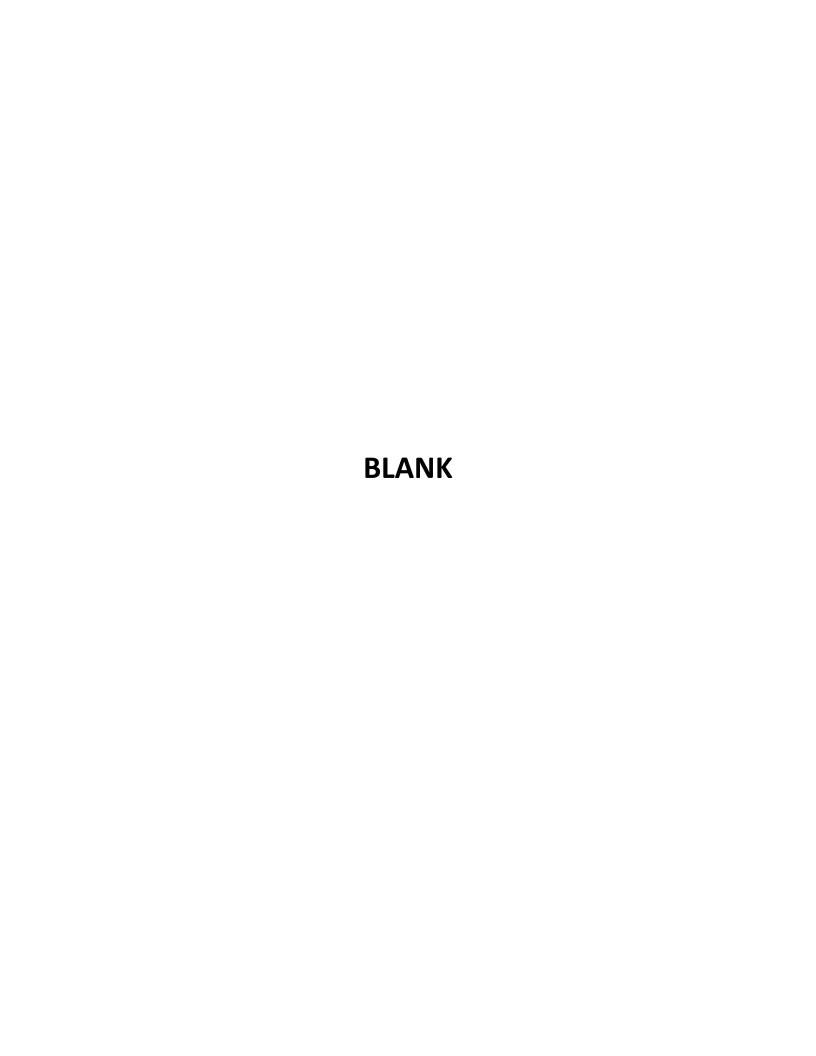
# ANNUAL FINANCIAL REPORT of the TOWN OF EATONVILLE, FLORIDA for the

