

TOWN OF REDDICK, FLORIDA
Reddick, Florida

ANNUAL FINANCIAL REPORT
Year Ended September 30, 2013

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Independent Auditors' Report

Honorable Members of Town Council
Town of Reddick, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Town of Reddick, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

Members:

American Institute of
Certified Public Accountants

Florida Institute of
Certified Public Accountants

Honorable Members of Town Council
Town of Reddick, Florida
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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Reddick, Florida, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Reddick, Florida's basic financial statements. The schedule of expenditures – general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Honorable Members of Town Council
Town of Reddick, Florida
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of the Town of Reddick, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Reddick, Florida's internal control over financial reporting and compliance.

Restriction on Use

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

Crippen, Tria, Ford, Torres, LLP

Ocala, Florida
January 13, 2014

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF REDDICK, FLORIDA
STATEMENT OF NET POSITION
September 30, 2013

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	Primary Government	
	General	Total
Assets		
Cash and cash equivalents	\$ 368,152	\$ 368,152
Due from other governments	15,344	15,344
Accrued interest	10,029	10,029
Investments	2,630,139	2,630,139
Capital assets	127,348	127,348
Total assets	3,151,012	3,151,012
Liabilities		
Accounts payable	7,240	7,240
Total liabilities	7,240	7,240
Net Position		
Net investment in capital assets	127,348	127,348
Restricted for:		
Transportation expenditures	1,032,058	1,032,058
Unrestricted	1,984,366	1,984,366
Total net position	\$ 3,143,772	\$ 3,143,772

The accompanying notes are an integral part of these financial statements.

TOWN OF REDDICK, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

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Functions/Programs	Expenses	Governmental Activities	Total
Governmental Activities:			
General government	\$ 41,124	\$ 41,124	\$ 41,124
Public safety	9,187	9,187	9,187
Physical environment	25,980	25,980	25,980
Transportation	100,135	100,135	100,135
Culture and recreation	5,507	5,507	5,507
Total governmental activities	\$ 181,933	181,933	181,933
General Revenues			
State Revenues:			
Revenue sharing		19,192	19,192
Half-cent sales tax		28,873	28,873
Communications services tax		3,217	3,217
Licenses and permits		1,759	1,759
Gasoline taxes		131,947	131,947
Investment loss		(6,407)	(6,407)
Miscellaneous revenues		5,694	5,694
Total State Revenues		184,275	184,275
Change in net position		2,342	2,342
Net Position at Beginning of the Year		3,141,430	3,141,430
Net Position at End of the Year		\$ 3,143,772	\$ 3,143,772

The accompanying notes are an integral part of these financial statements.

TOWN OF REDDICK, FLORIDA
BALANCE SHEET
September 30, 2013

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Assets

Current assets

Cash and cash equivalents	\$ 368,152
Due from other governments	15,344
Accrued interest	10,029

Total current assets	<u>393,525</u>
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Noncurrent assets

Investments	<u>2,630,139</u>
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Total noncurrent assets	<u>2,630,139</u>
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Total assets and other debits	<u><u>\$ 3,023,664</u></u>
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Liabilities

Current liabilities

Accounts payable	<u>7,240</u>
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Fund Balances

Restricted for:

Reserved for transportation expenditures	1,032,058
Unassigned	<u>1,984,366</u>

Total fund balances	<u>3,016,424</u>
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Total liabilities and fund balances	<u><u>\$ 3,023,664</u></u>
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The accompanying notes are an integral part of these financial statements.

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TOWN OF REDDICK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of September 30, 2013

Total Fund Balances of Governmental Funds \$ 3,016,424

**Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$351,237 and the accumulated depreciation is \$223,889.

127,348

Total Net Assets of Governmental Activities \$ 3,143,772

The accompanying notes are an integral part of these financial statements.

