

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Eatonville, Florida

For the Fiscal Year Ended September 30, 2022



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**TOWN OF
EATONVILLE
ELECTED OFFICIALS**



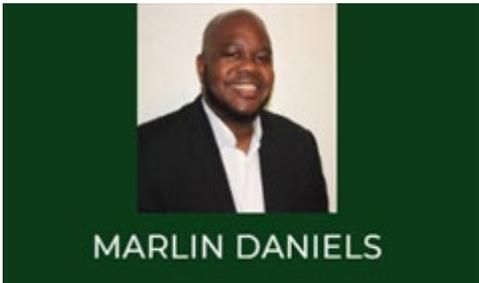
MAYOR



SEAT 2



(VICE MAYOR) SEAT



SEAT 4



SEAT 5

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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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Will be updated once we receive management response.	
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**INDEPENDENT AUDITORS'
REPORT**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

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, 2022, 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 ended September 30, 2022, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in fiscal year 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

Auditors' 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 auditors' 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, LLC

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, 2022. Please read our discussion and analysis of the Town's financial activities for the year ended September 30, 2022, 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 \$14,311,686 (*net position*). The Town's total net position increased by \$519,664 during fiscal year 2022, including a \$27,790 increase in business-type activities and a \$491,874 increase 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 - 57 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 58 - 62 of this report.

Additional budgetary information is presented immediately following the required supplementary information and can be found on pages 63 – 65 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 \$14,311,686 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 6,629,449	\$ 5,165,298	\$ (397,687)	\$ (1,210,030)	\$ 6,231,762	\$ 3,955,268
Capital assets	6,350,954	6,585,333	7,195,686	7,200,919	13,546,640	13,786,252
Total assets	12,980,403	11,750,631	6,797,999	5,990,889	19,778,402	17,741,520
Deferred outflows						
of resources	336,126	154,998	-	-	336,126	154,998
Liabilities						
Other liabilities	512,214	747,954	1,175,137	312,392	1,687,351	1,060,346
Long-term liabilities	738,972	790,247	1,943,466	2,026,891	2,682,438	2,817,138
Total liabilities	1,251,186	1,538,201	3,118,603	2,339,283	4,369,789	3,877,484
Deferred inflows						
of resources	1,433,053	229,900	-	-	1,433,053	229,900
Net Position						
Net investment in						
capital assets	5,737,413	5,894,117	5,261,265	5,179,923	10,998,678	11,074,040
Restricted	834,640	920,421	-	-	834,640	920,421
Unrestricted (deficit)	4,060,237	3,325,878	(1,581,869)	(1,528,317)	2,478,368	1,797,561
Total net position	\$ 10,632,290	\$ 10,140,416	\$ 3,679,396	\$ 3,651,606	\$ 14,311,686	\$ 13,792,022

By far the largest portion of the Town's net position, \$10,998,678 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.

\$834,640 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 \$1,581,869 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 \$1,446,462 (13%) from the prior year, while total liabilities and deferred inflows increased \$951,700 (71%) from the prior year. Key elements of these changes are as follows:

- The net pension asset and deferred outflows related to pensions decreased \$181,128, while deferred inflows related to pensions increased \$1,203,153. 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 60 - 62 of this report).
- Capital assets decreased \$234,379, \$268,799 of which was current year accumulated depreciation, offset by \$34,420 in capital asset additions.
- Long-term liabilities decreased \$51,275, primarily due to no additional capital leases in during the year and \$75,627 of regular payments on notes and capital leases.

Business-type Activities: Total assets decreased \$807,110 (13%) from the prior year while total liabilities decreased \$779,320 (25%) from the prior year. Key elements of these changes are as follows:

- Capital assets decreased \$5,233, primarily due to current year additions of \$372,492, of which \$231,323 were costs for a new water meter system for the Town, offset with accumulated depreciation increase of \$377,783.
- Internal balances that were eliminated in the amount of \$2,016,582 due to amounts owed to the Water and Sewer Fund due from Solid Waste and Stormwater Funds, as well as amounts due to the general fund were reported as internal balances, net.

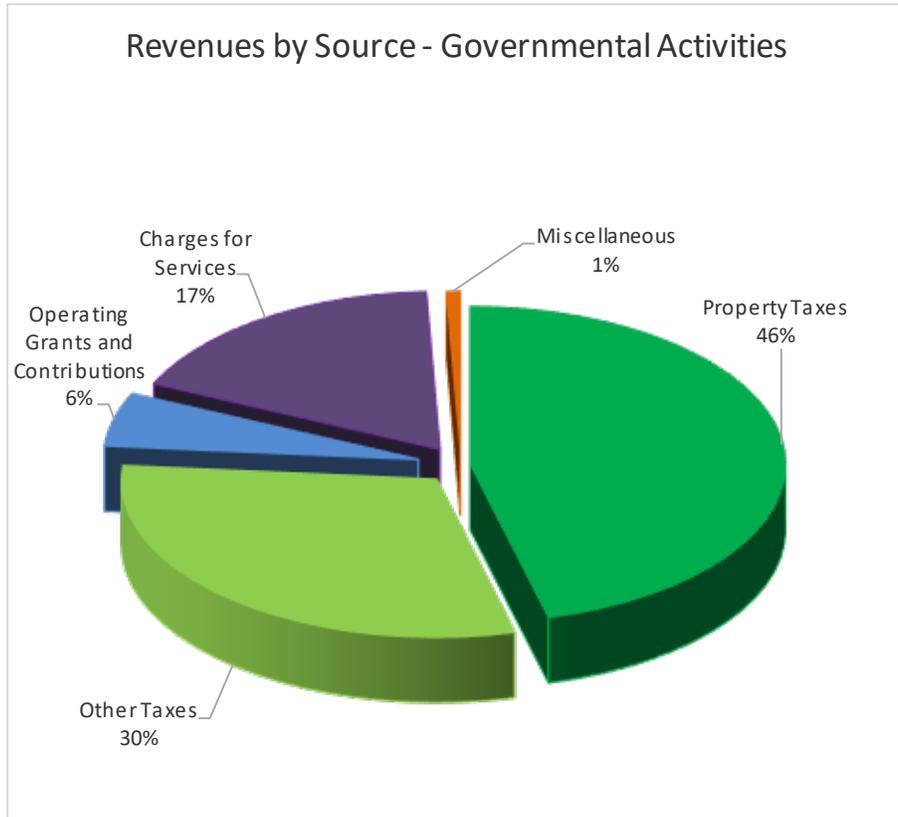
The following schedule is a summary of the Statement of Activities on page 14 of this report.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for Services	\$ 828,808	\$ 402,968	\$ 1,194,487	\$ 1,269,377	\$ 2,023,295	\$ 1,672,345
Operating grants and contributions	259,449	282,276	231,323	-	490,772	282,276
Capital grants and contributions	105,193	-	-	94,036	105,193	94,036
General revenues						
Property taxes	2,184,431	2,197,931	-	-	2,184,431	2,197,931
Other taxes	1,441,806	1,340,300	-	-	1,441,806	1,340,300
Other revenues	33,224	28,909	-	-	33,224	28,909
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	4,852,911	4,252,384	1,425,810	1,363,413	6,278,721	5,615,797
Expenses						
General government	2,095,039	1,570,398	-	-	2,095,039	1,570,398
Public safety	1,702,082	1,597,839	-	-	1,702,082	1,597,839
Physical environment	316,749	264,078	-	-	316,749	264,078
Economic environment	9,101	7,380	-	-	9,101	7,380
Human services	-	17,298	-	-	-	17,298
Culture and recreation	223,198	211,512	-	-	223,198	211,512
Interest on long-term debt	22,412	24,180	-	-	22,412	24,180
Water and sewer	-	-	774,453	954,125	774,453	954,125
Solid waste	-	-	487,028	301,010	487,028	301,010
Stormwater	-	-	128,995	125,232	128,995	125,232
Total expenses	4,368,581	3,692,685	1,390,476	1,380,367	5,759,057	5,073,052
Increase (decrease) in net position before transfers						
	484,330	559,699	35,334	(16,954)	519,664	542,745
Transfers	7,544	(55,000)	(7,544)	55,000	-	-
Change in net position	491,874	504,699	27,790	38,046	519,664	542,745
Net position - beginning	10,140,416	9,635,717	3,651,606	3,613,560	13,792,022	13,249,277
Net position - ending	\$ 10,632,290	\$ 10,140,416	\$ 3,679,396	\$ 3,651,606	\$ 14,311,686	\$ 13,792,022

