other funds	318,277	7,690	325,967
Other liabilities	50,524	-	50,524
Total liabilities	487,565	9,598	497,163
Deferred Inflows of Resources			
Deferred inflows-leases	1,066,547	-	1,066,547
Total deferred inflows of resources	1,066,547	-	1,066,547
Fund balances			
Nonspendable			
Prepaid items	107,278	-	107,278
Restricted for			
Community Redevelopment Agency	-	1,462,590	1,462,590
Unassigned	3,451,498	-	3,451,498
Total fund balances	3,558,776	1,462,590	5,021,366
Total liabilities, deferred inflows of resources and fund balance	\$ 5,112,888	\$ 1,472,188	\$ 6,585,076

Town of Eatonville, Florida

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2024

Total fund balances - governmental funds	\$	5,021,366
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	13,405,515		
Less accumulated depreciation and amortization	<u>(6,842,155)</u>		6,563,360

Net pension asset included in total assets is not available to pay current expenditures and, therefore, is not reported in the funds.		741,792
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Governmental funds record bond insurance costs as expenditures when these costs are first incurred. Unamortized bond insurance costs for prepayment of insurance must be included as a prepaid item in the government-wide statements.		3,692
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Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	(460,000)		
Unamortized premium	(15,995)		
Lease liabilities	(106,835)		
Compensated absences	(114,407)		
Accrued interest on long-term debt	<u>(7,368)</u>		(704,605)

Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		51,395
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Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		<u>(453,059)</u>
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Net position of governmental activities	\$	<u>11,223,941</u>
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Town of Eatonville, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

<i>For the year ended September 30, 2024</i>	General	Community Redevelopment Agency	Total Governmental Funds
Revenue			
Ad valorem taxes	\$ 2,229,318	\$ 350,500	\$ 2,579,818
Utility taxes	730,367	-	730,367
Franchise fees	462,344	-	462,344
Sales tax	449,508	-	449,508
Intergovernmental revenues	192,425	250,000	442,425
Licenses and permits	186,560	-	186,560
Charges for services	117,064	-	117,064
Fines and forfeitures	6,852	-	6,852
Interest income	45,660	27,984	73,644
Rental and other income	256,257	4,910	261,167
Total revenues	4,676,355	633,394	5,309,749
Expenditures			
Current			
General government	2,323,645	193,281	2,516,926
Public safety	2,112,069	-	2,112,069
Physical environment	421,680	-	421,680
Economic environment	8,176	-	8,176
Human services	500	-	500
Culture/recreation	56,079	12,476	68,555
Capital outlay	669,606	15,875	685,481
Debt service:			
Principal	85,109	-	85,109
Interest and other related charges	17,775	-	17,775
Total expenditures	5,694,639	221,632	5,916,271
Excess (deficiency) of revenues over (under) expenditures	(1,018,284)	411,762	(606,522)
Other Financing Sources (Uses)			
Lease proceeds	131,044	-	131,044
Insurance recovery	238,267	-	238,267
Transfers out	(55,000)	-	(55,000)
Total other financing sources (uses)	314,311	-	314,311
Net change in fund balances	(703,973)	411,762	(292,211)
Fund balance, beginning of year	4,262,749	1,050,828	5,313,577
Fund balance, end of year	\$ 3,558,776	\$ 1,462,590	\$ 5,021,366

The notes to the financial statements are an integral part of this statement.

Town of Eatonville, Florida
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement of Activities

For the year ended September 30, 2024

2024

Net change in fund balances - total governmental funds **\$ (292,211)**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlay (\$554,437) exceeded depreciation (\$418,212) in the current period. **267,269**

Issuance of capital leases is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. **(131,044)**

Repayment of note principal and lease liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. **85,109**

Insurance for governmental debt is recorded as an expenditure in the governmental funds. However, in the government-wide statements, this insurance is recorded as a prepaid item and amortized over the life of the policy. **(615)**

Some expenses reported in the statement of activities do not provide (or do not require) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(Increase) in compensated absences payable	(10,046)	
Decrease in unamortized premium	2,664	
Decrease in accrued interest on long-term debt	600	(6,782)

Pension expense is reported in the Statement of Activities, which differs from pension expenditures as reported in governmental funds.

Increase in net pension asset	568,142	
Decrease in deferred outflows related to pensions	(152,545)	
Decrease in deferred inflows related to pensions	(405,945)	9,652

Change in net position of governmental activities **\$ (68,622)**

Town of Eatonville, Florida
Statement of Net Position -
Proprietary Funds

<i>September 30, 2024</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,111,972	\$ -	\$ -	\$ 1,111,972
Accounts receivable, net	115,765	66,389	31,194	213,348
Total current assets	1,227,737	66,389	31,194	1,325,320
Noncurrent assets				
Due from other funds	-	912,882	1,106,890	2,019,772
Capital assets				
Capital assets not being depreciated				
Land	2,500	-	-	2,500
Total non-depreciable capital assets	2,500	-	-	2,500
Capital assets being depreciated				
Buildings and improvements	11,924,980	-	-	11,924,980
Equipment	276,444	-	153,387	429,831
Total depreciable assets	12,201,424	-	153,387	12,354,811
Less accumulated depreciation	(5,392,989)	-	(112,960)	(5,505,949)
Total depreciable capital assets, net of accumulated depreciation	6,808,435	-	40,427	6,848,862
Total noncurrent assets	6,810,935	912,882	1,147,317	8,871,134
Total assets	\$ 8,038,672	\$ 979,271	\$ 1,178,511	\$ 10,196,454
Liabilities				
Current liabilities				
Accounts payable	\$ 95,966	\$ -	\$ 6,177	\$ 102,143
Accrued liabilities	35,830	127,012	21,344	184,186
Unearned revenues	860,309	-	-	860,309
Current portion of notes payable	72,289	-	-	72,289
Current portion of compensated absences	5,948	-	3,716	9,664
Customer deposits	99,502	-	-	99,502
Total current liabilities	1,169,844	127,012	31,237	1,328,093
Noncurrent liabilities				
Due to other funds	4,236,360	-	-	4,236,360
Compensated absences	-	-	345	345
Notes payable	1,709,459	-	-	1,709,459
Total noncurrent liabilities	5,945,819	-	345	5,946,164
Total liabilities	7,115,663	127,012	31,582	7,274,257
Net Position				
Net investment in capital assets	5,029,187	-	40,427	5,069,614
Unrestricted (deficit)	(4,106,178)	852,259	1,106,502	(2,147,417)
Total net position	\$ 923,009	\$ 852,259	\$ 1,146,929	\$ 2,922,197

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Town of Eatonville, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds

<i>For the year ended September 30, 2024</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
Operating Revenues				
Charges for services	\$ 843,802	\$ 367,569	\$ 191,800	\$ 1,403,171
Total operating revenues	843,802	367,569	191,800	1,403,171
Operating Expenses				
Personnel services	328,260	-	118,390	446,650
Operating	794,603	432,422	33,373	1,260,398
Depreciation expense	396,239	-	1,173	397,412
Total operating expenses	1,519,102	432,422	152,936	2,104,460
Operating income (loss)	(675,300)	(64,853)	38,864	(701,289)
Operating income (loss) before contributions and transfers	(675,300)	(64,853)	38,864	(701,289)
Transfers in	55,000	-	-	55,000
Change in net position	(620,300)	(64,853)	38,864	(646,289)
Net position - beginning of year	1,543,309	917,112	1,108,065	3,568,486
Net position - end of year	\$ 923,009	\$ 852,259	\$ 1,146,929	\$ 2,922,197