Fiscal Year Ended September 30, 2020

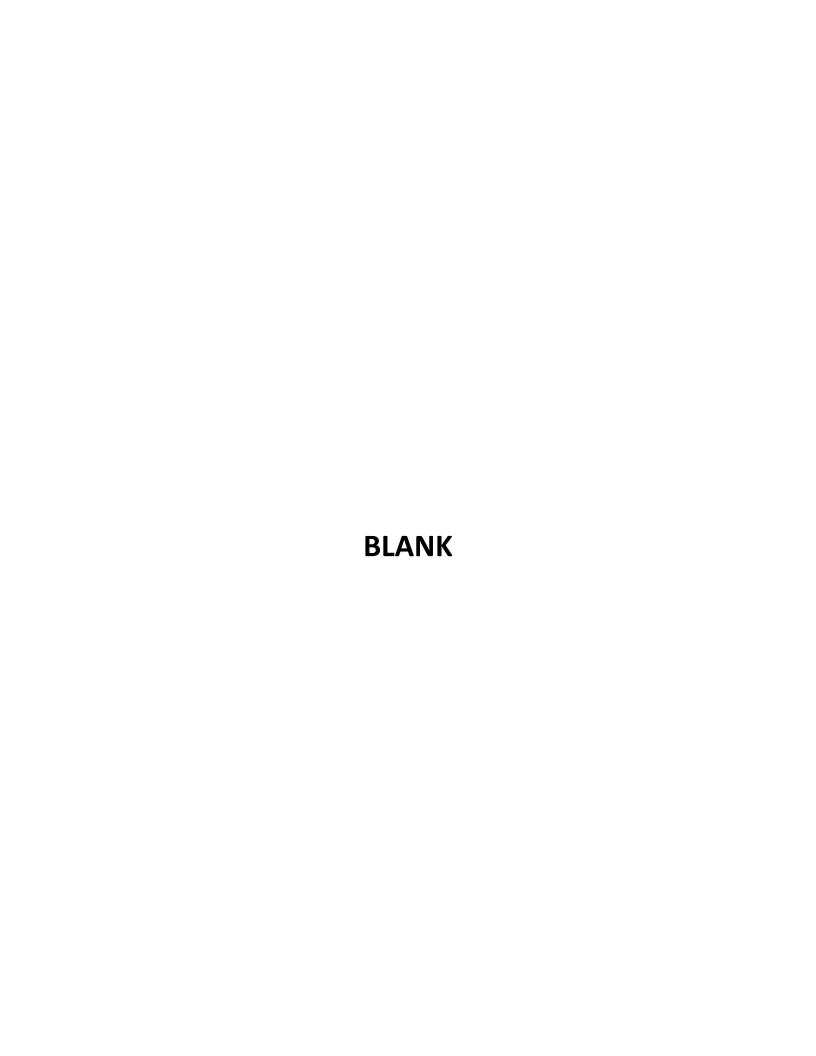


Prepared by the Department of Finance

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## INDEPENDENT AUDITORS' REPORT





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#### INDEPENDENT AUDITORS' REPORT

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (except for the Town of Eatonville Community Redevelopment Agency (the CRA)), and the aggregate remaining fund information of the Town of Eatonville, Florida (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements. We were not engaged to audit the financial statements of the CRA. These financial statements 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.

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Eatonville Community Redevelopment Agency (CRA), which represent 27%, 31%, and 9%, respectively, of the assets, fund balance and revenues of the total governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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. 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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the major fund – CRA" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Summary of Opinions**

Opinion Unit Type of Opinion

Governmental Activities Qualified
Business-Type Activities Unmodified
Governmental Fund – General Fund Unmodified

Governmental Fund – CRA Disclaimer, audited by other auditors

#### Basis for Disclaimer of Opinion on the major fund - CRA

The financial statements of the major fund, CRA, have been audited by other auditors and was issued a disclaimer of opinion for the inability to complete procedures, and we were not engaged to audit the CRA financial statements as part of the audit of the Town's basic financial statements. The CRA's financial activities are included in the Town's financial statements as a major fund and blended component unit.

#### Basis for Qualified Opinion on the Government Activities

The financial statements of the CRA were audited by other auditors and issued a disclaimer of opinion. We were not engaged to audit the CRA's financial statements as part of the Town's basic financial statements. The CRA's financial activities are included in the Town's basic financial statements of the governmental activities and represent 10%, 11% and 9% of the assets, net position and revenues of the Town's governmental activities, respectively.

#### **Disclaimer of Opinion**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the major fund – CRA" paragraph, we do not express an opinion on those financial statements.

#### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Government Activities" paragraph, the financial statements of the governmental activities present fairly, in all material respects, the financial position of the governmental activities of the Town as of September 30, 2020, and the related activities thereof for the year then ended in accordance with accounting for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Correction of an Error**

As described in Note 2 to the financial statements, the beginning net position was restated to correct the recording of the capital assets of the CRA.

#### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund (except for the CRA), and the aggregate remaining fund information of the Town of Eatonville, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedules of business-type activities compared to budget are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The schedules of business-type activities compared to budget and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 schedules of business-type activities compared to budget and the schedule of expenditure of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