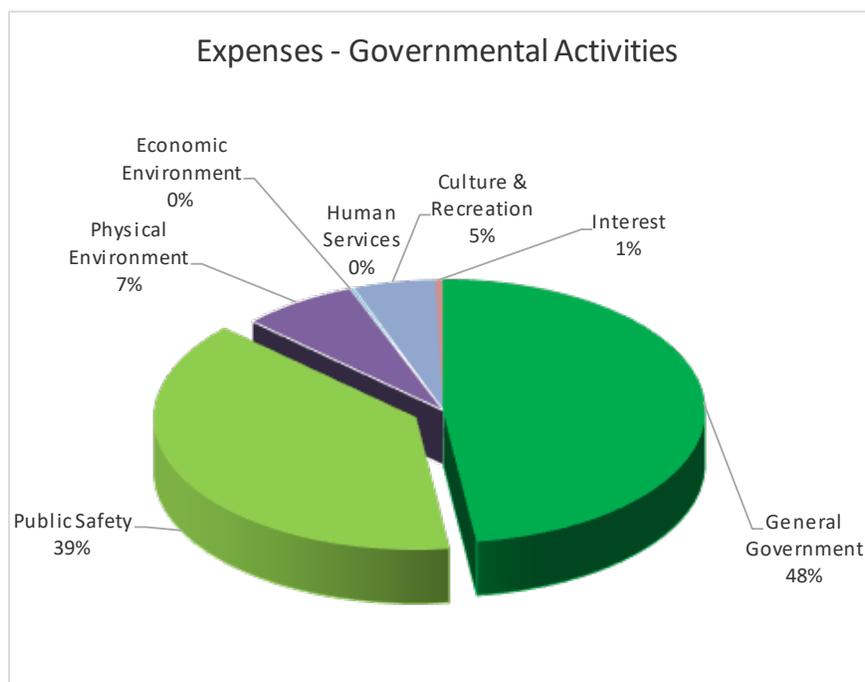
Governmental Activities: Governmental activities increased net position by \$491,874, compared to an increase of \$504,699 in the prior year. Key elements of changes as a result of activities are as follows:

- General government expenses increased \$524,641 (33%) primarily as a result of an increase in salary and wages and contractual services.
- Charges for services revenues increased \$425,840 (106%) due to an increase in building permit applications and site inspection fees as a result of a recent residential development.
- Capital grants and contributions increased \$105,193 primarily due to increase in impact fees as a result of new residential developments.

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

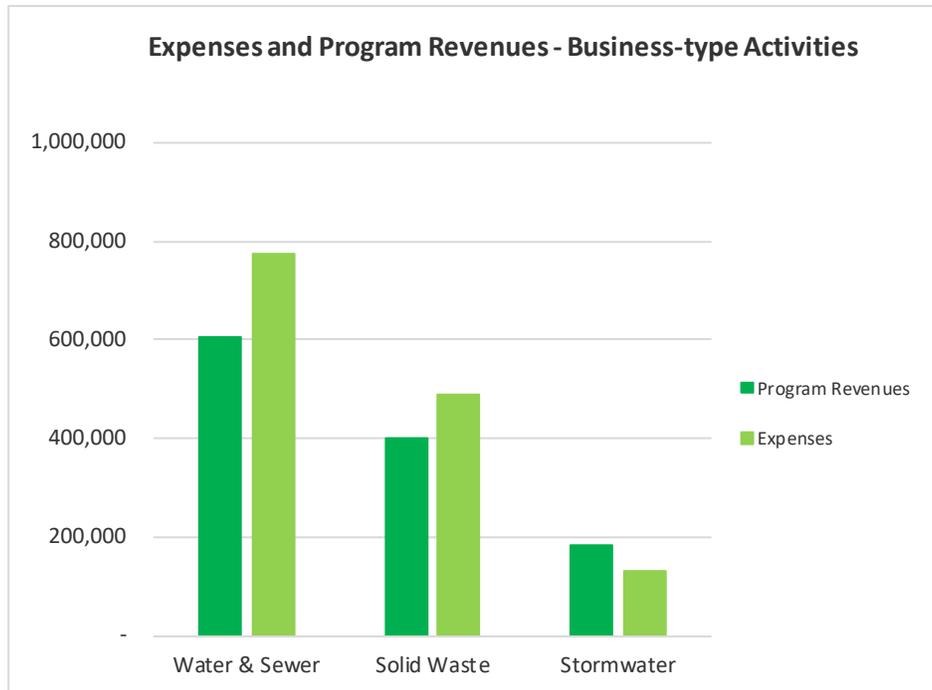


The following chart shows the Town's expenses by category.



Business-type Activities: Business-type activities increased net position by \$27,790, compared to an increase of \$38,046 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 \$4,653,893, an increase of \$735,221 for the year. Approximately 80% (\$3,715,286) 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 (\$103,967), and restricted (\$834,640).

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 \$3,819,253 for the General Fund, an increase of \$860,928 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, 2022, the General Fund’s unassigned fund balance represents 102% of total General Fund expenditures.

The fund balance of the Town’s CRA Fund decreased \$125,707 from the prior year to \$834,640. Operating costs of \$499,363 within the CRA fell above revenue sources of \$358,719.