Town of Eatonville, Florida
Statement of Cash Flows -
Proprietary Funds

<i>For the year ended September 30, 2024</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
Operating Activities				
Cash received from customers	\$ 828,985	\$ 366,009	\$ 191,033	\$ 1,386,027
Cash payments to suppliers for goods and services	(714,230)	(432,421)	(28,823)	(1,175,474)
Cash payments to employees for services	(329,317)	-	(118,390)	(447,707)
Net cash provided by (used in) operating activities	(214,562)	(66,412)	43,820	(237,154)
Noncapital Financing Activities				
Borrowings from other funds	411,823	-	-	411,823
Loans and reimbursements to other funds	-	66,412	(134,289)	(67,877)
Transfers in from other funds	55,000	-	-	55,000
Net cash provided by (used in) noncapital financing activities	466,823	66,412	(134,289)	398,946
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(92,357)	-	(14,100)	(106,457)
Principal paid on notes payable	(81,895)	-	-	(81,895)
Net cash used in capital and related financing activities	(174,252)	-	(14,100)	(188,352)
Net increase (decrease) in cash and cash equivalents	78,009	-	(104,569)	(26,560)
Cash and cash equivalents, beginning of year	1,033,963	-	104,569	1,138,532
Cash and cash equivalents, end of year	\$ 1,111,972	\$ -	\$ -	\$ 1,111,972
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss) before contributions	\$ (675,300)	\$ (64,853)	\$ 38,864	\$ (701,289)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	396,239	-	1,173	397,412
Change in assets and liabilities				
Accounts receivable	(9,295)	(1,559)	(767)	(11,621)
Accounts payable	80,373	-	2,749	83,122
Accrued liabilities	22	-	1,307	1,329
Customer deposits	(5,522)	-	-	(5,522)
Compensated absences	(1,079)	-	494	(585)
Total adjustments	460,738	(1,559)	4,956	464,135
Net cash provided by (used in) operating activities	\$ (214,562)	\$ (66,412)	\$ 43,820	\$ (237,154)

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Town of Eatonville, Florida
Statement of Fiduciary Net Position -
Fiduciary Fund

<i>September 30, 2024</i>	Police Pension Trust Fund
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Assets	
Money market mutual funds	\$ 82,362
Investments, at fair value	2,957,896
Accrued interest and dividends	7,075
Accounts receivable	1,622
<hr/>	
Total assets	3,048,955
<hr/>	
Net Position	
Restricted for pension benefits	\$ 3,048,955
<hr/>	

Town of Eatonville, Florida
Statement of Changes in Fiduciary Net Position -
Fiduciary Fund

<i>September 30, 2024</i>	Police Pensions Trust Fund
Additions	
Contributions	
Plan members	\$ 41,816
Total contributions	41,816
Investment earnings	
Interest	73,088
Unrealized gains on investments	563,259
Investment income, net of investment expense	116,575
Total investment earnings	752,922
Total additions	794,738
Deductions	
Benefit payments including refunds of contributions	67,288
Administrative expenses	9,868
Total deductions	77,156
Change in net position	717,582
Net position restricted for pension benefits, beginning of year	2,331,373
Net position restricted for pension benefits, end of year	\$ 3,048,955

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**NOTES TO THE
FINANCIAL STATEMENTS**

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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Eatonville, Florida (the Town) was first incorporated on August 18, 1887. The Town was subsequently abolished and simultaneously recreated on June 14, 1967 under the Laws of Florida Chapter 67-1361 House Bill No. 876. Situated on the northeast corner of Orange County, approximately 10 miles north of Orlando, Eatonville is popularly known as *“The first municipality in the United States of America incorporated by persons of African-American descent.”* The Town operates under a Mayor and Council form of government and provides the following services as authorized by its charter: general government, public safety, public works, culture, recreation, and water works.

The Town maintains its accounting in accordance with generally accepted accounting principles (GAAP), as applied to governmental units, which are promulgated by the Governmental Accounting Standards Board (GASB). A summary of the Town's significant accounting policies applied in the preparation of the accompanying financial statements follows.

The Reporting Entity

The Town is a municipal corporation with a five-member Town Council comprised of the Mayor and four Council persons. As required by GAAP, these financial statements represent the Town of Eatonville (the primary government) and the Town of Eatonville Community Redevelopment Agency (CRA), a component unit, for which the Town of Eatonville is considered to be financially accountable. The CRA is presented as a blended component unit, although a legally separate entity, because it is in substance part of the Town's operations and the Town's Council is its governing body. Therefore, the accounts of the CRA are combined with the accounts of the primary government and are presented as a special revenue fund and issued separate stand-alone audited financial statements. The Town has no component units that require discrete presentation.

Pursuant to the requirements of Chapter 163, Part III of Florida Statutes, the Town, with the consent of Orange County, and through a Town Ordinance, created the CRA to foster improvement activities in Eatonville. The CRA uses future tax increment revenues to fund a variety of improvement projects.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under lease liabilities are reported as other financing sources.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, utility taxes, sales taxes, franchise taxes, licenses, charges for services, rental income 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary and pension trust funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, and fiduciary funds each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General* fund is the Town's primary operating fund. It accounts for all financial resources except those accounted for in another fund.

The *Community Redevelopment Agency* fund accounts for all sources and uses of financial resources provided by increased ad valorem tax value in the geographically designated area. Resources are consumed in operations and improvements specifically designated by the CRA.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The Town reports the following major proprietary funds:

The *Water and Sewer* fund accounts for the operating activities related to providing water treatment and distribution services, and sewage treatment to all areas within the Town limits.

The *Solid Waste* fund accounts for the Town's garbage and recycling pick up and disposal activities.

The *Stormwater* fund accounts for the construction and maintenance of the Town's stormwater systems and pollution from stormwater runoff.

The Town reports the following fiduciary fund:

The *Police Pension Trust* Fund accounts for funds in the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The trust fund accounts for the assets of the police officers' pension plan. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Community Redevelopment Fund.

The appropriated budget is prepared by fund, function, and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted governmental funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices).

Receivables and Payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Sewer, Solid Waste and Stormwater Utility funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 60 days are subject to being considered as uncollectible.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Leases Receivable - The Town's leases receivable are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and right-to-use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at acquisition value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current year.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	7 – 50
Improvements	10 – 15
Machinery and equipment	3
Vehicles	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town has one item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions, reported in the government-wide statement of net position. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to leases are associated with amounts owed to the Town, as lessor, by entities leasing the Town's assets.

Compensated Absences

The Town's policy permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position.

Leases

Lease contracts that provide the Town with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Town of Eatonville Municipal Officers' Retirement Trust Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Categories and Classification of Net Position and Fund Balance

Net position flow assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary 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 – net position to have been depleted before unrestricted – net position is applied.

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Town of Eatonville, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Categories and Classification of Net Position and Fund Balance (Continued)

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the Town manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues - Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes - The Town levied a millage rate of \$7.0000 per \$1,000 of assessed value for the fiscal year ended September 30, 2024. Orange County, Florida bills and receives payment for all ad valorem taxes levied by the Town. Payments are then remitted to the Town.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

All property is assessed according to its fair market value on January 1 of each year, and at that time a lien is placed on the property for the taxes. The tax levy of the Town is established by the Town Council prior to October 1 of each year. The Orange County Property Appraiser incorporates the Town's millage into the total tax levy; which also includes Orange County, the Orange County School Board, and the St. John River Water Management District's tax requirement.

All taxes are billed on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are not discounted.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, Solid Waste Fund, and Stormwater Fund are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The town did not have any significant encumbrances outstanding as of September 30, 2024.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts and pension liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, **DATE**. See Note 5 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

The Government Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Town is currently evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Cash Deposits

The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Investments

Florida Statutes authorize the Town to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, obligations of the U.S. Treasury, and interest-bearing time deposits and savings accounts held in Federal or State chartered banks and savings and loan associations doing business in Florida provided that such deposits are secured by collateral as may be prescribed. It is the Town's policy to only invest funds in vehicles specifically authorized by Florida Statutes. The Town does not have formal policies relating to credit risk or interest rate risk aside from the policy of only investing in funds administered by the State Board of Administration and obligations of the U.S. government.