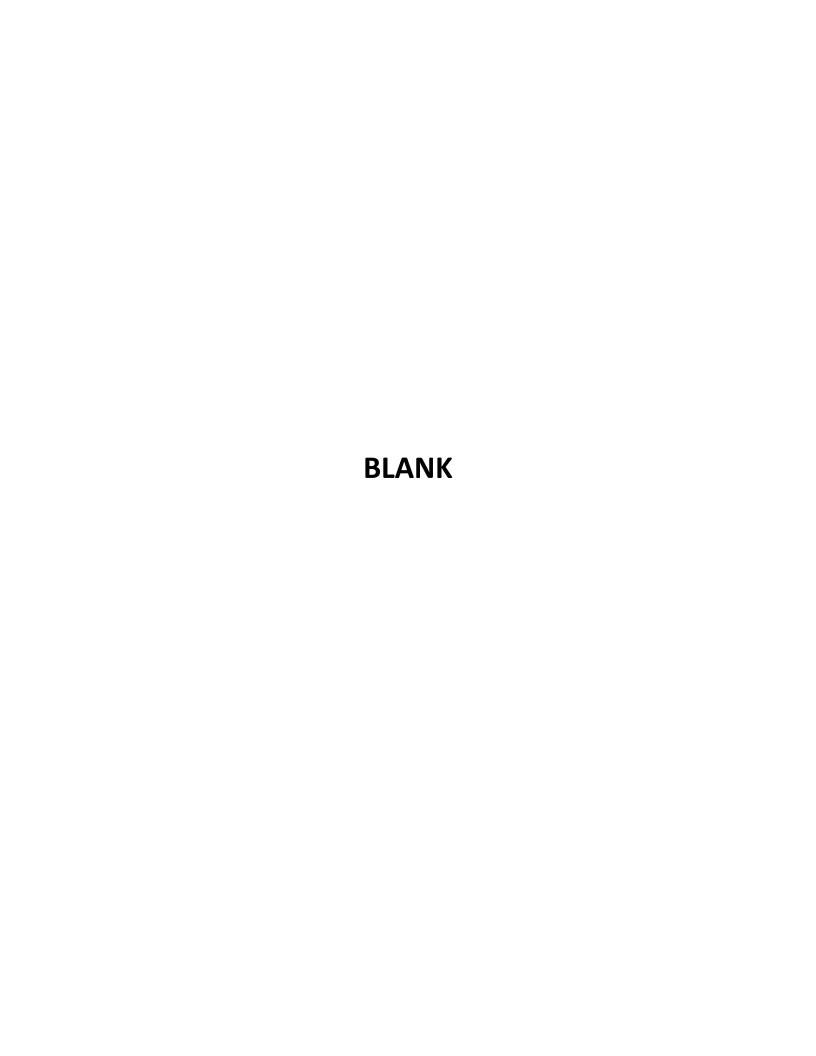
#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

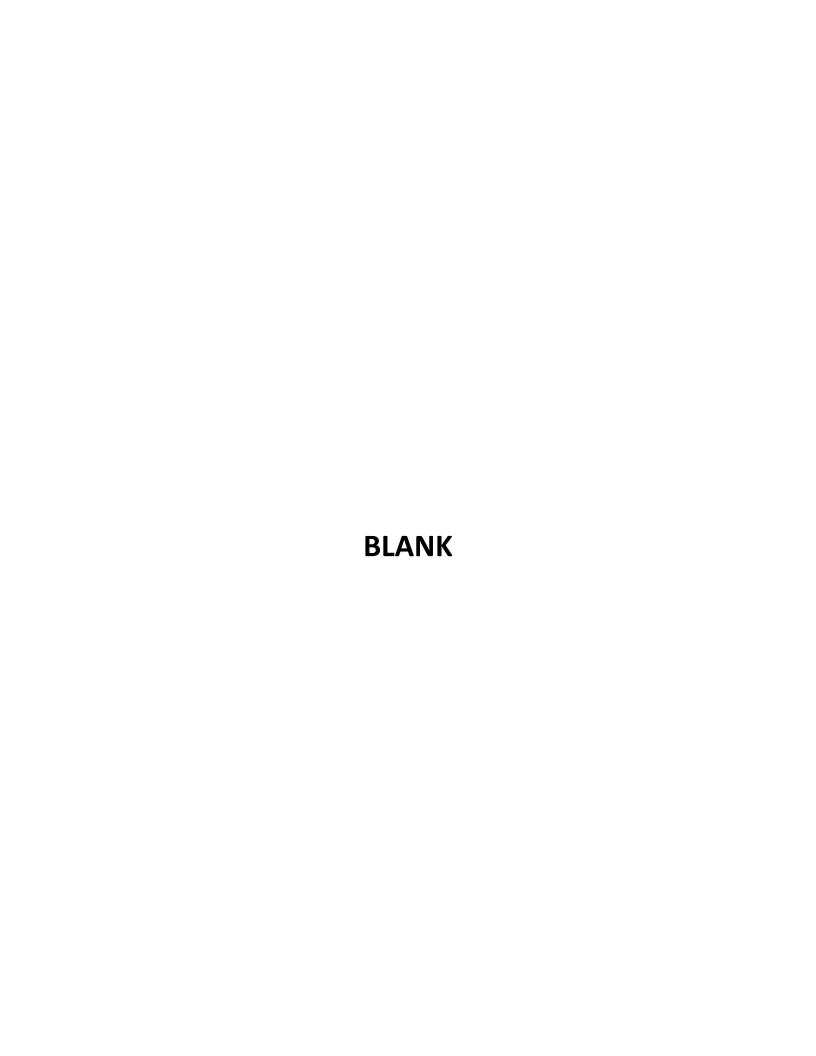
CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ungram, L.L.C.