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 \$1,581,869 with an unrestricted \$3,535,783 deficit in the Water and Sewer Fund offsetting positive balances in the other funds. The Water and Sewer fund decreased net position and the Solid Waste and Stormwater Funds increased net positions by (\$1,953,914), \$904,142 and \$1,049,772, 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. 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 \$3,693,235 budgeted expenditures, which were less than actual expenditures by \$67,364 as shown below.

Expenditures	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
General government	\$ 1,535,253	\$ 1,535,253	\$ 1,671,729	\$ (136,476)
Public safety	1,603,378	1,603,378	1,616,335	(12,957)
Physical environment	207,592	207,592	194,700	12,892
Economic environment	7,684	7,684	9,101	(1,417)
Human services	27,615	27,615	-	27,615
Culture/recreation	23,700	23,700	20,308	3,392
Capital outlay	202,263	202,263	34,420	167,843
Debt service:				
Principal	55,000	55,000	57,282	(2,282)
Interest	30,750	30,750	21,996	8,754
Total expenditures	\$ 3,693,235	\$ 3,693,235	\$ 3,625,871	\$ 67,364

Capital Asset and Debt Administration

Long-term Debt: At the end of the current fiscal year, the Town had \$2,682,438 in total long-term debt outstanding. Of this amount, \$596,325 consists of a loan, and the related premium, through the Florida Municipal Loan Council; \$1,934,421 consists of State Revolving Fund loans; \$22,138 consists of lease liabilities; and the remainder consists of compensated absences obligations.

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 43 - 46 of this report.

Capital Assets: The Town's capital assets for its governmental and business-type activities as of September 30, 2022 amounted to \$13,546,640 (net of accumulated depreciation). Capital assets includes 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 41 - 42 of this report.

Economic Factors

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

<i>September 30, 2022</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,690,830	\$ 1,189,394	\$ 3,880,224
Accounts receivable, net	649,364	175,449	824,813
Leases receivable	1,243,432	-	1,243,432
Due from other governments	37,426	23,517	60,943
Prepaid items and other assets	108,889	-	108,889
Internal balances	1,750,485	(1,786,047)	(35,562)
Net pension asset	149,023	-	149,023
Capital assets net of accumulated depreciation:			
Nondepreciable	1,014,679	2,500	1,017,179
Depreciable	5,336,275	7,193,186	12,529,461
Total assets	12,980,403	6,797,999	19,778,402
Deferred Outflows of Resources			
Deferred outflows related to pensions	336,126	-	336,126
Total deferred outflows of resources	336,126	-	336,126
Liabilities			
Accounts payable	357,227	31,416	388,643
Accrued liabilities	94,627	183,910	278,537
Unearned revenues	19,292	860,309	879,601
Other liabilities	41,068	-	41,068
Customer deposits	-	99,502	99,502
Long-term liabilities:			
Due within one year	139,040	76,445	215,485
Due in more than one year	599,932	1,867,021	2,466,953
Total liabilities	1,251,186	3,118,603	4,369,789
Deferred Inflows of Resources			
Deferred inflows related to leases	1,318,467	-	1,318,467
Deferred inflows related to pensions	114,586	-	114,586
Total deferred inflows of resources	1,433,053	-	1,433,053
Net Position			
Net investment in capital assets	5,737,413	5,261,265	10,998,678
Restricted for:			
Economic environment	834,640	-	834,640
Unrestricted (deficit)	4,060,237	(1,581,869)	2,478,368
Total net position	\$ 10,632,290	\$ 3,679,396	\$ 14,311,686

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

Town of Eatonville, Florida Statement of Activities

For the year ended September 30, 2022		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,095,039	\$ 717,930	\$ 128,713	105,193	\$ (1,143,203)	\$ -	\$ (1,143,203)
Public safety	1,702,082	11,198	117,433	-	(1,573,451)	-	(1,573,451)
Physical environment	316,749	37,902	-	-	(278,847)	-	(278,847)
Economic environment	9,101	-	-	-	(9,101)	-	(9,101)
Human services	-	-	13,303	-	13,303	-	13,303
Culture/recreation	223,198	61,778	-	-	(161,420)	-	(161,420)
Interest on long-term debt	22,412	-	-	-	(22,412)	-	(22,412)
Total governmental activities	4,368,581	828,808	259,449	105,193	(3,175,131)	-	(3,175,131)
Business-type activities:							
Water and sewer	774,453	607,468	231,323	-	-	64,338	64,338
Solid waste	487,028	402,087	-	-	-	(84,941)	(84,941)
Stormwater	128,995	184,932	-	-	-	55,937	55,937
Total business-type activities	1,390,476	1,194,487	231,323	-	-	35,334	35,334
Total primary government	\$ 5,759,057	\$ 2,023,295	\$ 490,772	\$ 105,193	(3,175,131)	35,334	(3,139,797)
General revenues:							
Property taxes					2,184,431	-	2,184,431
Franchise fees based on gross receipts					385,668	-	385,668
Sales taxes					401,542	-	401,542
Utility service taxes					654,596	-	654,596
Miscellaneous and other taxes					11,132	-	11,132
Unrestricted investment earnings					22,092	-	22,092
Transfers, net					7,544	(7,544)	-
Total general revenues and transfers					3,667,005	(7,544)	3,659,461
Change in net position					491,874	27,790	519,664
Net position, beginning of year					10,140,416	3,651,606	13,792,022
Net position, end of year					\$ 10,632,290	\$ 3,679,396	\$ 14,311,686

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

**Town of Eatonville, Florida
Balance Sheet – Governmental Funds**

<i>September 30, 2022</i>	General	Community Redevelopment Agency	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,049,955	\$ 640,875	\$ 2,690,830
Accounts receivable, net	649,364	-	649,364
Leases receivable	1,243,432	-	1,243,432
Due from other funds	1,861,494	193,765	2,055,259
Due from other governments	1,864	-	1,864
Prepaid items	103,967	-	103,967
Total assets	\$ 5,910,076	\$ 834,640	\$ 6,744,716
Liabilities			
Liabilities			
Accounts payable	\$ 357,227	\$ -	\$ 357,227
Accrued liabilities	85,557	-	85,557
Unearned revenue	19,292	-	19,292
Due to other funds	269,212	-	269,212
Other liabilities	41,068	-	41,068
Total liabilities	772,356	-	772,356
Deferred Inflows of Resources			
Deferred inflows-leases	1,318,467	-	1,318,467
Total deferred inflows of resources	1,318,467	-	1,318,467
Fund balances			
Nonspendable			
Prepaid items	103,967	-	103,967
Restricted for			
Community Redevelopment Agency	-	834,640	834,640
Unassigned	3,715,286	-	3,715,286
Total fund balances	3,819,253	834,640	4,653,893
Total liabilities, deferred inflows of resources and fund balance	\$ 5,910,076	\$ 834,640	\$ 6,744,716

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

Town of Eatonville, Florida Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2022