At the close of the fiscal year, the Town did not hold any investments in the Local Government Surplus Funds Trust Fund (Florida PRIME) external investment pool.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Town places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2024, the Town's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Town manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The Town limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure benchmarks.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (Continued)

The Town has limited its credit risk by limiting investments to the safest types of securities, primarily government investment pools. The Town's investment objectives are prioritized by safety, liquidity and yield. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member's default.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investments pools and other pooled investments. The Town's investment policy does not address concentration risk.

Foreign currency risk – The Town's pension trust funds' investments are not exposed to foreign currency risk. The Town's investment policy of the Town's pension trust funds do not address foreign currency risk.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (Continued)

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investment Type	Type	Credit Quality Rating	Carrying Amount	Maturities (in Years)			
				Less Than 1	1 to 5	5 to 10	More Than 10
Money market mutual funds	Money Market	NR*	\$ 82,362	\$ 82,362	\$ -	\$ -	\$ -
Corporate Bonds	Fixed Income	Aaa	3,553	-	-	-	3,553
Corporate Bonds	Fixed Income	Aa2	3,814	-	1,892	-	1,922
Corporate Bonds	Fixed Income	Aa3	7,473	-	-	-	7,473
Corporate Bonds	Fixed Income	A1	34,139	-	20,775	5,915	7,449
Corporate Bonds	Fixed Income	A2	8,858	4,874	-	-	3,984
Corporate Bonds	Fixed Income	A3	15,471	-	13,745	1,726	-
Corporate Bonds	Fixed Income	Ba1	4,459	-	-	4,459	-
Corporate Bonds	Fixed Income	Baa1	33,004	4,983	10,875	8,253	8,893
Corporate Bonds	Fixed Income	Baa2	37,373	-	17,637	3,787	15,949
Corporate Bonds	Fixed Income	Baa3	86,941	9,753	66,484	5,350	5,354
Corporate Bonds	Fixed Income	NR	47,262	-	11,952	-	35,310
Corporate Bonds	Fixed Income	WR	5,745	-	-	-	5,745
Municipal Bonds	Fixed Income	Aaa	4,686	-	-	-	4,686
Municipal Bonds	Fixed Income	Aa1	3,386	-	-	-	3,386
Municipal Bonds	Fixed Income	Aa2	1,845	-	-	-	1,845
Municipal Bonds	Fixed Income	Aa3	6,280	-	-	-	6,280
Municipal Bonds	Fixed Income	NR	4,319	-	-	-	4,319
Government Bonds	Fixed Income	Aaa	164,323	16,723	45,535	-	102,065
Government Sponsored Bonds	Fixed Income	Aaa	18,667	-	-	-	18,667
Mortgage Pools	Fixed Income	Aaa	390,795	13	79,388	64,943	246,451
Mortgage Pools	Fixed Income	NR	8,468	-	-	23	8,445
Total debt securities			890,861	36,346	268,283	94,456	491,776
Common Stock	Equity	NR*	2,067,035	2,067,035	-	-	-
Total pension investments			\$ 3,040,258	\$ 2,185,743	\$ 268,283	\$ 94,456	\$ 491,776

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of September 30, 2024:

Investments	Carrying Amount	Fair Value		Amortized Cost
		Level 1	Level 2	
Money market mutual funds	\$ 82,362	\$ -	\$ -	\$ 82,362
U.S. treasury bonds and notes	164,323	-	164,323	-
U.S. government agencies	18,667	-	18,667	-
Asset-backed securities	399,263	-	399,263	-
Municipal bonds	20,516	-	20,516	-
Corporate bonds and notes	288,092	-	288,092	-
Common stock	2,067,035	2,067,035	-	-
Total Investments	\$ 3,040,258	\$ 2,067,035	\$ 890,861	\$ 82,362

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024.

Common stock – Common stock classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities.

Asset backed securities – Asset backed securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique based on the price or yield of similar securities.

Corporate and government bonds – Bonds classified in Level 2 of the fair value hierarchy are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

For the Water and Sewer, Solid Waste, and Stormwater Utility Funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2024 (unbilled receivable), is estimated and accrued at year end. The Town deems all amounts over 60 days uncollectable therefore an allowance for doubtful accounts has been established equivalent to the last two months of billing. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectible accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2024, were as follows:

	General Fund	Water and Sewer	Solid Waste	Stormwater	Total
Receivables					
Customer receivables and unbilled revenues	\$ 45,263	\$ 317,919	\$ 172,312	\$ 67,894	\$ 603,388
Franchise and utility	243,169	-	-	-	243,169
Total receivables	288,432	317,919	172,312	67,894	846,557
Less allowance for uncollectibles	(30,517)	(202,154)	(105,923)	(36,700)	(375,294)
Total receivables, net	\$ 257,915	\$ 115,765	\$ 66,389	\$ 31,194	\$ 471,263

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2024. There are no other reserves for receivables recorded by the Town as of September 30, 2024.

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,014,679	\$ -	\$ -	\$ 1,014,679
Total capital assets not being depreciated	1,014,679	-	-	1,014,679
Capital assets, being depreciated				
Infrastructure	5,269,416	-	-	5,269,416
Buildings and improvements	3,342,152	-	-	3,342,152
Improvements other than buildings	898,082	468,712	-	1,366,794
Equipment	2,195,705	85,725	-	2,281,430
Total capital assets, being depreciated	11,705,355	554,437	-	12,259,792
Less accumulated depreciation for				
Infrastructure	(1,773,213)	(121,916)	-	(1,895,129)
Buildings and improvements	(1,876,128)	(68,506)	-	(1,944,634)
Improvements other than buildings	(746,676)	(68,060)	-	(814,736)
Equipment	(2,027,926)	(116,049)	-	(2,143,975)
Total accumulated depreciation	(6,423,943)	(374,531)	-	(6,798,474)
Total capital assets being depreciated, net	5,281,412	179,906	-	5,461,318
Right-to-use lease assets, being amortized				
Equipment	-	131,044	-	131,044
Total right-to-use lease assets, being amortized	-	131,044	-	131,044
Less accumulated amortization for				
Equipment	-	(43,681)	-	(43,681)
Total accumulated amortization	-	(43,681)	-	(43,681)
Right-to-use lease assets being amortized, net	-	87,363	-	87,363
Governmental activities capital assets, net	\$ 6,296,091	\$ 267,269	\$ -	\$ 6,563,360

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Total capital assets not being depreciated	2,500	-	-	2,500
Capital assets being depreciated				
Buildings and improvements	11,818,872	77,670	-	11,896,542
Equipment	429,832	28,787	-	458,619
Total capital assets being depreciated	12,248,704	106,457	-	12,355,161
Less accumulated depreciation for				
Buildings and improvements	(4,746,301)	(421,402)	-	(5,167,703)
Equipment	(362,586)	(6,318)	30,308	(338,596)
Total accumulated depreciation	(5,108,887)	(427,720)	30,308	(5,506,299)
Total capital assets being depreciated, net	7,139,817	(321,263)	30,308	6,848,862
Business-type activities capital assets, net	\$ 7,142,317	\$ (321,263)	\$ 30,308	\$ 6,851,362

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 203,650
Public safety	64,092
Physical environment	122,049
Culture and recreation	28,421
Total	\$ 418,212

Business-type activities:

Water and Sewer	\$ 396,239
Stormwater	1,173
Total	\$ 397,412

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt

FMLC Series Note Payable

In fiscal year 2016, the Town entered into an agreement with the Florida Municipal Loan Council to advance refund the Series 2005B through the issuance of FMLC Series 2016. The loan contains certain filing requirements. The loan is payable annually on October 1 through October 2030. The interest is payable semi-annually on April 1 and October 1 through October 2030, with interest rates from 2.00% to 5.00% over the term of the loan. The loan agreement provides for events of default upon failure to timely make loan payments or other specified payments when due, and failure to observe and perform any covenant, condition or agreement, other than loan payment requirements, for a period of more than 30 days after notice of noncompliance. Covenants beyond timely loan payment requirements include incurrence of additional debt secured by non-ad valorem tax revenues and timely submission of financial information. In the event of default, the lender may call the loan and take other actions to collect amounts due. The Town did not meet the time deadline specified in the loan agreement for submission of audited financial statements; however, this covenant violation was not an event of default. As of September 30, 2024, the principal outstanding on the note was \$460,000.