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TOWN OF REDDICK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2013

	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
State Revenues:			
Revenue sharing	\$ 20,582	19,192	\$ (1,390)
Half-cent sales tax	24,441	28,873	4,432
Communications services tax	2,047	3,217	1,170
Licenses and permits	3,000	1,759	(1,241)
Gasoline taxes	113,500	131,947	18,447
Investment income	30,699	(6,407)	(37,106)
Miscellaneous revenues	4,800	5,694	894
Total Revenues	<u>199,069</u>	<u>184,275</u>	<u>(14,794)</u>
Expenditures			
Current:			
General government	38,465	41,124	(2,659)
Public safety	7,854	9,187	(1,333)
Physical environment	28,250	25,980	2,270
Transportation	119,500	95,757	23,743
Culture and recreation	5,000	3,565	1,435
Total Expenditures	<u>199,069</u>	<u>175,613</u>	<u>23,456</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	8,662	<u>\$ 8,662</u>
Fund Balances at Beginning of the Year		<u>3,007,762</u>	
Fund Balances at End of the Year		<u>\$ 3,016,424</u>	

The accompanying notes are an integral part of these financial statements.

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TOWN OF REDDICK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 8,662
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**Amounts Reported for Governmental Activities in the Statement
of Activities are Different Because:**

Governmental funds reported capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is depreciation expense of \$6,320.

(6,320)

Change in Net Position of Governmental Activities	<u><u>\$ 2,342</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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1. Summary of significant accounting policies:

The accounting policies of the Town of Reddick, Florida conform to generally accepted accounting principles applicable to governments as established by the Governmental Accounting Standards Board. The following is a summary of the significant policies used in the preparation of these financial statements.

- A. Reporting Entity** - The Town of Reddick, Florida (the "Town") operates under a council-mayor-clerk form of government as authorized by the Legislature of the State of Florida, Laws of Florida 11711, in 1925. The Town provides services for the citizens of Reddick, including public safety, physical environment, transportation, culture, recreation and community development. All financial activities of the Town are included in the general purpose financial statements of the Town of Reddick, Florida.

The Town is required to include all agencies, boards and authorities that are controlled by, or are dependent upon, the Town in its Annual Financial Report. Control by or dependence upon the Town is the criteria used to determine whether an agency is includable in the Town of Reddick, Florida reporting entity. No agencies, boards or authorities are controlled by or dependent upon the Town; and therefore, none have been included in the reporting entity.

- B. New Accounting Standards Adopted** - In 2013, the Town adopted two new accounting standards as follows:

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual of the other elements). The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the Town's financial statements was the renaming of "Net Assets" to "Net Position", including changing the name of the financial statements from "Statement of Net Assets" to "Statement of Net Position".

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65), amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources (expenses) or inflows of resources (revenues). The implementation of GASB 65 and the effect of adoption of GASB 65 did not result in a change of beginning net position.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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1. Summary of significant accounting policies: (continued)

- C. Basis of Presentation** - The financial transactions of the Town are recorded in the general fund, which are reported by type in the financial statements. The columns entitled "Totals" included in the general purpose financial statements are included for informational purposes only. These total columns are not comparable to consolidated financial information.

The Town reports its governmental fund balances as net position in the following categories, as applicable:

Nonspendable - The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The Town did not have any nonspendable fund balances at September 30, 2013.

Restricted - The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The Town classifies local option gas tax, 2nd local option gas tax, and eighth cent motor fuel tax revenues as restricted for transportation-related activities, that are legally or otherwise restricted. It is the Town's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Committed - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the Town Council). These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same action it employed to previously commit the amounts. The Town did not have any committed fund balances at September 30, 2013.

Assigned - The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. The Town did not have any assigned fund balances at September 30, 2013.

Unassigned - The portion of fund balance that is residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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1. Summary of significant accounting policies: (continued)

Governmental Fund Type - Governmental funds are those through which all governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following is the Town's Governmental Fund Type:

The General Fund is used to account for all revenues and expenditures applicable to the general operations of Town Government. The governmental fund measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. This fund is maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Permits and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The general fund is also used to maintain control and cost information on Town-owned property and equipment. Costs of property and equipment were established at historical cost or estimated historical cost. General fixed assets are recorded as expenditures in the General Fund at the time of purchase. General fixed assets have been cumulatively recorded as investment in capital assets in the general fund (see Notes 4 and 5). The Town capitalizes major expenditures for additions and improvements, including road improvements. Expenditures for maintenance and repairs are charged as operating expenses.