Total fund balances - governmental funds		\$	4,653,893
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>			
Governmental capital assets			12,478,242
Less accumulated depreciation and amortization			(6,127,288)
			6,350,954
<p>Net pension asset included in total assets is not available to pay current expenditures and, therefore, is not reported in the funds.</p>			
			149,023
<p>Governmental funds record bond insurance costs as expenditures when these costs are first incurred. Unamortized bond insurance costs must be included as a prepaid item in the government-wide statements.</p>			
			4,922
<p>Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.</p>			
Notes payable		(575,000)	
Unamortized premium		(21,325)	
Lease liabilities		(22,138)	
Compensated absences		(120,509)	
Accrued interest on long-term debt		(9,070)	
			(748,042)
<p>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.</p>			
			336,126
<p>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.</p>			
			(114,586)
<p>Net position of governmental activities</p>			\$ 10,632,290

Town of Eatonville, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

<i>For the year ended September 30, 2022</i>	General	Community Redevelopment Agency	Total Governmental Funds
Revenue			
Ad valorem taxes	\$ 1,833,931	\$ 350,500	\$ 2,184,431
Utility taxes	654,596	-	654,596
Franchise fees	385,668	-	385,668
Sales tax	401,542	-	401,542
Intergovernmental revenues	160,892	-	160,892
Licenses and permits	594,904	-	594,904
Charges for services	186,455	-	186,455
Fines and forfeitures	155,149	-	155,149
Interest income	20,981	1,111	22,092
Rental and other income	100,074	7,108	107,182
Total revenues	4,494,192	358,719	4,852,911
Expenditures			
Current			
General government	1,671,729	312,191	1,983,920
Public safety	1,616,335	-	1,616,335
Physical environment	194,700	-	194,700
Economic environment	9,101	-	9,101
Culture/recreation	20,308	167,586	187,894
Capital outlay	34,420	-	34,420
Debt service:			
Principal	57,282	18,345	75,627
Interest and other related charges	21,996	1,241	23,237
Total expenditures	3,625,871	499,363	4,125,234
Excess (deficiency) of revenues over (under) expenditures	868,321	(140,644)	727,677
Other Financing Sources (Uses)			
Transfers in	-	14,937	14,937
Transfers out	(7,393)	-	(7,393)
Total other financing sources (uses)	(7,393)	14,937	7,544
Net change in fund balances	860,928	(125,707)	735,221
Fund balance, beginning of year	2,958,325	960,347	3,918,672
Fund balance, end of year	\$ 3,819,253	\$ 834,640	\$ 4,653,893

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,	2022
Net change in fund balances - total governmental funds	\$ 735,221
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 depreciation (\$268,799) exceeded capitalized capital outlay (\$34,420) in the current period.	(234,379)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	75,627
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.	(617)
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	(27,017)
Decrease in unamortized premium	2,665
Decrease in accrued interest on long-term debt	824
	(23,528)
Pension expense is reported in the Statement of Activities, which differs from pension expenditures as reported in governmental funds.	
Increase in net pension asset	(356,892)
Decrease in deferred outflows related to pensions	181,128
Decrease in deferred inflows related to pensions	115,314
	(60,450)
Change in net position of governmental activities	\$ 491,874

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

<i>September 30, 2022</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,186,952	\$ -	\$ 2,442	\$ 1,189,394
Accounts receivable, net	79,748	65,714	29,987	175,449
Due from other governments	23,517	-	-	23,517
Total current assets	1,290,217	65,714	32,429	1,388,360
Noncurrent assets				
Due from other funds	-	965,439	1,051,143	2,016,582
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	11,504,287	-	-	11,504,287
Equipment	272,688	-	125,187	397,875
Total depreciable assets	11,776,975	-	125,187	11,902,162
Less accumulated depreciation	(4,598,362)	-	(110,614)	(4,708,976)
Total depreciable capital assets, net of accumulated depreciation	7,178,613	-	14,573	7,193,186
Total noncurrent assets	7,181,113	965,439	1,065,716	9,212,268
Total assets	8,471,330	1,031,153	1,098,145	10,600,628
Liabilities				
Current liabilities				
Accounts payable	25,907	-	5,509	31,416
Accrued liabilities	32,175	127,011	24,724	183,910
Unearned revenues	860,309	-	-	860,309
Current portion of notes payable	70,689	-	-	70,689
Current portion of compensated absences	2,394	-	3,362	5,756
Customer deposits	99,502	-	-	99,502
Total current liabilities	1,090,976	127,011	33,595	1,251,582
Noncurrent liabilities				
Due to other funds	3,802,629	-	-	3,802,629
Compensated absences	3,084	-	205	3,289
Notes payable	1,863,732	-	-	1,863,732
Total noncurrent liabilities	5,669,445	-	205	5,669,650
Total liabilities	6,760,421	127,011	33,800	6,921,232
Net Position				
Net investment in capital assets	5,246,692	-	14,573	5,261,265
Unrestricted (deficit)	(3,535,783)	904,142	1,049,772	(1,581,869)
Total net position	\$ 1,710,909	\$ 904,142	\$ 1,064,345	\$ 3,679,396

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

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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, 2022</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
Operating Revenues				
Charges for services	\$ 607,468	\$ 402,087	\$ 184,932	\$ 1,194,487
Total operating revenues	607,468	402,087	184,932	1,194,487
Operating Expenses				
Personnel services	149,259	-	94,799	244,058
Operating	248,292	487,028	33,023	768,343
Depreciation expense	376,902	-	1,173	378,075
Total operating expenses	774,453	487,028	128,995	1,390,476
Operating income (loss)	(166,985)	(84,941)	55,937	(195,989)
Non-operating revenues				
Operating grant revenue	231,323	-	-	231,323
Total non-operating revenues	231,323	-	-	231,323
Operating income (loss) before contributions and transfers	64,338	(84,941)	55,937	35,334
Transfers out	(7,544)	-	-	(7,544)
Change in net position	56,794	(84,941)	55,937	27,790
Net position - beginning of year	1,654,115	989,083	1,008,408	3,651,606
Net position - end of year	\$ 1,710,909	\$ 904,142	\$ 1,064,345	\$ 3,679,396