State Revolving Loan Fund

In 2012, the Town entered into a loan agreement with the State of Florida Department of Environmental Protection for the Wastewater Facilities Improvement Projects. Total draws on this loan amounted to \$245,057. The loan was a part of an agreement where a grant paid \$41,663 toward the loan, \$33,937 of which was applied to principal and the rest was applied to interest or other charges. The loan specifies semiannual loan payments of \$6,685, including interest at 2.10%, which is payable semiannually on August 15 and February 15 of each year.

In 2014, the Town entered into another loan agreement with the State of Florida Department of Environmental Protection. This loan is part of an agreement that provides principal forgiveness. Of the total \$4,480,117 awarded under this agreement, \$2,885,195 was forgiven and will not be subject to repayment. The principal forgiveness portion was recorded as capital contributions. The remaining \$1,594,922 was recorded as a loan payable. The loan specifies semiannual loan payments of \$32,407 including interest at .932%, which is payable semiannually on November 15 and May 15 of each year.

In 2018, the Town entered into another loan agreement with the State of Florida Department of Environmental Protection. This loan is part of an agreement that provides principal forgiveness. Of the total \$165,699 awarded under this agreement, \$82,850 was forgiven and will not be subject to repayment. The principal forgiveness portion was recorded as capital contributions. The amounts disbursed as of September 30, 2020 and 2021 were \$71,019 and \$11,831, respectively and have been recorded as a loan payable. The loan specifies semiannual loan payments of \$2,233 including interest at .37%, which is payable semiannually on September 15 and March 15 of each year.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

State Revolving Loan Fund (Continued)

Each of the State Revolving Fund Loans contain covenants that provide for a revenue coverage ratio of 1.15 times debt service payments. As of September 30, 2024, the loans were not compliant with this provision, resulting in a loan default. The State of Florida Department of Environmental Protection may seek remedies in the event of default by accelerating loan payments, increasing the financing rate, intercepting delinquent amounts from unobligated funds due to the Town through the State, or applying for a court to appoint a receiver to manage the water and sewer systems, including setting rates, collecting revenues and applying those revenues to the loan balance. The State of Florida Department of Environmental Protection has agreed to forbear acceleration of loan payments providing the Town takes certain curative actions.

The loan agreements also contain a covenant for the Town to file financial statements timely in accordance with Rules of the Auditor General, for which the Town was in noncompliance; however, this noncompliance was not an event of default.

As of September 30, 2024, the principal outstanding on the state revolving loan funds were \$1,521,553.

System Revenue Bond

In 2020, the Town entered into a loan with USDA Rural Development for \$203,000, as part of a replacement project. The loan bears interest at an annual rate of 1.75%, with an annual installment of \$7,099 to begin December 1, 2020. The loan matures on December 6, 2059.

In 2020, the Town entered into a loan with USDA Rural Development for \$79,000 as part of a replacement project. The loan bears interest at an annual rate of 1.75%, with an annual installment of \$2,763 to begin December 1, 2020. The loan matures on December 6, 2059.

As of September 30, 2024, the principal outstanding on the system revenue bonds is \$260,195.

Leases-Lessee

The Town has entered into a lease agreement as a lessee for financing the acquisition of equipment. Total annual lease payments that the Town paid for the year ended September 30, 2024, was \$29,870. The lease has a 4 year term.

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

Long-term liability activity for the fiscal year ended September 30, 2024 as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Note payable					
FMLC Series 2017	\$ 520,000	\$ -	\$ (60,000)	\$ 460,000	\$ 60,000
Total notes from direct borrowings	520,000	-	(60,000)	460,000	60,000
Other liabilities:					
Unamortized premium	18,659	-	(2,664)	15,995	2,665
Lease liabilities	900	131,044	(25,109)	106,835	24,924
Compensated absences	104,361	95,481	(85,435)	114,407	84,716
Total other liabilities	123,920	226,525	(113,208)	237,237	112,305
Governmental activities long-term liabilities	\$ 643,920	\$ 226,525	\$ (173,208)	\$ 697,237	\$ 172,305

Compensated absences are generally liquidated by the general fund for governmental activities.

The following table indicates future debt service requirements for Governmental Activities:

<i>For the year ended September 30:</i>	Principal	Interest	Total
2025	\$ 60,000	\$ 14,138	\$ 74,138
2026	60,000	12,863	72,863
2027	65,000	11,456	76,456
2028	65,000	10,725	75,725
2029	70,000	9,913	79,913
2030-2031	140,000	15,050	155,050
Total	\$ 460,000	\$ 74,144	\$ 534,144

The following is a schedule of minimum future lease payments from lease agreements:

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2025	\$ 24,924	\$ 4,946	\$ 29,870
2026	26,078	3,792	29,870
2027	27,285	2,585	29,870
2028	28,500	1,327	29,870
Total	\$ 106,835	\$ 12,645	\$ 119,480

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

The following table represents debt service of business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes payable					
SRF Loan WW480200	\$ 156,593	\$ -	\$ (10,134)	\$ 146,459	\$ 10,348
SRF Loan WW480202	1,368,767	-	(60,792)	1,307,975	52,439
SRF Loan WW480240	71,324	-	(4,205)	67,119	4,221
System Revenue Bond 2019A	192,173	-	(5,045)	187,128	3,802
System Revenue Bond 2019B	74,786	-	(1,719)	73,067	1,479
Total notes from direct borrowings	1,863,643	-	(81,895)	1,781,748	72,289
Other liabilities:					
Compensated absences	10,593	14,158	(14,742)	10,009	9,664
Total other liabilities	10,593	14,158	(14,742)	10,009	9,664
Business-type activities long-term liabilities	\$ 1,874,236	\$ 14,158	\$ (96,637)	\$ 1,791,757	\$ 81,953

The following table represents future debt service requirements of business-type activities:

<i>For the year ended September 30:</i>	Principal	Interest	Total
2025	\$ 72,289	\$ 20,059	\$ 92,348
2026	74,007	19,249	93,256
2027	73,976	18,429	92,405
2028	74,816	17,597	92,413
2029	75,692	16,729	92,421
2030-2034	389,673	69,645	459,318
2035-2039	382,295	48,870	431,165
2040-2044	342,542	43,765	386,307
2045-2049	197,737	26,511	224,248
2050-2054	42,127	5,964	48,091
2055-2059	56,594	1,819	58,413
Total	\$ 1,781,748	\$ 288,637	\$ 2,070,385

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Pledged Revenues

The Town has notes outstanding at September 30, 2024, for which revenues of the Town have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Business-type activities					
Revenue Notes					
State Revolving Fund Loans					
Maturity: 2037-2047					
Interest rate: 2.50%	\$ 1,907,266	\$ 1,694,016	\$ (646,289)	\$ 82,527	(12.77%)
Purpose: Wastewater Facility Improvements					
Pledged revenue: Charges for services					

Leases-Lessor

The Town accounts for leases in accordance with GASB 87, *Leases*. The Town's operations consist of agreements for use of a building operating a library branch and cellphone towers.

A lease agreement allows use of the building on the corner of Kennedy Boulevard and College Street for the operation of a library branch. The lease will terminate in 2024, at which time all additions to the property will revert to the Town. Lessee has the option to extend the lease for two additional five (5) year terms.

A lease agreement allows use of a structure for a cell tower. The lease will terminate in 2025, with options to extend for four additional five (5) year terms.

The town recognized \$37,902 for lease revenue principal and \$13,080 of lease interest for the year ended September 30, 2024.