Tampa, Florida February 25, 2022



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



#### **Management Discussion and Analysis**

As management of the Town of Eatonville, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended September 30, 2020. Please read our discussion and analysis of the Town's financial activities for the year ended September 30, 2020 in conjunction with the Town's basic financial statements, which immediately follow the discussion.

#### **Financial Highlights**

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,249,277 (net position). The Town's total net position increased by \$529,220 during fiscal year 2020, including a \$367,110 increase in business-type activities and a \$162,110 increase in governmental activities.

#### **Overview of the Financial Statements**

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

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

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

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

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

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

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

The Town's government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The Town maintains the following two individual governmental funds: General Fund and Community Redevelopment Agency Fund. Information is presented separately in the governmental fund balance sheet, and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. The Town adopts an annual appropriated budget for its enterprise funds and its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget. The basic governmental funds' financial statements can be found on pages 16- 18 of this report.

<u>Proprietary Funds:</u> The Town maintains three enterprise funds, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer, solid waste, and stormwater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for the water and sewer, solid waste, and stormwater operations. The basic proprietary funds' financial statements can be found on pages 20 - 22 of this report.

<u>Fiduciary Funds</u>: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are for the Police Pension Trust Fund and can be found on pages 23 - 24 of this report.

<u>Notes to the Financial Statements:</u> The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 57 of this report.

<u>Other Information</u>: In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the Town's General Fund's and Community Redevelopment Agency Fund's budget compliance and schedules of changes in the net pension asset and schedules of contributions related to the Town of Eatonville Municipal Police Officers' Retirement Trust Fund (the "Plan"). Required supplementary information can be found on pages 59 - 61 of this report.

Additional budgetary information is presented immediately following the required supplementary information and can be found on pages 63 - 65 of this report.

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets plus deferred outflows of resources exceeded liabilities and deferred inflows by \$13,249,277 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net Position found on page 14 of this report.

		5	Statement of I	Net P	osition						
	Governmen	ital A	Activities		Business-typ	e Acti	ivities	Total			
	 2020		2019		2020		2019		2020		2019
Assets											
Current and other assets	\$ 3,909,307	\$	4,040,938	\$	2,364,941	\$ (	1,424,367)	\$	6,274,248	\$	2,616,571
Capital assets	6,650,215		6,747,113		7,420,405		6,840,019		14,070,620		13,483,761
Total assets	10,559,522		10,788,051		9,785,346		5,415,652		20,344,868		16,100,332
Deferred outflows											
of resources	232,538		136,127		-		-		232,538		136,127
Liabilities											
Other liabilities	178,525		274,518		4,081,877		384,172		4,260,402		658,690
Long-term liabilities	812,756		892,108		2,089,909		1,784,972		2,902,665		2,677,080
Total liabilities	991,281		1,166,626		6,171,786		2,169,144		7,163,067		3,335,770
Deferred inflows											
of resources	165,062		180,632		-		-		165,062		180,632
Net Position											
Net investment in											
capital assets	5,936,126		5,841,932		5,338,152		5,066,893		11,274,278		10,908,825
Restricted	1,021,740		1,891,867		-		23,517		1,021,740		1,915,384
Unrestricted (deficit)	2,677,851		1,843,121		(1,724,592)	(	1,843,902)		953,259		(104,152)
Total net position	\$ 9,635,717	\$	9,576,920	\$	3,613,560	\$	3,246,508	\$	13,249,277	\$	12,720,057

By far the largest portion of the Town's net position, \$11,274,278, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$1,021,740 of the Town's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the Town reported a negative unrestricted net position in the business-type activities of \$1,724,592 and positive balances in all other categories of net position for both the governmental activities and business-type activities.

