

TOWN OF REDDICK, FLORIDA
Reddick, Florida

ANNUAL FINANCIAL REPORT
Year Ended September 30, 2014

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-3
General Purpose Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to Financial Statements	10-19
Supplementary Schedule	
Schedule of Expenditures - General Fund	20
Compliance Section	
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	21-23
Report on Compliance with Section 218.415, Florida Statutes	24
Management Letter	25-28
Response to Management Comments	29



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, 2014, 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 auditors' 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 Town's internal control. Accordingly, we express no such opinion.

Honorable Members of Town Council
Town of Reddick, Florida
Page 2 of 3

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, 2014, 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
Page 3 of 3

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated January 22, 2015, 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 these reports 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.



Ocala, Florida
January 22, 2015

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF REDDICK, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

4

	Primary Government	
	General	Total
Assets		
Cash and cash equivalents	\$ 343,536	\$ 343,536
Due from other governments	15,624	15,624
Accrued interest	10,259	10,259
Investments	2,677,914	2,677,914
Capital assets	121,194	121,194
Total assets	<u>3,168,527</u>	<u>3,168,527</u>
Liabilities		
Accounts payable	<u>1,689</u>	<u>1,689</u>
Total liabilities	<u>1,689</u>	<u>1,689</u>
Net Position		
Net investment in capital assets	121,194	121,194
Restricted for:		
Transportation expenditures	1,042,035	1,042,035
Unrestricted	<u>2,003,609</u>	<u>2,003,609</u>
Total net position	<u>\$ 3,166,838</u>	<u>\$ 3,166,838</u>

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

TOWN OF REDDICK, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

5

Functions/Programs	Governmental Activities	Total
Governmental Activities:		
General government	\$ 33,752	\$ 33,752
Public safety	9,172	9,172
Physical environment	27,328	27,328
Transportation	91,687	91,687
Culture and recreation	8,042	8,042
	<hr/>	<hr/>
Total governmental activities	169,981	169,981
	<hr/>	<hr/>
General Revenues		
State Revenues:		
Revenue sharing	21,604	21,604
Half-cent sales tax	28,795	28,795
Communications services tax	1,862	1,862
Licenses and permits	2,658	2,658
Gasoline taxes	99,569	99,569
Investment income	31,817	31,817
Miscellaneous revenues	6,742	6,742
	<hr/>	<hr/>
Total State Revenues	193,047	193,047
	<hr/>	<hr/>
Change in net position	23,066	23,066
	<hr/>	<hr/>
Net Position at Beginning of the Year	3,143,772	3,143,772
	<hr/>	<hr/>
Net Position at End of the Year	<u>\$ 3,166,838</u>	<u>\$ 3,166,838</u>

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

TOWN OF REDDICK, FLORIDA
BALANCE SHEET
September 30, 2014

6

Assets

Current assets

Cash and cash equivalents	\$ 343,536
Due from other governments	15,624
Accrued interest	<u>10,259</u>

Total current assets	<u>369,419</u>
-----------------------------	----------------

Noncurrent assets

Investments	<u>2,677,914</u>
-------------	------------------

Total noncurrent assets	<u>2,677,914</u>
--------------------------------	------------------

Total assets	<u><u>\$ 3,047,333</u></u>
---------------------	----------------------------

Liabilities

Current liabilities

Accounts payable	<u>\$ 1,689</u>
------------------	-----------------

Fund Balances

Restricted for:

Reserved for transportation expenditures	1,042,035
Unassigned	<u>2,003,609</u>

Total fund balances	<u>3,045,644</u>
----------------------------	------------------

Total liabilities and fund balances	<u><u>\$ 3,047,333</u></u>
--	----------------------------

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

7

TOWN OF REDDICK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of September 30, 2014