Town of Eatonville, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets (net)	\$ 6,563,360	\$ 6,851,362	\$ 13,414,722
Plus unamortized deferred bond cost	3,692	-	3,692
Less outstanding debt related to capital assets	(582,830)	(1,781,748)	(2,364,578)
Net investment in capital assets	\$ 5,984,222	\$ 5,069,614	\$ 11,053,836

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of property and other assets; errors and omissions by employees; and natural disasters, particularly during the hurricane season of June through November. The Town has purchased various types of insurance to protect itself. There have been no changes in insurance coverage during the current fiscal year. There were no changes in insurance coverage from the previous year. The Town does not participate in a risk pool and does not retain any of the risks of loss.

Contingent Liabilities

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Fund Balance Deficit

The Water and Sewer Fund had a deficit balance in unrestricted net position of \$4,106,178 at September 30, 2024. The Water and Sewer Fund deficit is anticipated to be funded through enhanced revenues from rate increases and reduction of expenses.

Note 3: RETIREMENT PLANS

Employee Retirement Plans and Pension Plans

The Town participates in two public employee retirement plans. These plans are a single employer defined benefit police officer's pension plan for its sworn police officers (Town of Eatonville Municipal Police Officers' Retirement Trust Fund) (the Plan) and a defined contribution plan for all other Town employees meeting certain age and length of service requirements. The Plan is maintained as a pension trust fund and included as part of the Town's reporting entity. The Plan does not issue a stand-alone financial report.

Defined Contribution Plan

The Town's Defined Contribution Plan and Trust (the Defined Contribution Plan) is an adoption of the Florida Municipal Pension Trust Fund Defined Contribution Plan and Trust, which is administered by the Florida League of Cities, Inc. The Trustee for the Defined Contribution Plan's assets is the CitiStreet Retirement Service. The Defined Contribution Plan was established effective October 1, 1989 by ordinance. There were no amendments during the year.

All general employees, except police officers, are eligible to participate in the Defined Contribution Plan provided they have completed one (1) year of service. Since this plan qualifies as a defined contribution plan, which is administered in its entirety under a pool arrangement by the Florida League of Cities, Inc., the assets, liabilities, net position and operations are not recorded within the Town's financial statements.

Contributions

The Town Council is responsible for setting the employer's contribution annually during budget adoption. The Town budgets the lesser of \$28,047 or five percent (5%) of eligible compensation. Contributions to the Defined Contribution Plan are discretionary on the part of the Town. Employees may contribute up to a maximum of ten percent (10%) of covered compensation. Under the provisions of the Defined Contribution Plan, employees are eligible for normal retirement at age 65 with 10 years of credited service.

Note 3: RETIREMENT PLANS (Continued)

Contributions (Continued)

An employee who leaves the employment of the Town is entitled to all their contributions and a portion of the Town's contributions based on the following vesting schedule:

Years of Service	Percentage of Balance Vested
1 year but less than 5	0%
5 years but less than 6	50%
6 years but less than 7	60%
7 years but less than 8	70%
8 years but less than 9	80%
9 years but less than 10	90%
10 or more years	100%

There were no employee contributions to the Defined Contribution Plan during the fiscal year ended September 30, 2024. The employer's contributions were \$22,499 for the year ended September 30, 2024.

Pension Plan

The Municipal Police Officers' and Firefighters' Retirement Trust Funds Office, housed within the Division of Retirement, is the state entity responsible for administrative oversight of the Police Officers' Pension Trust Fund. The Plan was established on December 18, 1972 by Town Ordinance 72-100B, providing for pension, death and disability benefits. It is subject to Provisions of Chapter 185, Florida Statutes.

The Plan, in accordance with the above Statute, is governed by a five-member pension Board. Two police officers who are elected by a majority of the members of the Plan, two current residents of the Town who are appointed by the Town Council, and a fifth member who is elected by the other four members constitute the Pension Board. The Town and the Plan participants are obligated to fund all plan costs based upon actuarial valuations. The Town is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in determination of contribution levels.

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Benefits under the Plan are computed on the basis of age, years of service, average final compensation, and credited service. Members are vested after 10 years of credited service and the retirement age is 55 for normal retirement or 50 for early retirement. Non-vested members are entitled to 100% refund of their accumulated contributions, without interest, if they discontinue employment prior to the 10 year vesting period.

The makeup of plan participants as of September 30, 2024 valuation was as follows:

Plan Membership	Police Employees
Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to, but not yet receiving benefits	-
Active plan members	11
<hr/> Total plan membership	<hr/> 13

Plan participants contribute 5% of earnings. The Town contributes the remaining amount necessary for payment of normal costs and amortization of the accrued past service liability as provided for in Part VII of Chapter 112, Florida Statutes. Plan members vest after ten years of service and are eligible for distribution of accrued benefits upon age 52 with 25 years of credited service or age 55 with ten years of credited service.

Annual Money-Weighted Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return, net of investment expense on Plan investments was 6.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Eatonville, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Net Pension Asset

The following schedule displays the components of the net pension asset as of the Town's measurement date of September 30, 2024.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balance at October 1, 2023	\$ 2,114,402	\$ 2,288,052	\$ (173,650)
Changes for the year:			
Service cost	76,010	-	76,010
Interest	142,866	-	142,866
Difference between expected and actual experience	41,173	-	41,173
Contributions - Employee	-	41,816	(41,816)
Net investment income	-	800,189	(800,189)
Benefit payments, including refunds of employee contributions	(67,288)	(67,288)	-
Administrative expense	-	(13,814)	13,814
Net changes	192,761	760,903	(568,142)
Balance at September 30, 2024	\$ 2,307,163	\$ 3,048,955	\$ (741,792)
Plan fiduciary net position as a percentage of the total pension liability at September 30, 2024			132.15%

Actuarial Assumptions

The following is a summary of actuarial assumptions used in the latest actuarial valuation:

Valuation date	October 1, 2021
<u>Actuarial method and assumptions:</u>	
Method	Entry Age Normal Cost Method
Investment rate of return	6.50%
Discount Rate	6.50%
Inflation rate	2.50%
Projected salary increases	5.00%
Mortality tables	RP 2000 Table - Sex Distinct

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Investments

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	33.60%	6.04%
Fixed income	63.20%	0.97%
Cash	3.20%	0.10%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension asset was 6.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the net pension asset calculated using the discount rate of 6.5% as well as what it would be if it were calculated using a discount rate that is 1% lower (5.5%) and 1% higher (7.5%) than the current rate:

	1 % Decrease (5.5%)	Current Discount Rate (6.5%)	1 % Increase (7.5%)
Net pension (asset)	\$ (455,508)	\$ (741,792)	\$ (981,553)

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension

For the year ended September 30, 2024, the Town recognized a pension expense of \$(50,825). At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,395	\$ 27,200
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	425,859
Total	\$ 51,395	\$ 453,059

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2025	\$ (89,859)
2026	(54,412)
2027	(126,843)
2028	(130,550)
Total	\$ (401,664)

Note 4: INTERFUND BALANCES

The outstanding balances between funds result mainly from interfund goods and services provided, reimbursements of expenditures, and working capital loans. The following is a summary of interfund receivables and payables at September 30, 2024:

Fund	Receivable	Payable
General Fund	\$ 2,542,555	\$ 318,277
CRA	-	7,690
Water and Sewer Fund	-	4,236,360
Solid Waste Fund	912,882	-
Stormwater Fund	1,106,890	-
Total	\$ 4,562,327	\$ 4,562,327

Town of Eatonville, Florida
Notes to Financial Statements

Note 4: INTERFUND BALANCES (Continued)

Transfers for the year ended September 30, 2024:

	Transfers in:			
	Water and Sewer		Community and Redevelopment Agency	Total
Transfers out:				
General Fund	\$	55,000	\$ -	\$ 55,000

Note 5: SUBSEQUENT EVENTS

The Town was awarded a grant of \$5,986,105 from CDBG-MIT for Water System Hardening and Resiliency Improvement. This project addresses the poor condition and performance of the existing water systems through system-wide improvements.