- C. Cash and Cash Equivalents** - The Town defines cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments with an original maturity of three months or less.
- D. Annual Budget** - The Town is required by Section 166.241, Florida Statutes to adopt annual budgets for the general fund and similar governmental fund types.

The Town Council formally approves the annual budget at a regularly scheduled meeting, generally September or October of each fiscal year. The approved annual budget is adopted on a basis consistent with generally accepted accounting principles and revenue estimates are based upon the best available information.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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1. Summary of significant accounting policies: (continued)

Any expenditures of the Town in excess of budgeted amounts are formally approved at regularly scheduled council meetings.

- E. 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.
- F. Subsequent Events** - The Town of Reddick has evaluated subsequent events through January 13, 2014, the date on which the financial statements were available to be issued.

2. Cash, cash equivalents, and investments:

The Town's comprehensive investment policies, pursuant to Section 218.415, Florida Statutes, established permitted investments, asset allocation limits, issuer limits, credit ratings requirements, and maturity limits to protect the Town's cash and investment assets. The Town maintains a common cash and investment pool for the use of all funds.

Deposits are carried at fair market value. Deposits consist of demand deposits, savings and money market accounts, and certificates of deposit. All of the Town's deposits are held in qualified public depositories pursuant to the provisions of Chapter 280, Florida Statutes (The Florida Security for Public Deposits Act). In addition, all of the Town's deposits are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the Act. Under the Act, all qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities and, if necessary, by assessments against other qualified public depositories. Therefore, all of the Town's deposits are considered to be insured.

In addition to the deposits listed above, the Town, pursuant to their investment policy, maintains investment of funds in U. S. Treasury Notes, Government National Mortgage Association (GNMA) obligations, Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLM) obligations. The Town has an agreement with Morgan Stanley to provide asset management services for the Town's investments. The funds in this account are invested in U.S. Treasury notes and Federal National Mortgage Association (FNMA) obligations as well as certificates of deposit. Investments in U.S. Treasury and agency securities (GNMA, FNMA, FHLM) are all investment grade (AAA) rated by both Moody's and Standard & Poors.

A total of \$12,938 of fees were incurred for management of this account during the year ended September 30, 2013.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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2. Cash, cash equivalents and investments: (continued)

The Town also invests funds in the Local Government Surplus Funds Trust Fund, managed by the State Board of Administration (SBA) and the Western Asset Government Money Market Fund held by Morgan Stanley (WAG). Investments in the SBA and WAG are not required to be categorized since the investments are not evidenced by securities that exist in physical or book entry form.

Included in the cash and cash equivalents total at September 30, 2013 is \$45,498 invested with the Local Government Surplus Funds Trust Fund, an Investment Pool (the Surplus Funds Investment Pool), administered by the State Board of Administration of Florida. The Local Government Surplus Funds Fund B investment as of September 30, 2013 is \$2,811.

The Surplus Funds Investment Pool met the criteria to be a "2a7-like" pool and is permitted to report investments at amortized cost, which is consistent with the regulations set forth in the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

Investments are classified as held-to-maturity securities and are reported at fair market value.

Credit Risk: The Town's investment policies permit for investing in the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below.

Custodial Credit Risk: The Town's investment policies, pursuant to Section 218.415(18), Florida Statutes, required securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Town should be properly designated as an asset of the Town. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trust and which is doing business in the State of Florida.

Concentration of Credit Risk: The Town's investment policies have established asset allocation and issuer limits on the following investments, which are designed to reduce concentration risk of the Town's investment portfolio.

A maximum of 75% of available funds may be invested in the SBA and in the United States Government Securities, 50% of available funds may be invested in United States Government agencies with a 25% limit on individual issuers, 75% of available funds may be invested in Federal Instrumentalities with a 25% limit on individual issuers, 50% of available funds may be invested in Mortgage Backed Securities with a limit of 10% on individual issuers, 25% of available

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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2. Cash, cash equivalents and investments: (continued)

funds may be invested in non-negotiable interest bearing time certificates of deposit with a 10% limit on individual issuers, 25% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.

Foreign Currency Risk: The Town's investment policies do not allow for investments in foreign currency. Therefore, the Town has no exposure to foreign currency risk.