<u>Governmental Activities</u>: Total assets and deferred outflows decreased \$28,805 (.27%) from the prior year, while total liabilities and deferred inflows decreased \$190,915 (14.17%) from the prior year. Key elements of these changes are as follows:

- The net pension asset and deferred outflows related to pensions decreased \$32,569, while deferred inflows related to pensions decreased \$15,570. These changes are primarily due to a change in actuarial assumptions and expected to actual experience (see detailed discussion of the pension plan on pages 60 61 of this report).
- Capital assets decreased \$96,898, \$254,488 of which was current year additions to accumulated depreciation, offset by \$112,590 in capital asset additions.
- Long-term liabilities decreased \$79,352, primarily due to regular payments on notes and capital leases.

<u>Business-type Activities</u>: Total assets increased \$4,369,752 (80.69%) from the prior year while total liabilities increased \$4,002,642 (64.85%) from the prior year. Key elements of these changes are as follows:

- Capital assets increased \$580,386, primarily due to current year additions of \$906,273 offset with accumulated depreciation increase of \$325,887.
- Internal balances decreased \$470,366 primarily due to amounts owed to the General Fund from the Water and Sewer Fund for cash transfers made during the year and for expenses paid for by the General Fund for which the Water and Sewer Fund owes a share.

The following schedule is a summary of the Statement of Activities on page 15 of this report.

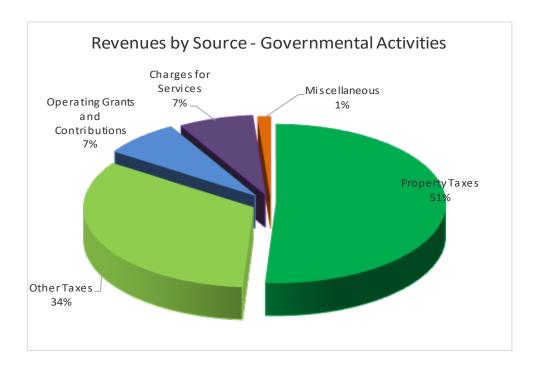
Changes in Net Portfolio

	Governmen	tal A	ctivities	Business-typ	e A	ctivities	Total			
	2020		2019	2020		2019	2020		2019	
Revenues										
Program revenues:										
Charges for Services	\$ 279,387	\$	436,562	\$ 1,251,938	\$	1,208,816	\$ 1,531,325	\$	1,645,378	
Operating grants and										
contributions	286,621		377,693	-		-	286,621		377,693	
Capital grants and										
contributions	-		54,833	554,318		(76,483)	554,318		(21,650)	
General revenues							-			
Property taxes	2,007,197		1,854,043	-		-	2,007,197		1,854,043	
Other taxes	1,314,666		1,416,867	-		-	1,314,666		1,416,867	
Other revenues	47,212		410,885	-		4,015	47,212		414,900	
Gain on sale of capital assets	8,310		-	-		-	8,310		-	
Total revenues	3,943,393		4,550,883	1,806,256		1,136,348	5,749,649		5,687,231	
Expenses										
General government	1,895,699		1,387,372	-		-	1,895,699		1,387,372	
Public safety	1,457,425		1,394,096	-		_	1,457,425		1,394,096	
Physical environment	412,145		359,587	-		-	412,145		359,587	
Economic environment	8,477		28,561	-		-	8,477		28,561	
Human services	12,597		49,161	-		-	12,597		49,161	
Culture and recreation	68,638		274,027	-		-	68,638		274,027	
Interest on long-term debt	29,615		34,117	-		-	29,615		34,117	
Water and sewer	-		-	1,013,253		1,389,527	1,013,253		1,389,527	
Solid waste	-		-	311,550		295,476	311,550		295,476	
Stormwater	-		-	114,343		135,782	114,343		135,782	
Total expenses	3,884,596		3,526,921	1,439,146		1,820,785	5,323,742		5,347,706	
Change in net position	58,797		1,023,962	367,110		(684,437)	425,907		339,525	
Net position - beginning	9,473,607		8,449,645	3,246,450		3,930,887	12,720,057		12,380,532	
Restatement of beginning net position	103,313		_	-		-	103,313		-	
Net position - beginning, restated	9,576,920		8,449,645	3,246,450		3,930,887	12,823,370		12,380,532	
Net position - ending	\$ 9,635,717	\$	9,473,607	\$ 3,613,560	\$	3,246,450	\$ 13,249,277		12,720,057	