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

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

<i>For the year ended September 30, 2022</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
Operating Activities				
Cash received from customers	\$ 639,717	\$ 400,413	\$ 184,739	\$ 1,224,869
Cash payments to suppliers for goods and services	602,149	(487,028)	(27,882)	87,239
Cash payments to employees for services	(141,388)	-	(94,799)	(236,187)
Net cash provided by (used in) operating activities	1,100,478	(86,615)	62,058	1,075,921
Noncapital Financing Activities				
Borrowings from other funds	49,594	-	-	49,594
Loans and reimbursements to other funds	-	86,615	(86,611)	4
Operating grants and contributions	231,323	-	-	231,323
Transfers in from other funds	(7,544)	-	-	(7,544)
Net cash provided by (used in) noncapital financing activities	273,373	86,615	(86,611)	273,377
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(372,785)	-	(57)	(372,842)
Proceeds from state revolving loan	-	-	-	-
Principal paid on notes payable	(86,575)	-	-	(86,575)
Other non-operating revenue (expenses)	-	-	-	-
Net cash used in capital and related financing activities	(459,360)	-	(57)	(459,417)
Net increase in cash and cash equivalents	914,491	-	(24,610)	889,881
Cash and cash equivalents, beginning of year	272,461	-	27,052	299,513
Cash and cash equivalents, end of year	\$ 1,186,952	\$ -	\$ 2,442	\$ 1,189,394
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss) before contributions	\$ (166,985)	\$ (84,941)	\$ 55,937	\$ (195,989)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	376,902	-	1,173	378,075
Change in assets and liabilities				
Accounts receivable	29,808	(1,674)	(193)	27,941
Accounts payable	14,557	-	5,509	20,066
Accrued liabilities	5,995	-	(1,642)	4,353
Unearned revenues	835,884	-	-	835,884
Customer deposits	2,441	-	-	2,441
Compensated absences	1,876	-	1,274	3,150
Total adjustments	1,267,463	(1,674)	6,121	1,271,910
Net cash provided by (used in) operating activities	\$ 1,100,478	\$ (86,615)	\$ 62,058	\$ 1,075,921

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

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

<i>September 30, 2022</i>	Police Pension Trust Fund
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Assets	
Money market mutual funds	\$ 76,162
Investments, at fair value	1,982,081
Accrued interest and dividends	7,123
<hr/>	
Total assets	2,065,366
<hr/> <hr/>	
Net Position	
Restricted for pension benefits	\$ 2,065,366
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Town of Eatonville, Florida
Statement of Changes in Fiduciary Net Position -
Fiduciary Fund

<i>September 30, 2022</i>	Police Pensions Trust Fund
<hr/>	
Additions	
Contributions	
Plan members	\$ 32,681
<hr/>	
Total contributions	32,681
<hr/>	
Investment earnings	
Interest	57,331
Investment income, net of investment expense	68,169
<hr/>	
Total investment earnings	125,500
<hr/>	
Total additions	158,181
<hr/>	
Deductions	
Benefit payments including refunds of contributions	38,792
Administrative expenses	17,900
Unrealized losses on investments	372,976
<hr/>	
Total deductions	429,668
<hr/>	
Change in net position	(271,487)
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Net position restricted for pension benefits, beginning of year	2,336,853
<hr/>	
Net position restricted for pension benefits, end of year	\$ 2,065,366
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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

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

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 \$7.2938 per \$1,000 of assessed value for the fiscal year ended September 30, 2022. Orange County, Florida bills and receives payment for all ad valorem taxes levied by the Town. Payments are then remitted to the Town.

Town of Eatonville, Florida
Notes to Financial Statements

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 following are the significant encumbrances at year-end:

General fund	\$ 131,044
Enterprise funds	136,877
<u>Total</u>	<u>\$ 267,921</u>

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 4 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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this statement can be found in Note 2.

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

In May 2020, the GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

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). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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 evaluating the requirements of the above statements and the impact on reporting.

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2022, the Town implemented GASB Statement No. 87, *Leases*. The standard had a material impact on the Town's balance sheets, but did not have a material impact on the statement of revenues, expenditures and changes in fund balances or cash flows. At October 1, 2021, the Town reported \$1,331,875 as leases receivable and \$1,395,168 as deferred inflows on leases.

Note 3: 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.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (Continued)

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, 2022, 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. 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).

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (Continued)

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.

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*	\$ 76,162	\$ 76,162	\$ -	\$ -	\$ -
Corporate Bonds	Fixed Income	Aaa	3,822	-	-	-	3,822
Corporate Bonds	Fixed Income	Aa2	1,746	-	1,746	-	-
Corporate Bonds	Fixed Income	Aa3	671	-	-	-	671
Corporate Bonds	Fixed Income	A1	31,369	-	14,580	-	16,789
Corporate Bonds	Fixed Income	A2	19,386	-	18,490	896	-
Corporate Bonds	Fixed Income	A3	22,828	5,031	15,864	-	1,933
Corporate Bonds	Fixed Income	Baa1	24,249	-	15,051	3,075	6,123
Corporate Bonds	Fixed Income	Baa2	51,144	-	29,778	13,934	7,432
Corporate Bonds	Fixed Income	Baa3	125,543	11,868	87,703	12,822	13,150
Corporate Bonds	Fixed Income	NR	84,765	-	35,207	40,224	9,334
Municipal Bonds	Fixed Income	Aaa	9,844	4,985	-	-	4,859
Municipal Bonds	Fixed Income	Aa2	21,503	-	14,377	1,826	5,300
Municipal Bonds	Fixed Income	Aa3	15,873	-	9,547	-	6,326
Government Bonds	Fixed Income	Aaa	65,780	-	25,016	30,808	9,956
Government Sponsored Bonds	Fixed Income	Aaa	18,930	-	-	8,108	10,822
Mortgage Pools	Fixed Income	Aaa	229,289	-	54,863	51,306	123,120
Total debt securities			726,742	21,884	322,222	162,999	219,637
Common Stock	Equity	NR*	1,255,339	1,255,339	-	-	-
Total pension investments			\$ 2,058,243	\$ 1,353,385	\$ 322,222	\$ 162,999	\$ 219,637

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Investments (Continued)

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.

The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of September 30, 2022:

Investments	Carrying Amount	Fair Value		Amortized Cost
		Level 1	Level 2	
Money market mutual funds	\$ 76,162	\$ -	\$ -	\$ 76,162
U.S. treasury bonds and notes	65,780	-	65,780	-
U.S. government agencies	18,930	-	18,930	-
Asset-backed securities	229,290	-	229,290	-
Municipal bonds	47,221	-	47,221	-
Corporate bonds and notes	365,521	-	365,521	-
Common stock	1,255,339	1,255,339	-	-
Total Investments	\$ 2,058,243	\$ 1,255,339	\$ 726,742	\$ 76,162

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, 2022.

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 municipal 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 3: 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, 2022 (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, 2022, were as follows:

	General Fund	Water and Sewer	Solid Waste	Stormwater	Total
Receivables					
Customer receivables and unbilled revenues	\$ 35,247	\$ 361,206	\$ 202,409	\$ 89,560	\$ 688,422
Franchise and utility	645,224	-	-	-	645,224
Total receivables	680,471	361,206	202,409	89,560	1,333,646
Less allowance for uncollectibles	(31,107)	(281,458)	(136,695)	(59,573)	(508,833)
Total receivables, net	\$ 649,364	\$ 79,748	\$ 65,714	\$ 29,987	\$ 824,813

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, 2022. There are no other reserves for receivables recorded by the Town as of September 30, 2022.