The following is a summary of the Town's cash and investments as of September 30, 2013:

	Market Value	Historical Cost	Maturity Date
Cash and cash equivalents:			
Demand and savings accounts	\$ 90,519	\$ 90,519	N/A
AA Money Trust (Morgan Stanley)	229,324	229,324	N/A
Local Government Surplus Funds			
Trust Fund (SBA)	48,309	48,309	N/A
Total Cash and Cash Equivalents	<u>368,152</u>	<u>368,152</u>	
Investments:			
Certificates of Deposits:			
Merchants & Southern Bank	58,336	58,336	2/24/2014
Heritage Bank	114,303	114,303	12/16/2013
Community Bank & Trust	217,020	217,020	Various
Alarion Bank	211,277	211,277	12/2/2013
U. S. Treasury Notes and Bonds	1,090,719	1,089,002	Various
FNMA-Federal National Mortgage Assoc.	263,232	268,143	Various
FHLM-Federal Home Loan Mortgage Corp.	675,252	664,941	Various
Total Investments	<u>2,630,139</u>	<u>2,623,022</u>	
Total	<u><u>\$ 2,998,291</u></u>	<u><u>\$ 2,991,174</u></u>	

The Town's net investment loss was \$(6,407) and consisted of \$65,172 of interest and realized gains and \$(71,579) of unrealized losses for the year ended September 30, 2013. Due to decreases in the market values of securities from rising interest rates and declining bond prices, the Town's overall investment income for the year ended September 30, 2013 was negative. This caused overall budgeted and actual expenditures to be more than actual revenues for the general fund (see Note 5).

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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3. Due from other governments:

Amounts due from the State of Florida and Marion County, Florida for the month of September 2013 include:

9th cent gas tax	\$ 1,046
2nd local option gas tax	1,562
State communication tax	198
Revenue sharing	2,161
Half-cent sales tax	2,384
Local option gas tax	7,993
Total	\$ 15,344

4. Capital Assets:

Capital assets, which include land; equipment, furniture, and fixtures; building improvements; road improvements; and buildings; are reported in the general fund account group. Equipment, furniture, and fixtures with initial costs exceeding \$1,000; building improvements with initial costs exceeding \$5,000; road improvements with initial costs exceeding \$10,000; and buildings with initial costs exceeding \$10,000, and estimated useful lives exceeding one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB 34 requires government-wide assets to be depreciated in the financial statements. Depreciation of \$6,320 is recorded in the Statement of Activities under general government and transportation expenses. Equipment, furniture and fixtures; building improvements, road improvements and buildings are depreciated using the straight line method over the following estimated useful lives. No capital assets were purchased or disposed of during the year ended September 30, 2013.

Furniture, fixtures, and equipment	5 years
Building improvements	15 years
Road improvements	20 years
Buildings	50 years

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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4. Capital Assets: (continued)

	Book Cost	Accumulated Depreciation	Net Book Value
Land	\$ 61,092	\$ -	\$ 61,092
Furniture, fixtures, and equipment	26,506	26,135	371
Buildings and Improvements	103,011	94,722	8,289
Road improvements	160,628	103,032	57,596
Total fixed assets	<u>\$ 351,237</u>	<u>\$ 223,889</u>	<u>\$ 127,348</u>

5. Investment in capital assets, restricted and unassigned fund balances:

A summary of unassigned and restricted funds of the Town is reflected below:

	General (Unassigned)	Transportation- Related Activities (Restricted)	Total
Fund Balances at Beginning of the Year	<u>\$ 2,011,894</u>	<u>\$ 995,868</u>	<u>\$ 3,007,762</u>
Revenues	52,328	131,947	184,275
Expenditures	<u>79,856</u>	<u>95,757</u>	<u>175,613</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(27,528)</u>	<u>36,190</u>	<u>8,662</u>
Fund Balances at End of the Year	<u>\$ 1,984,366</u>	<u>\$ 1,032,058</u>	<u>\$ 3,016,424</u>

The Town's General Fund revenues decreased by approximately 50% from the prior year due to the reduction in investment income (loss) as described in Note 2. The Town's General Fund expenditures decreased approximately \$8,000 from the prior year.