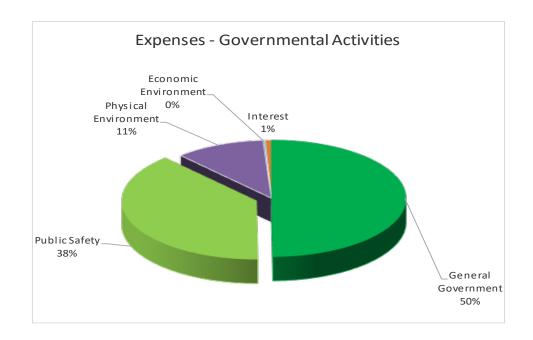
<u>Governmental Activities</u>: Governmental activities increased net position by \$58,797, compared to an increase of \$1,023,962 in the prior year. Key elements of changes as a result of activities are as follows:

- Public safety expenses increased \$63,329 (4.54%) primarily as a result of the Town switching emergency services vendors from the City of Maitland to Orange County at the beginning of the fiscal year. Orange County provides the services at a much lower cost than was paid to the City of Maitland.
- Property tax revenues increased \$153,154 (8.26%) due to an increase in the assessed value of properties.
- Culture and recreation expenses decreased \$205,389 due to shut down related to Covid19.

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

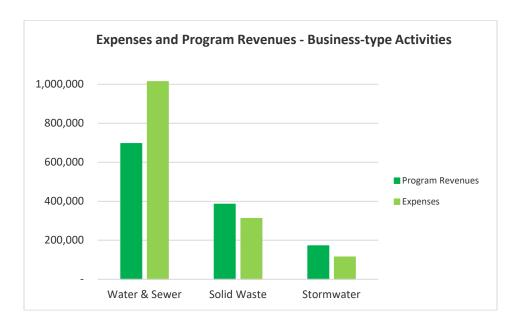


The following chart shows the Town's expenses by category.



<u>Business-type Activities</u>: Business-type activities increased net position by \$367,110, compared to a decrease of \$684,437 in the prior year.

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



#### Financial Analysis of the Town of Eatonville's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with the legal requirements for financially related matters.

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,355,036, an increase of \$92,855 for the year. Approximately 96.36% (\$2,248,295) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is classified as non-spendable (\$83,118), assigned (\$1,883) and restricted (\$1,021,740).

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town reported a positive fund balance of \$2,333,296 for the General Fund, an increase of \$408,984 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. As of September 30, 2020, the General Fund's unassigned fund balance represents 70.42% of total General Fund expenditures.

The fund balance of the Town's CRA Fund decreased \$316,129 from the prior year to \$1,021,740. Operating costs of \$666,889 within the CRA fell below revenue sources of \$350,760.

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

The unrestricted net deficit of the Water and Sewer, Solid Waste and Stormwater Funds at the end of the year amounted to \$1,743,157 with an unrestricted \$3,578,133 deficit in the Water and Sewer Fund offsetting positive balances in the other funds. The Water and Sewer fund increased net position and the Solid Waste and Stormwater Funds increased net positions by \$236,896, \$73,275 and \$56,939, respectively.

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

<u>General Fund Budgetary Highlights</u>: During the year there were \$3,612,514 budgeted expenditures, which exceeded actual expenditures by \$419,737 as shown below.