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	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	796,742	34,420	-	831,162
Equipment	1,965,743	-	-	1,965,743
Total capital assets, being depreciated	11,374,053	34,420	-	11,408,473
Less accumulated depreciation for				
Infrastructure	(1,529,381)	(121,916)	-	(1,651,297)
Buildings and improvements	(1,723,580)	(76,274)	-	(1,799,854)
Improvements other than buildings	(708,813)	(15,857)	-	(724,670)
Equipment	(1,888,845)	(54,144)	-	(1,942,989)
Total accumulated depreciation	(5,850,619)	(268,191)	-	(6,118,810)
Total capital assets being depreciated, net	5,523,434	(233,771)	-	5,289,663
Right-to-use lease assets, being amortized				
Vehicles	55,090	-	-	55,090
Total right-to-use lease assets, being amortized	55,090	-	-	55,090
Less accumulated amortization for				
Vehicles	(7,870)	(608)	-	(8,478)
Total accumulated amortization	(7,870)	(608)	-	(8,478)
Right-to-use lease assets being amortized, net	47,220	(608)	-	46,612
Governmental activities capital assets, net	\$ 6,585,333	\$ (234,379)	\$ -	\$ 6,350,954

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: 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	11,131,795	372,842	-	11,504,637
Equipment	397,875	-	-	397,875
Total capital assets being depreciated	11,529,670	372,842	-	11,902,512
Less accumulated depreciation for				
Buildings and improvements	(3,979,360)	(373,354)	-	(4,352,714)
Equipment	(351,891)	(4,721)	-	(356,612)
Total accumulated depreciation	(4,331,251)	(378,075)	-	(4,709,326)
Total capital assets being depreciated, net	7,198,419	(5,233)	-	7,193,186
Business-type activities capital assets, net	\$ 7,200,919	\$ (5,233)	\$ -	\$ 7,195,686

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

Governmental activities:	
General government	\$ 86,149
Public safety	25,297
Physical environment	122,049
Culture and recreation	35,304
Total	\$ 268,799
Business-type activities:	
Water and Sewer	\$ 376,902
Stormwater	1,173
Total	\$ 378,075

Note 3: 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, 2022, the principal outstanding on the note was \$575,000.

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 3: 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, 2022, 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, 2022, the principal outstanding on the state revolving loan funds were \$1,672,145.

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, 2022, the principal outstanding on the system revenue bonds is \$262,276.

Leases-Lessee

The Town has entered into lease agreements as a lessee for financing the acquisition of vehicles and copiers. Total annual lease payments that the Town paid for the year ended September 30, 2022, was \$23,935. The leases have a 4 year term.

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

Long-term liability activity for the fiscal year ended September 30, 2022 as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Note payable					
FMLC Series 2017	\$ 630,000	\$ -	\$ (55,000)	\$ 575,000	\$ 55,000
Total notes from direct borrowing	630,000	-	(55,000)	575,000	55,000
Other liabilities:					
Unamortized premium	23,990	-	(2,665)	21,325	2,665
Lease liabilities	42,765	-	(20,627)	22,138	21,238
Compensated absences	93,492	89,909	(62,892)	120,509	60,137
Total other liabilities	160,247	89,909	(86,184)	163,972	84,040
Governmental activities long-term liabilities	\$ 790,247	\$ 89,909	\$ (141,184)	\$ 738,972	\$ 139,040

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

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

For the year ended September 30:	Principal	Interest	Total
2023	\$ 55,000	\$ 17,038	\$ 72,038
2024	60,000	15,338	75,338
2025	60,000	14,138	74,138
2026	60,000	12,863	72,863
2027	65,000	12,188	77,188
2028-2031	275,000	24,231	299,231
Total	\$ 575,000	\$ 95,796	\$ 670,796

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

For the years ending September 30,	Principal Payments	Interest Expense	Total
2023	\$ 21,238	\$ 1,065	\$ 22,303
2024	900	171	1,071
Total	\$ 22,138	\$ 1,236	\$ 23,374

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: 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	\$ 176,238	\$ -	\$ (9,720)	\$ 166,518	\$ 9,925
SRF Loan WW480202	1,492,932	-	(62,819)	1,430,113	51,473
SRF Loan WW480240	79,688	-	(4,174)	75,514	4,190
System Revenue Bond 2019A	195,901	-	(7,099)	188,802	3,672
System Revenue Bond 2019B	76,237	-	(2,763)	73,474	1,429
Total notes from direct borrowings	2,020,996	-	(86,575)	1,934,421	70,689
Other liabilities:					
Compensated absences	5,895	5,052	(1,902)	9,045	5,756
Total other liabilities	5,895	5,052	(1,902)	9,045	5,756
Business-type activities					
long-term liabilities	\$ 2,026,891	\$ 5,052	\$ (88,477)	\$ 1,943,466	\$ 76,445

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

For the year ended September 30:	Principal	Interest	Total
2023	\$ 70,689	\$ 21,685	\$ 92,374
2024	71,483	20,898	92,381
2025	72,289	20,100	92,389
2026	73,107	21,355	94,462
2027	73,687	18,718	92,405
2028-2032	304,476	19,282	323,758
2033-2037	376,702	31,171	407,872
2038-2042	354,568	63,463	418,031
2043-2047	349,616	54,598	404,214
2048-2052	106,338	37,979	144,317
2053-2057	43,685	9,256	52,940
2058-2060	37,782	5,626	43,408
Total	\$ 1,934,421	\$ 324,131	\$ 2,258,551

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Pledged Revenues

The Town has notes outstanding at September 30, 2022, 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%	\$ 1,922,829	\$ 1,895,189	\$ 19,882	\$ 65,588	(30.30%)
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 \$88,443 for lease revenue principal and \$20,403 of lease interest for the year ended September 30, 2022.

Town of Eatonville, Florida
Notes to Financial Statements

Note 3: 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)	\$ 6,350,954	\$ 7,195,686	\$ 13,546,640
Plus unamortized deferred bond cost	4,922	-	4,922
Less outstanding debt related to capital assets	(618,463)	(1,934,421)	(2,552,884)
Net investment in capital assets	\$ 5,737,413	\$ 5,261,265	\$ 10,998,678

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 \$3,535,783 at September 30, 2022. The Water and Sewer Fund deficit is anticipated to be funded through enhanced revenues and reduction of expenses.

Note 4: RETIREMENT PLANS

Employee Retirement Plans and Pension Plans

The Town participates in two public employee retirement plans. These plans are a signal 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 4: 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, 2022. The employer’s contributions were \$45,371 for the year ended September 30, 2022.

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 4: 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.

As of October 1, 2021, the date of the Plan's latest actuarial valuation, the Plan had 12 active participants.