6. Interlocal Agreements:

Sheriff services

The Town has Interlocal Agreements with the Board of County Commissioners of Marion County and the Sheriff of Marion County to provide road service and criminal investigation service to the area encompassing the corporate limits of the Town of Reddick.

Per the agreement, payment of \$27,421 was made during the year ended September 30, 2013 and is based on the current millage rate for law enforcement. The Sheriff's contract for year ended September 30, 2014 has been renewed in the amount of \$27,237.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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6. Interlocal Agreements: (continued)

Road grading services

On April 20, 2004, the Town entered into an Interlocal Agreement with the Board of County Commissioners of Marion County to provide quarterly road grading services at the rate of \$75 per hour with payment due within thirty days of the county grading of the roads. The agreement is automatically renewed for additional one year periods until terminated by either party by 30 days written notice. Expenses totaling \$723 were incurred under this agreement for the year ended September 30, 2013.

Code enforcement

On August 19, 1997, the Town entered into an Interlocal Agreement with Marion County to provide an alternate code enforcement system which gives the Marion County Code Enforcement Board the authority to hold hearings and assess fines against violators of the Town's services of Code Enforcement Officers and \$7 per hour for services of clerical support with a maximum of \$200 per violation cited, with payment to be made within sixty days of receipt of invoice. The agreement is automatically renewed for additional one year periods until terminated by either party by 30 days written notice. No expenses were incurred under this agreement for the year ended September 30, 2013.

On March 21, 2000, the Town entered into an agreement with Marion County to provide for the enforcement and administration of the provisions of the Marion County Construction Code, as adopted by Marion County, Florida pursuant to Ordinance No. 99-6. The Town has agreed to pay the County \$30 per hour for staff time, minimum of one hour, and \$15 per each additional half hour. The agreement continues in full force and effect unless terminated by the parties by 30 days written notice. No expenses were incurred under this agreement for the year ended September 30, 2013. However, the Town does pay an independent contractor for processing and enforcement of code violations through the County Code Enforcement Board. Expenses totaling \$1,321 were incurred to the independent contractor for year ended September 30, 2013.

Animal control

On April 7, 1998, the Town entered into an Interlocal Agreement with Marion County to provide animal control assistance. The Town has agreed to pay the County \$25 per hour for the services of County Animal Control Officers, with a maximum annual liability not to exceed \$3,000. The agreement will continue until either party terminates upon 10 days written notice. No expenses were incurred for the year ended September 30, 2013.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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6. Interlocal Agreements: (continued)

Substance abuse prevention

During the year ended September 30, 2001, the Town renewed an Interlocal Agreement with Marion County, the City of Ocala, the School Board of Marion County, Florida, the City Council of the City of Dunnellon, the Town Council of the Town of McIntosh and the City Council of the City of Belleview to establish a Substance Abuse Prevention Department and provide reasonable in-kind services, staff support, legislative and lobbying efforts as needed. The agreement will remain in effect unless the Town terminates or withdraws from the agreement by 30 days written notice. No expenses were incurred under this agreement for the year ended September 30, 2013.

7. Risk Management:

The Town of Reddick maintains an insurance policy with Florida League of Cities, Inc. for general property and casualty claims. Payments to Florida League of Cities, Inc. are based on past experience of the amounts needed to pay current year claims. The Town of Reddick remitted \$4,982 to Florida Municipal Insurance Trust for insurance coverage during the year ended September 30, 2013.

SUPPLEMENTARY SCHEDULE

TOWN OF REDDICK, FLORIDA
SCHEDULE OF EXPENDITURES - GENERAL FUND
Year Ended September 30, 2013

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General government and administration

Clerk's expense	\$ 7,150	
Code Enforcement	1,321	
Insurance	5,637	
Professional fees	8,754	
Service charges	14,766	
Supplies and miscellaneous	1,767	
Telephone	<u>1,729</u>	\$ 41,124