The Town was awarded a grant of \$2,000,000 from U. S. Dept of Housing and Urban Development (Economic Development Initiative Community Project Funding). This project is to proceed with the purchases of blighted land restoration, economic development and affordable housing.

The Town was awarded a grant of \$665,000 from EPA Community Grant for infrastructure new Vereen Lift Station/Quadrant Rehabilitation project

The Town was awarded a grant of \$8,300,000 from Orange County CDBG Disaster Relief. These funds will prevent flooding by improving our stormwater and our park will get a massive makeover, bringing modern amenities and much-needed upgrades.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Town of Eatonville, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - General Fund

<i>For the year ended September 30, 2024</i>	Budgeted Amounts		Actual Amounts	Variances Final Budget Positive/ (Negative)
	Original	Final		
Revenue				
Ad valorem taxes	\$ 2,165,084	\$ 2,165,084	\$ 2,229,318	\$ 64,234
Utility taxes	622,563	622,563	730,367	107,804
Franchise fees	430,000	430,000	462,344	32,344
Sales tax	380,000	380,000	449,508	69,508
Intergovernmental revenues	145,900	145,900	192,425	46,525
Licenses and permits	336,365	336,365	186,560	(149,805)
Charges for services	190,165	190,165	117,064	(73,101)
Fines and forfeitures	15,700	15,700	6,852	(8,848)
Interest income	200	200	45,660	45,460
Rental and other income	172,734	172,734	256,257	83,523
Total revenues	4,458,711	4,458,711	4,676,355	217,644
Expenditures				
General government	2,235,569	2,235,569	2,323,645	(88,076)
Public safety	2,200,006	2,200,006	2,112,069	87,937
Physical environment	299,391	299,391	421,680	(122,289)
Economic environment	8,446	8,446	8,176	270
Human services	17,655	17,655	500	17,155
Culture/recreation	92,776	92,776	56,079	36,697
Capital outlay	130,000	130,000	669,606	(539,606)
Debt service:				
Principal	59,500	59,500	85,109	(25,609)
Interest	34,500	34,500	17,775	16,725
Total expenditures	5,077,843	5,077,843	5,694,639	(616,796)
Excess (deficiency) of revenues over (under) expenditures	(619,132)	(619,132)	(1,018,284)	834,440
Other Financing Sources (Uses)				
Lease proceeds	-	-	131,044	(131,044)
Insurance recovery	-	-	238,267	(238,267)
Transfers out	-	-	(55,000)	55,000
Total other financing sources (uses)	-	-	314,311	(183,267)
Net change in fund balances	(619,132)	(619,132)	(703,973)	651,173
Fund balance, beginning of year	4,262,749	4,262,749	4,262,749	-
Fund balance, end of year	\$ 3,643,617	\$ 3,643,617	\$ 3,558,776	\$ 651,173

Town of Eatonville, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - CRA Fund

<i>For the year ended September 30, 2024</i>	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
Revenue				
Ad valorem taxes	\$ 350,000	\$ 350,000	\$ 350,500	\$ 500
Interest	1,000	1,000	27,984	26,984
Intergovernmental	-	-	250,000	250,000
Miscellaneous income	-	-	4,910	4,910
Total revenues	351,000	351,000	633,394	282,394
Expenditures				
General government	274,000	274,000	193,281	80,719
Culture/recreation	7,000	7,000	12,476	(5,476)
Capital outlay	-	-	15,875	(15,875)
Total expenditures	281,000	281,000	221,632	59,368
Net change in fund balance	70,000	70,000	411,762	341,762
Fund balance, beginning of year	1,050,828	1,050,828	1,050,828	-
Fund balance, end of year	\$ 1,120,828	\$ 1,120,828	\$ 1,462,590	\$ 341,762

Town of Eatonville, Florida
Schedule of Changes in Net Pension Asset and Related Ratios
Police Officers' Pension Fund

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 76,010	\$ 83,513	\$ 78,416	\$ 77,649	\$ 82,509	\$ 78,742	\$ 70,718	\$ 71,173	\$ 71,173	\$ 66,517
Interest	142,866	130,139	119,374	113,461	96,643	89,594	94,557	85,329	75,091	65,507
Differences between expected and actual experience	41,173	-	(70,151)	105,293	-	47,668	(270,949)	-	-	7,014
Changes of assumptions	-	-	-	-	(37,585)	56,088	62,221	-	-	-
Benefit payments, including refunds of employee contributions	(67,288)	(35,752)	(38,792)	(22,712)	(19,003)	(33,112)	(48,446)	-	-	(6,670)
Net change in total pension liability	192,761	177,900	88,847	273,691	122,564	238,980	(91,899)	156,502	146,264	128,258
Total pension liability, beginning	2,114,402	1,936,502	1,847,655	1,573,964	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553	740,927
Total pension liability, ending (a)	\$ 2,307,163	\$ 2,114,402	\$ 1,936,502	\$ 1,847,655	\$ 1,573,964	\$ 1,451,400	\$ 1,212,420	\$ 1,304,319	\$ 1,147,817	\$ 1,001,553
Plan Fiduciary Net Position										
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ 16,839	\$ 15,000	\$ 15,000	\$ 9,000	\$ -	\$ -
Contributions - State	-	57,066	18,876	-	-	17,160	14,803	13,340	18,484	10,398
Contributions - Employee	41,816	31,803	32,681	29,628	30,675	31,598	29,461	28,405	28,010	28,874
Net investment income	800,189	161,693	(262,910)	402,281	(20,267)	96,006	106,241	151,725	138,286	23,586
Benefit payments, including refunds of employee contributions	(67,288)	(35,752)	(38,792)	(22,712)	(19,003)	(33,112)	(48,446)	-	-	(6,670)
Administrative expense	(13,814)	(12,283)	(17,900)	(9,900)	(14,660)	(24,694)	(25,168)	(15,150)	(9,900)	(14,370)
Net change in plan fiduciary net position	760,903	202,527	(268,045)	399,297	(6,416)	101,958	91,891	187,320	174,880	41,818
Plan fiduciary net position, beginning	2,288,052	2,085,525	2,353,570	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,404,640	1,362,822
Plan fiduciary net position, ending (b)	3,048,955	2,288,052	2,085,525	2,353,570	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,404,640
Net pension (asset) - ending (a) - (b)	\$ (741,792)	\$ (173,650)	\$ (149,023)	\$ (505,915)	\$ (380,309)	\$ (509,289)	\$ (646,311)	\$ (462,521)	\$ (431,703)	\$ (403,087)
Plan fiduciary net position as a percentage of the total pension liability	132.15%	108.21%	107.70%	127.38%	124.16%	135.09%	153.31%	135.46%	137.61%	140.25%
Covered payroll	\$ 836,325	\$ 636,060	\$ 653,620	\$ 592,560	\$ 613,500	\$ 631,956	\$ 589,220	\$ 568,100	\$ 560,200	\$ 577,474
Net pension asset as a percentage of covered payroll	(88.70%)	(27.30%)	(22.80%)	(85.38%)	(61.99%)	(80.59%)	(109.69%)	(81.42%)	(77.06%)	(69.80%)

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Town of Eatonville, Florida
Schedule of Changes in Net Position Asset and Related Ratios (Continued)
Police Officers' Pension Fund

NOTES TO SCHEDULE:

The amounts presented for each fiscal year were determined as of September 30th. The Town implemented GASB Statement No. 68 for the fiscal year ended September 30, 2014.

Change of Assumptions:

For measurement date September 30, 2024, there were no changes to assumptions made in the calculations presented above.

PRIOR YEAR NOTES TO SCHEDULE:

For measurement date September 30, 2018, as a result of Chapter 2015-157, Laws of Florida, assumed rates of mortality have been changed to those used in the July 1, 2018 FRS valuation report.

For measurement date September 30, 2020, amounts reported as changes of assumptions resulted from lowering the inflation rate from 3.0% to 2.5% and reducing the salary increase assumptions from 5.5%-10% to 5.0%.