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, 2022, the annual money-weighted rate of return, net of investment expense on Plan investments was 6.5%. 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 4: 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, 2022.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balance at October 1, 2021	\$ 1,847,655	\$ 2,353,570	\$ (505,915)
Changes for the year:			
Service cost	78,416	-	78,416
Interest	119,374	-	119,374
Difference between expected and actual experience	(70,151)	-	(70,151)
Contributions - State	-	18,876	(18,876)
Contributions - Employee	-	32,681	(32,681)
Net investment income	-	(262,910)	262,910
Benefit payments, including refunds of employee contributions	(38,792)	(38,792)	-
Administrative expense	-	(17,900)	17,900
Net changes	88,847	(268,045)	356,892
Balance at September 30, 2022	\$ 1,936,502	\$ 2,085,525	\$ (149,023)

Note 4: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Actuarial Assumptions

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

Valuation date	October 1, 2021
Actuarial method and assumptions:	
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

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, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equities	6.04%
Fixed income	0.97%
Cash	0.10%
Total	

Town of Eatonville, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

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)	\$ 108,999	\$ (149,023)	\$ (364,395)

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

For the year ended September 30, 2022, the Town recognized a pension expense of \$79,326. At September 30, 2022, 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	\$ 77,391	\$ 100,992
Changes of assumptions	27,098	13,594
Net difference between projected and actual earnings on plan investments	231,637	-
Total	\$ 336,126	\$ 114,586

Town of Eatonville, Florida
Notes to Financial Statements

Note 4: RETIREMENT PLANS (Continued)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension (Continued)

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

Year ended September 30:

2023	\$	44,868
2024		71,595
2025		34,815
2026		70,262
Total	\$	221,540

Note 5: 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, 2022:

Fund	Receivable	Payable
General Fund	\$ 1,861,494	\$ 269,212
CRA	193,765	-
Water and Sewer Fund	-	3,802,629
Solid Waste Fund	965,439	-
Stormwater Fund	1,051,143	-
Total	\$ 4,071,841	\$ 4,071,841

Transfers for the year ended September 30, 2022:

	Transfers in:			Total
	Water and Sewer	Community Redevelopment Agency		
Transfers out:				
General Fund	\$ (7,544)	\$ 14,937	\$	7,393

**Town of Eatonville, Florida
Notes to Financial Statements**

Note 6: SUBSEQUENT EVENTS

The Town entered into an agreement for software services subscription for a five year period. Hosting services will be approximately \$14,495 annually.

The Town entered into an agreement for a five year lease for radios totaling \$131,043.

**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

For the year ended September 30, 2022	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
Revenue				
Ad valorem taxes	\$ 1,765,817	\$ 1,765,817	\$ 1,833,931	\$ 68,114
Utility taxes	629,206	629,206	654,596	25,390
Franchise fees	395,188	395,188	385,668	(9,520)
Sales tax	237,244	237,244	401,542	164,298
Intergovernmental revenues	159,860	159,860	160,892	1,032
Licenses and permits	205,500	305,500	594,904	289,404
Charges for services	104,690	104,690	186,455	81,765
Fines and forfeitures	23,000	23,000	155,149	132,149
Interest income	200	200	20,981	20,781
Rental and other income	93,123	93,123	100,074	6,951
Total revenues	3,613,828	3,713,828	4,494,192	780,364
Expenditures				
General government	1,535,253	1,535,253	1,671,729	(136,476)
Public safety	1,603,378	1,605,701	1,616,335	(10,634)
Physical environment	207,592	208,269	194,700	13,569
Economic environment	7,684	7,684	9,101	(1,417)
Human services	27,615	27,615	-	27,615
Culture/recreation	23,700	18,200	20,308	(2,108)
Capital outlay	202,263	537,263	34,420	502,843
Debt service:				
Principal	55,000	-	57,282	(57,282)
Interest	30,750	-	21,996	(21,996)
Total expenditures	3,693,235	3,939,985	3,625,871	314,114
Excess of revenues over expenditures	(79,407)	(226,157)	868,321	466,250
Other Financing Sources				
Transfers in	-	342,406		342,406
Transfers out	-		(7,393)	7,393
Total other financing sources	-	342,406	(7,393)	349,799
Net change in fund balances	(79,407)	116,249	860,928	816,049
Fund balance, beginning of year	2,958,325	2,958,325	2,958,325	-
Fund balance, end of year	\$ 2,878,918	\$ 3,074,574	\$ 3,819,253	\$ 816,049

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

For the year ended September 30, 2022	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
Revenue				
Ad valorem taxes	\$ 350,000	\$ 350,000	\$ 350,500	\$ 500
Interest	4,910	4,910	1,111	(3,799)
Rental and other income	-	-	7,108	7,108
Total revenues	354,910	354,910	358,719	(3,299)
Expenditures				
General government	849,467	848,467	312,191	536,276
Culture/recreation	355,000	355,000	167,586	187,414
Capital outlay	40,000	40,000	-	40,000
Debt service				
Principal	-	-	18,345	(18,345)
Interest	-	-	1,241	(1,241)
Total expenditures	1,244,467	1,243,467	499,363	744,104
Deficiency of revenues under expenditures	(889,557)	(888,557)	(140,644)	740,805
Other financing sources				
Transfers in	245,000	245,000	14,937	230,063
Total other financing sources	245,000	245,000	14,937	230,063
Net change in fund balance	(644,557)	(643,557)	(125,707)	970,868
Fund balance, beginning of year	521,740	521,740	960,347	-
Fund balance, end of year	\$ (122,817)	\$ (121,817)	\$ 834,640	\$ 970,868

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 78,416	\$ 77,649	\$ 82,509	\$ 78,742	\$ 70,718	\$ 71,173	\$ 71,173	\$ 66,517	\$ 71,395
Interest	119,374	113,461	96,643	89,594	94,557	85,329	75,091	65,507	56,863
Differences between expected and actual experience	(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	(38,792)	(22,712)	(19,003)	(33,112)	(48,446)	-	-	(6,670)	-
Net change in total pension liability	88,847	273,691	122,564	238,980	(91,899)	156,502	146,264	132,368	128,258
Total pension liability, beginning	1,847,655	1,573,964	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553	869,185	740,927
Total pension liability, ending (a)	1,936,502	1,847,655	1,573,964	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553	869,185
Plan Fiduciary Net Position									
Contributions - Employer	\$ -	\$ -	\$ 16,839	\$ 15,000	\$ 15,000	\$ 9,000	\$ 6,000	\$ -	\$ 16,543
Contributions - State	18,876	-	-	17,160	14,803	13,340	2,484	10,398	11,688
Contributions - Employee	32,681	29,628	30,675	31,598	29,461	28,405	28,010	28,874	29,951
Net investment income	(262,910)	402,281	(20,267)	96,006	106,241	151,725	138,286	19,866	105,889
Benefit payments, including refunds of employee contributions	(38,792)	(22,712)	(19,003)	(33,112)	(48,446)	-	-	(6,670)	-
Administrative expense	(17,900)	(9,900)	(14,660)	(24,694)	(25,168)	(15,150)	(9,900)	(10,650)	(12,158)
Net change in plan fiduciary net position	(268,045)	399,297	-6,416	101,958	91,891	187,320	164,880	41,818	151,913
Plan fiduciary net position, beginning	2,353,570	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,414,640	1,372,822	1,220,909
Plan fiduciary net position, ending (b)	2,085,525	2,353,570	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,414,640	1,372,822
Net pension (asset) - ending (a) - (b)	\$ (149,023)	\$ (505,915)	\$ (380,309)	\$ (509,289)	\$ (646,311)	\$ (462,521)	\$ (431,703)	\$ (413,087)	\$ (503,637)
Plan fiduciary net position as a percentage of the total pension liability	107.70%	127.38%	124.16%	135.09%	153.31%	135.46%	137.61%	141.24%	157.94%
Covered payroll	\$ 653,620	\$ 592,560	\$ 613,500	\$ 631,956	\$ 589,220	\$ 568,100	\$ 560,200	\$ 577,474	\$ 599,025
Net pension asset as a percentage of covered payroll	(22.80%)	(85.38%)	(61.99%)	(80.59%)	(109.69%)	(81.42%)	(77.06%)	(71.53%)	(84.08%)

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. As a result, this information is only available for the past nine fiscal years.