Total Fund Balances of Governmental Funds \$ 3,045,644

**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 \$230,043.

121,194

Total Net Assets of Governmental Activities \$ 3,166,838

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

8

TOWN OF REDDICK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2014

	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
State Revenues:			
Revenue sharing	\$ 23,234	21,604	\$ (1,630)
Half-cent sales tax	26,754	28,795	2,041
Communications services tax	3,000	1,862	(1,138)
Licenses and permits	2,000	2,658	658
Gasoline taxes	75,032	99,569	24,537
Investment income	39,341	31,817	(7,524)
Miscellaneous revenues	5,804	6,742	938
Total Revenues	<u>175,165</u>	<u>193,047</u>	<u>17,882</u>
Expenditures			
Current:			
General government	37,468	33,752	3,716
Public safety	9,198	9,172	26
Physical environment	28,400	27,328	1,072
Transportation	96,517	89,592	6,925
Culture and recreation	3,582	3,983	(401)
Total Expenditures	<u>175,165</u>	<u>163,827</u>	<u>11,338</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	29,220	<u>\$ 29,220</u>
Fund Balances at Beginning of the Year		<u>3,016,424</u>	
Fund Balances at End of the Year		<u>\$ 3,045,644</u>	

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

9

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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 29,220

**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 \$6,154.

(6,154)

Change in Net Position of Governmental Activities \$ 23,066

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

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

10

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. 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, 2014.

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

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

11

1. Summary of significant accounting policies: (continued)

eight 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, 2014.

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, 2014.

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.

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.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

12

1. Summary of significant accounting policies: (continued)

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.

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 22, 2015, 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.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

13

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

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 "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 \$12,817 of fees were incurred for management of this account during the year ended September 30, 2014.

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, 2014 is \$48,384 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 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.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

14

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

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 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.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

15

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

The following is a summary of the Town's cash and investments as of September 30, 2014:

	<u>Market Value</u>	<u>Historical Cost</u>	<u>Maturity Date</u>
Cash and cash equivalents:			
Demand and savings accounts	\$ 69,933	\$ 69,933	N/A
AA Money Trust (Morgan Stanley)	225,219	225,219	N/A
Local Government Surplus Funds			
Trust Fund (SBA)	48,384	48,384	N/A
Total Cash and Cash Equivalents	<u>343,536</u>	<u>343,536</u>	
Investments:			
Certificates of Deposits - Heritage Bank	438,731	438,731	Various
FHLB-Federal Home Loan Bank	547,473	544,825	Various
U. S. Treasury Notes and Bonds	900,295	918,127	Various
FNMA-Federal National Mortgage Assoc.	324,397	326,850	Various
FHLM-Federal Home Loan Mortgage Corp.	467,018	471,939	Various
Total Investments	<u>2,677,914</u>	<u>2,700,472</u>	
Total	<u><u>\$ 3,021,450</u></u>	<u><u>\$ 3,044,008</u></u>	

The Town's net investment income was \$31,817 and consisted of \$46,157 of interest and realized losses and \$(14,340) of unrealized losses for the year ended September 30, 2014.

3. Due from other governments:

Amounts due from the State of Florida and Marion County, Florida for the month of September 2014 include:

2nd local option gas tax	\$ 4,348
State communication tax	165
Revenue sharing	2,178
Half-cent sales tax	4,931
Local option gas tax	4,001
Total	<u><u>\$ 15,624</u></u>

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

16

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.

Government-wide assets are required to be depreciated in the financial statements. Depreciation of \$6,154 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, 2014.

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

	Book Cost	Accumulated Depreciation	Net Book Value
Land	\$ 61,092	\$ -	\$ 61,092
Furniture, fixtures, and equipment	26,506	26,452	54
Buildings and Improvements	103,011	96,499	6,512
Road improvements	160,628	107,092	53,536
Total fixed assets	<u>\$ 351,237</u>	<u>\$ 230,043</u>	<u>\$ 121,194</u>

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

17

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

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

	General	Transportation- Related Activities	
	(Unassigned)	(Restricted)	Total
Fund Balances at Beginning of the Year	\$ 1,984,366	\$ 1,032,058	\$ 3,016,424
Revenues	93,478	99,569	193,047
Expenditures	74,235	89,592	163,827
Excess (Deficit) of Revenues Over (Under) Expenditures	19,243	9,977	29,220
Fund Balances at End of the Year	\$ 2,003,609	\$ 1,042,035	\$ 3,045,644

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 \$27,237 was made during the year ended September 30, 2014 and is based on the current millage rate for law enforcement. The Sheriff's contract for year ended September 30, 2015 has been renewed in the amount of \$31,181.