Town of Eatonville, Florida
Schedule of Contributions and Annual Money-Weighted Rate of Return
Police Officers' Pension Fund

Schedule of Contributions
Last 10 Fiscal Years

Year Ended September 30	Actuarially Determined Contribution (a)	Contribution in Relation to Actuarially Required Contribution (b)	Contribution (Excess) Deficiency (a-b)	Covered Payroll (c)	Percentage of Covered Payroll Contributed (b/c)
2024	\$ -	\$ -	\$ -	\$ 836,325	0.00%
2023	-	57,066	(57,066)	636,060	8.97%
2022	-	18,876	(18,876)	653,620	2.89%
2021	-	-	-	592,560	0.00%
2020	-	16,839	(16,839)	613,500	5.09%
2019	1,896	32,160	(30,264)	631,956	5.09%
2018	1,768	29,803	(28,035)	589,220	5.06%
2017	1,084	22,340	(21,256)	568,100	3.93%
2016	1,084	8,484	(7,400)	560,200	1.51%
2015	9,240	10,398	(1,158)	577,474	1.80%

Year Ended September 30	Annual Money- Weighted Rate of Return
2024	6.62%
2023	4.23%
2022	3.62%
2021	8.11%
2020	(1.03%)
2019	5.19%
2018	9.50%
2017	9.50%
2016	9.72%
2015	1.72%

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OTHER SUPPLEMENTARY INFORMATION

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Town of Eatonville, Florida
Schedule of Revenues and Expenses Compared to Budget (Budgetary Basis)
Enterprise Fund – Water and Sewer Fund

<i>For the year ended September 30, 2024</i>	Water and Sewer		
	Final Budget	Actual	Variance Positive/ (Negative)
Operating Revenues			
Charges for services	\$ 884,511	\$ 843,802	\$ (40,709)
Total operating revenues	884,511	843,802	(40,709)
Operating Expenses			
Personnel services	303,634	328,260	(24,626)
Operating	1,184,624	794,603	390,021
Total operating expenses	1,488,258	1,122,863	365,395
Operating income (loss)	(603,747)	(279,061)	324,686
Non-operating revenues			
Transfers	-	55,000	(55,000)
Total non-operating revenues	-	55,000	(55,000)
Excess (deficiency) of revenues over (under) expenses	\$ (603,747)	\$ (224,061)	\$ 269,686

Note: Depreciation expense of \$396,239 is not budgeted and, therefore, is not included on this schedule.

Town of Eatonville, Florida
Schedule of Revenues and Expenses Compared to Budget (Budgetary Basis)
Enterprise Fund – Solid Waste Fund

	Solid Waste		
	Final Budget	Actual	Variance Positive/ (Negative)
<i>For the year ended September 30, 2024</i>			
Operating Revenues			
Charges for services	\$ 396,000	\$ 367,569	\$ (28,431)
Total operating revenues	396,000	367,569	(28,431)
Operating Expenses			
Operating	396,000	432,422	(36,422)
Total operating expenses	396,000	432,422	(36,422)
Excess (deficiency) of revenues over (under) expenses	\$ -	\$ (64,853)	\$ (64,853)

Town of Eatonville, Florida
Schedule of Revenues and Expenses Compared to Budget (Budgetary Basis)
Enterprise Fund – Stormwater Fund

<i>For the year ended September 30, 2024</i>	Stormwater		Variance Positive/ (Negative)
	Final Budget	Actual	
Operating Revenues			
Charges for services	\$ 223,014	\$ 191,800	\$ (31,214)
Total operating revenues	223,014	191,800	(31,214)
Operating Expenses			
Personnel services	140,278	118,390	21,888
Operating	81,736	33,373	48,363
Total operating expenses	222,014	151,763	70,251
Excess of revenues over expenses	\$ 1,000	\$ 40,037	\$ 39,037

Note: Depreciation expense of \$1,173 is not budgeted and, therefore, is not included on this schedule.

OTHER AUDITOR'S REPORTS

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**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***

Honorable Mayor and Members of the Town Council
Town of Eatonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eatonville, Florida (the Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated **DATE**.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 and 2024-003 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-002.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida

DATE

2024-001 Financial Reporting (Repeat material weakness finding)

Criteria: All transactions should be recorded in accordance with GAAP. The financial close process should include evaluation, reconciliations and adjustments to ensure accrual of respective accounts.

Condition: Multiple transactions were not recorded consistently with accounting principles generally accepted in the United States of America (GAAP).

Cause of Condition: Transactions inconsistent with GAAP were recorded improperly due to lack of oversight or insufficient knowledge. Transactions were not recorded appropriately as part of the financial close and reconciliation process.

Effect of Condition: The Town's financial statements were materially misstated prior to audit adjustments. The following adjustments were made:

- \$67,000 to correct accounts receivable allowance for bad debt and revenue-Enterprise
- \$81,400 to correct unrecorded liabilities-Enterprise
- \$396,000 to adjust depreciation on capital assets-Enterprise
- \$179,652 to adjust capital assets out of expenses-Enterprise
- \$672,000 to correct expenditures and duplicate entries through cash from bank reconciliation process-Enterprise
- \$187,000 to record current reduction of deferred inflows and lease receivable of lessor lease balances under GASB 87 implementation-General
- \$344,000 to properly account for the balances between the due to/from other funds-General/Enterprise/CRA

Recommendations: We recommend the Finance Department ensure adjustments are made to reflect all activity on the GAAP basis and all filings are timely made as part of the financial close process. We recommend reconciliations be performed through accounts to ensure activity is properly recorded.

Views of Responsible Officials: See page 69-71 for management's response to the finding.

2024-002 Debt Covenant Compliance (Repeat compliance finding)

Criteria: The Town's State Revolving Fund Loan (SRF) agreements require the Town maintain rates and charges for services furnished by the water and sewer systems, which will be sufficient to provide pledged revenues equal to or exceeding 1.15 times the sum of the Town's semiannual loan payments due in such fiscal year. Pledged revenues are derived from the operation of the water and sewer systems after payment of the operation and maintenance expenses of the system.

Condition: The Town did not meet the pledged revenue coverage covenant required by its SRF loan agreements.

Cause of Condition: The Town has not maintained sufficient water and sewer rates to cover the costs of operating the water and sewer systems.

Effect of Condition: Not meeting compliance requirements is an event of default on the loan, which provides certain remedies allowed to the lender in the loan agreement. Among such remedies are calling the loan, increasing the financing rate, intercepting delinquent amounts from unobligated funds due to the Town through the State, or applying for a court to appoint a receiver to manage the water and sewer systems, including setting rates, collecting revenues and applying those revenues to the loan balance.

Recommendations: We recommend that a rate study be completed and implemented to increase revenue generated from water and sewer charges for services to ensure the pledged revenue coverage covenant is met.

Views of Responsible Officials: See pages 69-71 for management's response to the finding.

2024-003 Management oversight of bank reconciliation and revenue

Criteria: The financial close process should include evaluation, reconciliations and adjustments to ensure accurate reporting with management oversight of processes and controls.

Condition: Deposits were not properly recorded in appropriate fund bank accounts and bank reconciliations were not completed accurately.

Cause of Condition: Cash deposits for charges for services were deposited to incorrect bank accounts. Bank accounts were unable to be reconciled and caused large unreconciled differences.

Effect of Condition: The Town's financial statements were materially misstated prior to audit adjustments in the amount of \$672,000. Deposits were made to incorrect bank accounts and the monthly bank reconciliation process showed large unreconciled balances that were not further looked into.

Recommendations: We recommend management put processes in place to ensure management oversight of internal controls relating to deposits and reconciliations within bank accounts. Management should review reconciliations to ensure cash is accurately reported in each fund.

Views of Responsible Officials: See page 69-71 for management's response to the finding.

Management's Corrective Action Plan



TOWN OF EATONVILLE

"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"

2024-001 Financial Reporting (Repeat material weakness finding)

Criteria: All transactions should be recorded in accordance with GAAP. The financial close process should include evaluation, reconciliations and adjustments to ensure accrual of respective accounts.