Change of Assumptions:

For measurement date September 30, 2022, 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)
2022	\$ -	\$ 18,876	\$ (18,876)	\$ 653,620	2.89%
2021	-	-	-	592,560	0.00%
2020	-	16,839	(16,839)	613,500	2.74%
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%
2014	8,734	28,231	(19,497)	599,025	4.71%
2013	51,010	51,010	-	552,485	9.23%

Year Ended September 30	Annual Money-Weighted Rate of Return
2022	3.62%
2021	8.11%
2020	(1.03%)
2019	5.19%
2018	9.50%
2017	9.50%
2016	9.72%
2015	1.72%
2014	8.85%

Note: Information is not available for years preceeding fiscal year 2014.

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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

For the year ended September 30, 2022	Water and Sewer		
	Final Budget	Actual	Variance Positive/ (Negative)
Operating Revenues			
Charges for services	\$ 789,511	\$ 607,468	\$ (182,043)
Total operating revenues	789,511	607,468	(182,043)
Operating Expenses			
Personnel services	279,293	149,259	130,034
Operating	590,218	248,292	341,926
Total operating expenses	869,511	397,551	471,960
Operating income (loss)	(80,000)	209,917	289,917
Non-operating revenues			
Operating grant revenue	570,000	231,323	338,677
Transfers	-	(7,544)	7,544
Total non-operating revenues	570,000	223,779	7,544
Excess of revenues over expenses	\$ 490,000	\$ 433,696	\$ 297,461

Note: Depreciation expense of \$376,902 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

<i>For the year ended September 30, 2022</i>	Solid Waste		Variance Positive/ (Negative)
	Final Budget	Actual	
Operating Revenues			
Charges for services	\$ 360,000	\$ 402,087	\$ 42,087
Total operating revenues	360,000	402,087	42,087
Operating Expenses			
Operating	293,550	487,028	(193,478)
Total operating expenses	293,550	487,028	(193,478)
<u>Excess of (deficiency) revenues over (under) expenses</u>	<u>\$ 66,450</u>	<u>\$ (84,941)</u>	<u>\$ (151,391)</u>

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, 2022</i>	Stormwater		Variance Positive/ (Negative)
	Final Budget	Actual	
Operating Revenues			
Charges for services	\$ 219,336	\$ 184,932	\$ (34,404)
Total operating revenues	219,336	184,932	(34,404)
Operating Expenses			
Personnel services	105,739	94,799	10,940
Operating	88,597	33,023	55,574
Total operating expenses	194,336	127,822	66,514
Excess of revenues over expenses	\$ 25,000	\$ 57,110	\$ 32,110

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

OTHER AUDITORS' REPORTS

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INDEPENDENT AUDITORS' 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, 2022, 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 2022-001 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 2022-002.

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, LLC

Orlando, Florida

DATE

2022-001 Financial Reporting (Repeat material weakness finding)

Criteria: All transactions should be recorded in accordance with GAAP. The financial close process should include evaluation 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:

- \$92,000 to correct unbilled accounts receivable and revenue-Enterprise
- \$47,000 to correct accounts receivable allowance for bad debt-Enterprise
- \$168,000 to correct accounts receivable for funds received-General
- \$329,000 to adjust depreciation on capital assets-Enterprise
- \$265,000 to record System Revenue Bonds-Enterprise
- \$73,000 to recognize expended ARPA funds as revenue-Enterprise
- \$19,000 to correct payments made to the CRA for TIF payments
- \$128,000 to agree TIF payments and due from town for amount not rebated-CRA/General
- \$1,500,000 to record lessor lease balances under GASB 87 implementation-General
- \$385,000 to properly account for the balances between the due to/from other funds-General/Enterprise
- \$55,000 of administrative expense between governmental funds and enterprise

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.

Views of Responsible Officials: See page 70 - 71 for management's response to the finding.

2022-002 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 70 - 71 for management's response to the finding.

Management's Corrective Action Plan

**Town of Eatonville, Florida
Management's Corrective Action Plan**

Management's Corrective Action Plan (Continued)



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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, 2022, and have issued our report thereon dated **DATE**.

Auditors’ 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 Auditors’ 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 **DATE**, 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 2022-001 and 2022-002 are repeat findings from the preceding two annual financial audit reports.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2021-2022 FY Finding #	2020-2021 FY Finding #
2022-001	2021-001	2020-001
2022-002	2021-002	2020-003

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 noted the following matters.

FC 2022-003 Financial Close

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

Condition: Multiple transactions, to include prepaid and receivable accounts were not recorded consistently with accounting principles generally accepted in the United States of America (GAAP).

Cause of Condition: Transactions were not recorded appropriately as part of the financial close and reconciliation process.

Potential Effect of Condition: The Town's financial statements are misstated.

Recommendations: We recommend that reconciliations and financial close process procedures be implemented and followed to ensure proper accounting records at the end of the fiscal year.

Management's Response: We concur with the finding and the Finance Department is in the process of upgrading the computer systems which will provide efficiencies and streamline the closing process. We are also in the process of hiring new staff to assist with the financial close and report functions.

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.

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 noted the following noncompliance.

DC 2022-004 Debt Covenant

Criteria: Pursuant to SRF loan agreements, the audit report is to be completed within nine months of the fiscal year end in accordance with Rules of the Auditor General.

Condition: Audit report for fiscal year September 30, 2022, was not completed within nine months of the fiscal year in accordance with Rules of the Auditor General.

Cause of Condition: The audit report was not completed within required timeline due to delays in audit support and information.

Potential Effect of Condition: The Town is not in compliance with the debt covenant to complete their audit within nine months of the fiscal year.

Recommendations: We recommend that procedures be put in place to prepare reconciliations and schedules to facilitate a timely audit that would be completed within nine months of fiscal year in accordance with Rules of the Auditor General.

Management's Response: We concur with the finding. There were delays due to staffing shortage in the finance department. We are hiring additional staff to ensure that all future reporting deadlines are met.

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, LLC

Orlando, Florida

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INDEPENDENT ACCOUNTANTS' 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, 2022. 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 American Institute of Certified Public Accountants. 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, 2022.

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