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 \$900 were incurred under this agreement for the year ended September 30, 2014.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

18

6. Interlocal Agreements: (continued)

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, 2014.

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, 2014. However, the Town does pay an independent contractor for processing and enforcement of code violations through the County Code Enforcement Board. Expenses totaling \$1,557 were incurred to the independent contractor for year ended September 30, 2014.

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, 2014.

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, 2014.

TOWN OF REDDICK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

19

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 \$5,218 to Florida Municipal Insurance Trust for insurance coverage during the year ended September 30, 2014.

SUPPLEMENTARY SCHEDULE

TOWN OF REDDICK, FLORIDA
SCHEDULE OF EXPENDITURES - GENERAL FUND
Year Ended September 30, 2014

20

General government and administration

Clerk's expense	\$ 6,826	
Code Enforcement	1,557	
Insurance	185	
Professional fees	7,260	
Service charges	14,707	
Supplies and miscellaneous	1,583	
Telephone	<u>1,634</u>	\$ 33,752

Public safety

Law enforcement	5,447	
Emergency Fire & Rescue	<u>3,725</u>	9,172

Physical environment

Utilities, Garbage and trash pick up	<u>27,328</u>	27,328
--------------------------------------	---------------	--------

Transportation

Emergency Fire & Rescue	3,725	
Street lighting	15,501	
Street maintenance and repairs	37,236	
Law enforcement	21,790	
Professional fees	5,940	
Clerk's expense	<u>5,400</u>	89,592

Culture and recreation

Cleaning, maintenance, and repairs	<u>3,983</u>	<u>3,983</u>
------------------------------------	--------------	--------------

Total Expenditures

\$ 163,827

COMPLIANCE SECTION



**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 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 of the Town of Reddick, Florida (the "Town") as of and for the year ended September 30, 2014, 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 22, 2015.

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.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the 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

Honorable Members of Town Council
 Town of Reddick, Florida
 Page 2 of 3

identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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.

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 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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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.

Cripps & Co.

Ocala, Florida
January 22, 2015



**Independent Auditors' Report on Compliance with Section 218.415, Florida Statutes
Investment Policy**

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

Report on Compliance

We have examined the Town of Reddick, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management's Responsibility

Management is responsible for the Town's compliance with those requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

Opinion

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Restriction on Use

This report 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, the Town of Reddick and its management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Crippen & Co.

Crippen & Co.
Ocala, Florida



MANAGEMENT LETTER

Honorable Members of Town Council
Town of Reddick, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Reddick, Florida (the "Town"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated January 22, 2015.

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. OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedules

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. Disclosures in that report, which is dated January 22, 2015, 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. 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.

Honorable Members of Town Council
Town of Reddick, Florida
Page 2 of 4

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.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Honorable Members of Town Council
Town of Reddick, Florida
Page 3 of 4

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, the following are 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.

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).

Section 10.554(1)(i)3., 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.

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.

Honorable Members of Town Council
Town of Reddick, Florida
Page 3 of 4

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 & Co.

Ocala, Florida
January 22, 2015

Town of Reddick

P O Box 99, Reddick, FL 32686 (352)591-4095 Fax: (352)591-1106

January 22, 2015

Crippen, Trice, Ford, Torres, LLP
1900 S.E. 18th Avenue
Ocala, FL 34471

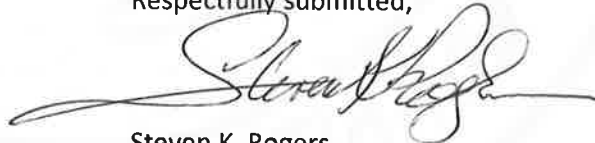
RE: Response to Management Comments on Financial Report
for the year ending September 30, 2014

Gentlemen:

The following are our responses to your management comments on the above referenced 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 approves all journal entries and financial 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 FCFOA and is assessing continuing education courses to comply with F.S.218.415 (14).

Respectfully submitted,



Steven K. Rogers
President, Reddick Town Council

James R. Stroup, Mayor
William Pulliam, Councilman

Steven K. Rogers, Council President
Thomas Joyner, Councilman
Marjorie Stroup, Town Clerk

William E. Willis, President ProTem
Michael Salter, Councilman