Public safety

Law enforcement	5,484	
Emergency Fire & Rescue	<u>3,703</u>	9,187

Physical environment

Garbage and trash pick up	25,271	
Utilities	<u>709</u>	25,980

Transportation

Emergency Fire & Rescue	3,703	
Street lighting	15,281	
Street maintenance and repairs	37,005	
Law enforcement	21,937	
Professional fees	7,981	
Clerk's expense	<u>9,850</u>	95,757

Culture and recreation

Cleaning, maintenance, and repairs	<u>3,565</u>	<u>3,565</u>
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Total Expenditures

\$ 175,613

COMPLIANCE SECTION



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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
GOVERNMENTAL AUDITING STANDARDS**

Honorable Members of Town Council
Town of Reddick, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States, the financial statements of the governmental activities of the Town of Reddick, Florida (Town), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 13, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below to be a material weakness:

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 Town of Reddick, Florida
 Page 2 of 3

IC2009-1 A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditors can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency exists when the Town does not have the expertise necessary to prepare financial statements, including all required footnote disclosures, in accordance with generally accepted accounting principles (GAAP). The Town's knowledge and expertise does not currently allow its staff to perform all of the functions necessary to prepare the financial statements and note disclosures in accordance with GAAP.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below:

- ML2009-1 The Town has elected not to present Management Discussion and Analysis that accounting principles generally accepted in the United States has determined necessary to supplement although not required to be a part of the basic financial statements.
- ML2012-2 The Town is not in compliance with F.S. 218.415(14) regarding the continuing education requirement related to responsible officials and the investment of public funds.

Town of Reddick, Florida's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying response. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Honorable Members of Town Council
Town of Reddick, Florida
Page 3 of 3

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

Cappi, Tric, Ford, Torres, LLP

Ocala, Florida
January 13, 2014



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MANAGEMENT LETTER

Honorable Members of Town Council
Town of Reddick, Florida

We have audited the financial statements of the Town of Reddick, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated January 13, 2014.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 13, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

- 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Reddick complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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Town of Reddick, Florida
Page 2 of 3

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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. See Note 1 for the legal authority for the Town of Reddick.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Reddick did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, required that we determine whether the annual financial report for the Town of Reddick for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the Town of Reddick'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.

Prior Year Findings and Recommendations

Management Discussion and Analysis

ML2009-1 Due to the inherent staff limitations, the Town is unable to produce the extensive Management Discussion and Analysis that accounting principles generally accepted in the United States has determined necessary to supplement although not required to be a part of the basic financial statements.

We recommend the Town present Management Discussion and Analysis to conform with generally accepted accounting principles in the United States.

Honorable Members of Town Council
Town of Reddick, Florida
Page 3 of 3

Continuing Education

ML2012-2 The Town is not in compliance with F.S. 218.415(14) regarding the continuing education requirement related to responsible officials and the investment of public funds.

We recommend the Town Council President complete the required continuing education courses to comply with F.S. 218.415(14).

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Crippin, Tru, Ford, Torres, LLP

Ocala, Florida
January 13, 2014

Town of Reddick
Reddick, Florida 32686

January 13, 2014

Crippen, Trice, Ford, Torres, LLP
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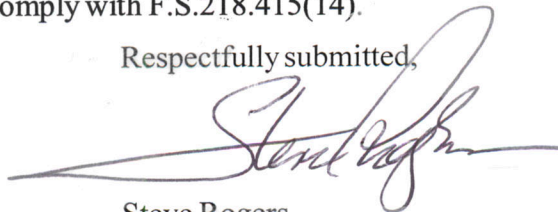
RE: Response to Management Comments on Financial Report
for the year ending September 30, 2013

Gentlemen:

The following are our responses to your management comments on the above Financial Report:

- IC2009-1 The Town acknowledges the financial statements are the responsibility of management. The Town has insufficient number of employees to adequately produce the financial statements and related footnotes. The Town approval all journal entries and financial statement disclosures.
- ML2009-1 As to Management Discussion and Analysis, the Town of Reddick has only one paid person who works on a part-time basis. The Town has insufficient number of employees to adequately produce such an extensive analysis.
- ML2012-2 The Town Council President has joined the FGFOA and is assessing continuing education courses to comply with F.S.218.415(14).

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Steve Rogers", is written over a horizontal line.

Steve Rogers
President, Town Council