Condition: Multiple transactions were not recorded consistently with accounting principles generally accepted in the United States of America (GAAP).

Cause of Condition: Transactions inconsistent with GAAP were recorded improperly due to lack of oversight or insufficient knowledge. Transactions were not recorded appropriately as part of the financial close and reconciliation process.

Effect of Condition: The Town's financial statements were materially misstated prior to audit adjustments. The following adjustments were made:

- \$67,000 to correct accounts receivable allowance for bad debt and revenue-Enterprise
- \$81,400 to correct unrecorded liabilities-Enterprise
- \$396,000 to adjust depreciation on capital assets-Enterprise
- \$179,652 to adjust capital assets out of expenses-Enterprise
- \$672,000 to correct expenditures and duplicate entries through cash from bank reconciliation process-Enterprise
- \$187,000 to record current reduction of deferred inflows and lease receivable of lessor lease balances under GASB 87 implementation-General
- \$344,000 to properly account for the balances between the due to/from other funds General/Enterprise/CRA

Recommendations: We recommend the Finance Department ensure adjustments are made to reflect all activity on the GAAP basis and all filings are timely made as part of the financial close process. We recommend reconciliations be performed through accounts to ensure activity is properly recorded.

Management Response:

The Town acknowledges the material adjustments identified during the audit related to the improper recording of transactions inconsistent with accounting principles generally accepted in the United States of America (GAAP). To address these issues and prevent recurrence, the Town has taken the following corrective actions:

1. **Staff Training and Development:**
The Finance Department staff have begun receiving additional training in GAAP principles, governmental accounting standards (including GASB 87 implementation), and year-end financial reporting requirements. Continued professional development will be prioritized moving forward.
2. **Enhanced Oversight and Review:**
The Town has strengthened internal oversight by assigning review responsibilities to senior finance staff prior to submission of year-end financial data for audit. Additionally, the Town is exploring external technical support options during year-end closing to ensure complex transactions are accounted for properly.
3. **Systematic Reconciliations:**
Routine reconciliations, including for cash, receivables, liabilities, interfund transactions, and capital assets, have been scheduled and documented to ensure transactions are properly recorded throughout the year.

However, the Town would like to clarify that the following adjustments were made by the auditors during the audit process: **\$396,000** to adjust depreciation on capital assets (Enterprise Fund), **\$179,652** to adjust capital assets out of expenses (Enterprise Fund), **\$187,000** to record the current reduction of deferred inflows and lease receivable balances under GASB 87 implementation (General Fund). The Town understands that these adjustments were necessary to present accurate financial statements. However, if these entries are deemed to require formal journal entries, we will take the appropriate steps to record them as necessary in future periods.

Town of Eatonville, Florida Management's Corrective Action Plan

Management's Corrective Action Plan (Continued)



TOWN OF EATONVILLE

"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"

2024-002 Debt Covenant Compliance (Repeat compliance finding)

Criteria: The Town's State Revolving Fund Loan (SRF) agreements require the Town maintain rates and charges for services furnished by the water and sewer systems, which will be sufficient to provide pledged revenues equal to or exceeding 1.15 times the sum of the Town's semiannual loan payments due in such fiscal year. Pledged revenues are derived from the operation of the water and sewer systems after payment of the operation and maintenance expenses of the system.

Condition: The Town did not meet the pledged revenue coverage covenant required by its SRF loan agreements.

Cause of Condition: The Town has not maintained sufficient water and sewer rates to cover the costs of operating the water and sewer systems.

Effect of Condition: Not meeting compliance requirements is an event of default on the loan, which provides certain remedies allowed to the lender in the loan agreement. Among such remedies are calling the loan, increasing the financing rate, intercepting delinquent amounts from unobligated funds due to the Town through the State, or applying for a court to appoint a receiver to manage the water and sewer systems, including setting rates, collecting revenues and applying those revenues to the loan balance.

Recommendations: We recommend that a rate study be completed and implemented to increase revenue generated from water and sewer charges for services to ensure the pledged revenue coverage covenant is met.

Management Response:

To address this, the Town took several corrective actions. On **September 3, 2024**, the Town Council adopted **Resolution #2024-24** and **Resolution #2024-25**, which updated the Town's **Asset Management and Fiscal Sustainability Plan**, including plans for **Water System Improvements** and **Wastewater Utility System Improvements**. These updates were key steps toward ensuring long-term infrastructure planning and financial stability.

During FY 2024, Town staff worked with the Florida Rural Water Association to complete a comprehensive Water and Wastewater Rate Study. The previous study had been conducted on August 5, 2015. Although an updated rate recommendation was initially presented, it was not adopted by the Town Council at that time, which contributed to the Town's noncompliance with the pledged revenue coverage covenant.

The new Water and Wastewater Rate Study was completed in **October 2024**. Following public hearings in November and December 2024, the new rate structure was adopted on **December 3, 2024**, and the first utility bills reflecting the new rates were issued in **February 2025**. This new rate structure is projected to increase revenues sufficiently to fund necessary capital improvements, cover operational costs, and ensure appropriate levels of service. As a result, the Town expects to follow SRF loan covenants moving forward.

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Management's Corrective Action Plan (Continued)



TOWN OF EATONVILLE

"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"

2024-003 Management oversight of bank reconciliation and revenue

Criteria: The financial close process should include evaluation, reconciliations and adjustments to ensure accurate reporting with management oversight of processes and controls.

Condition: Deposits were not properly recorded in appropriate fund bank accounts and bank reconciliations were not completed accurately.

Cause of Condition: Cash deposits for charges for services were deposited to incorrect bank accounts. Bank accounts were unable to be reconciled and caused large unreconciled differences.

Effect of Condition: The Town's financial statements were materially misstated prior to audit adjustments in the amount of \$672,000. Deposits were made to incorrect bank accounts and the monthly bank reconciliation process showed large unreconciled balances that were not further looked into.

Recommendations: We recommend management put processes in place to ensure management oversight of internal controls relating to deposits and reconciliations within bank accounts. Management should review reconciliations to ensure cash is accurately reported in each fund.

Management Response:

As part of switching over to our new financial software system, we ran into some issues with how utility billing payments were being recorded. Specifically, when customers made payments that included both Stormwater and Water & Sewer charges, we were trying to split those payments between the two separate cash accounts for each fund.

Additionally, bank reconciliations during this transition period were not completed accurately for Stormwater and Water & Sewer, which contributed to discrepancies between the bank accounts and the general ledger. As a result, the cash accounts for these funds became out of balance.

We acknowledge the issue and are taking all necessary steps to correct past discrepancies and ensure accurate financial management moving forward. With updated procedures, proper system configuration, and staff training, we are confident this issue will be resolved and will not recur.

1. Staff training has been implemented to ensure accurate processing of split deposits in the new financial system.
2. The finance team is also working with the software vendor to ensure proper configuration of fund-specific cash account posting is going forward.
3. The reconciliation process has been updated to include additional internal controls and verification steps to prevent recurrence.



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MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of the Town Council
Town of Eatonville, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Eatonville, Florida (the Town) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 18, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 18, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Audit findings 2024-001 and 2024-002 are repeat findings from the preceding two annual financial audit reports.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2023-2022 FY Finding #	2022-2021 FY Finding #
2024-001	2023-001	2022-001
2024-002	2023-002	2022-002

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Town of Eatonville, Florida and its component unit are disclosed in the footnotes.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we recommend management establish a plan to improve the deficit in unrestricted net position through increase revenue or reduction of expenses.

Special Information

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Property Assessed Clean Energy (PACE) Programs (Unaudited)

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not operate a PACE program pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the Town's geographical boundaries during the fiscal year under audit.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida

DATE

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Mayor and Members of the Town Council
Town of Eatonville, Florida

We have examined the Town of Eatonville, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2024. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024.

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

Orlando, Florida

DATE