				V	ariances	
				Final Budge		
	Budgeted	Amounts	Actual	F	ositive/	
Expenditures	Original Final		Amounts	(Negative)		
General government	\$ 1,429,194	\$ 1,429,194	1,254,092	\$	175,102	
Public safety	1,699,367	1,699,367	1,418,297		281,070	
Physical environment	207,245	207,245	154,709		52,536	
Economic environment	7,184	7,184	8,477		(1,293)	
Human services	27,615	27,615	12,597		15,018	
Culture/recreation	13,700	13,700	27,199		(13,499)	
Capital outlay	148,771	148,771	200,237		(51,466)	
Debt service:						
Principal	58,000	58,000	86,719		(28,719)	
Interest	21,438	21,438	30,450		(9,012)	
	_			•		
Total expenditures	\$ 3,612,514	\$3,612,514	\$ 3,192,777	\$	419,737	

#### **Capital Asset and Debt Administration**

**Long-term Debt:** At the end of the current fiscal year, the Town had \$2,902,665 in total long-term debt outstanding. Of this amount, \$711,655 consists of a loan, and the related premium, through the Florida Municipal Loan Council; \$2,082,253 consists of State Revolving Fund loans; \$8,588 consists of capital leases; and the remainder consists of compensated absences obligations.

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

Additional information on the Town's long-term liabilities can be found in Note 3, pages 46 - 47 of this report.

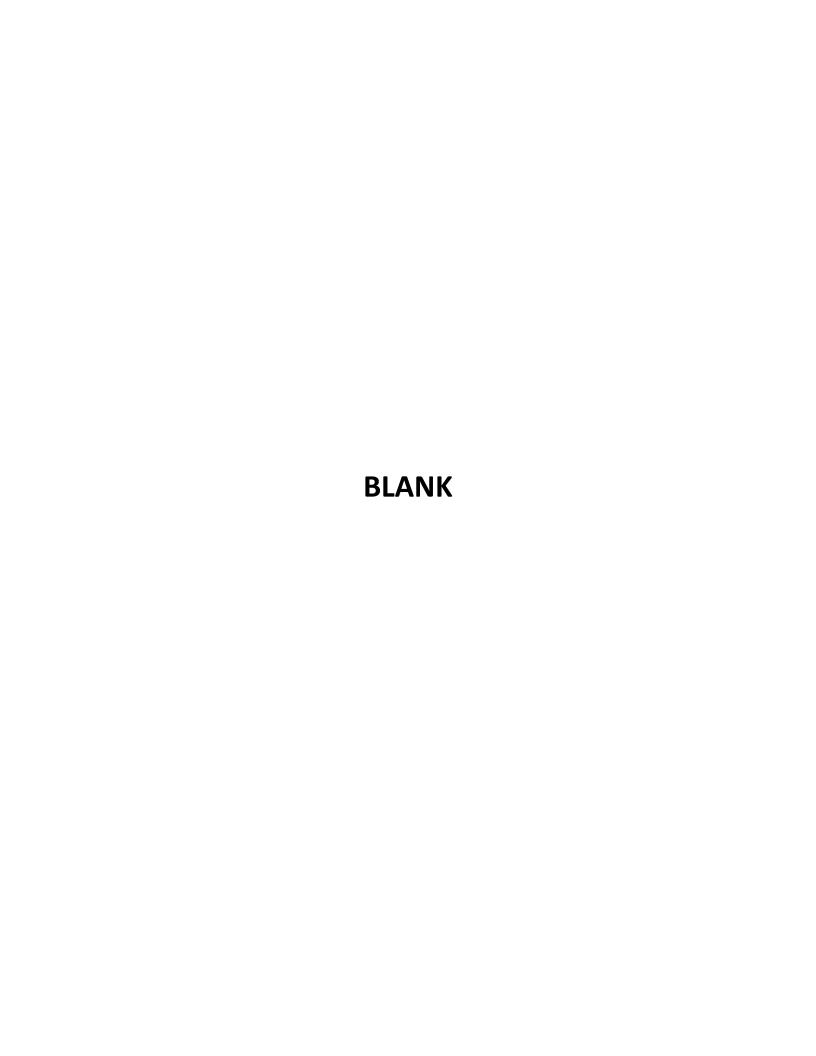
<u>Capital Assets:</u> The Town's capital assets for its governmental and business-type activities as of September 30, 2020 amounted to \$14,070,620 (net of accumulated depreciation). Capital assets includes land, infrastructure, buildings, improvements, machinery and equipment, and recreational facilities. Additional information on the Town's capital assets can be found in Note 3 on pages 42 – 43 of this report.

#### **Economic Factors**

General economic conditions are increasingly positive in recent years. Although the Town's fund balances and cash flows are well below desired levels, there has been recent and planned development ongoing in the Town that should prove to be beneficial. In addition to development by external sources, the Town is continues to plan capital improvements to the water and sewer infrastructure, which will reduce leakages, repairs and waste. Overall, the Town's management believes that these improved economic conditions, capital improvements and other initiatives will help stabilize the Town's fund balances and cash flows.

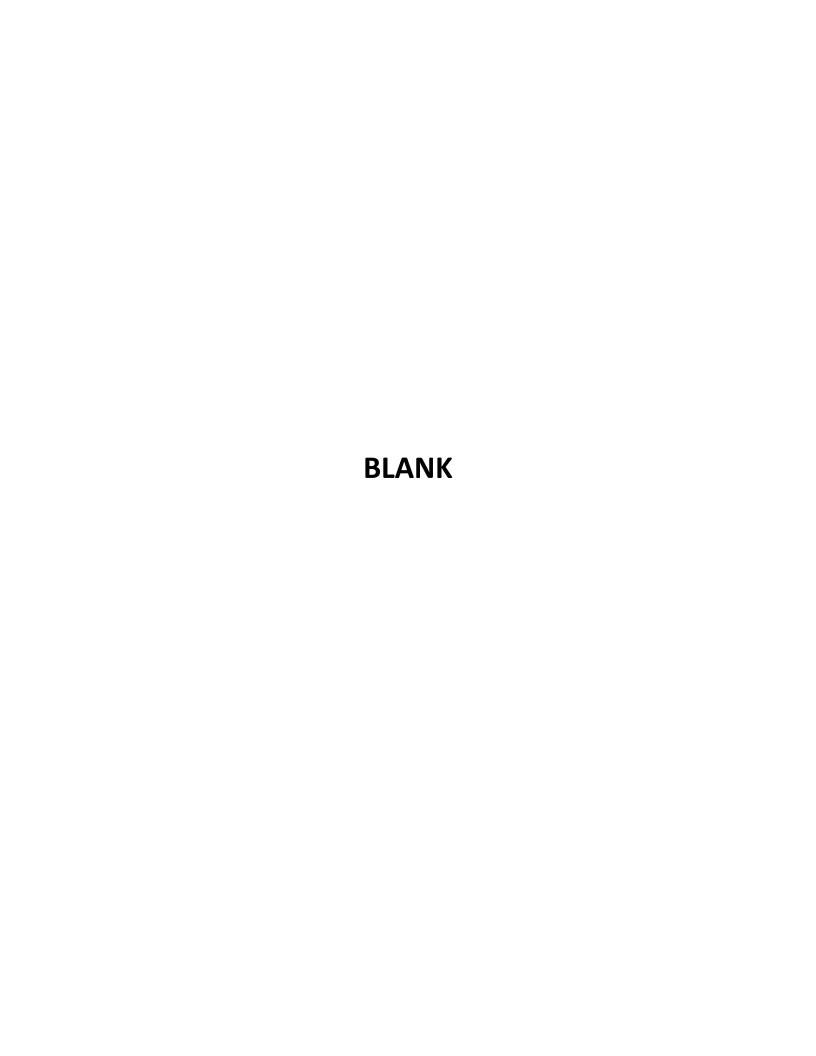
#### **Requests for Information**

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



#### **BASIC FINANCIAL STATEMENTS**

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



	Primary Government						
	Gov	ernmental	Βu	ısiness-type			
September 30, 2020	А	ctivities		Activities		Total	
Assets							
Cash and cash equivalents	\$	1,424,987	\$	207,938	\$	1,632,925	
Accounts receivable, net		224,723		212,077		436,800	
Due from other governments		-		23,517		23,517	
Prepaid items and other assets		89,273		-		89,273	
Due from other funds		1,790,015		1,921,409		3,711,424	
Net pension asset		380,309		-		380,309	
Capital assets net of accumulated depreciation:							
Nondepreciable		907,143		859,100		1,766,243	
Depreciable		5,743,072		6,561,305		12,304,377	
Total assets	<u>-</u>	10,559,522		9,785,346		20,344,868	
Deferred Outflows of Resources							
Deferred outflows related to pensions		232,538		-		232,538	
Total deferred outflows of resources		232,538		-		232,538	
Liabilities							
Accounts payable		19,197		87,830		107,027	
Due to other funds		17,223		3,711,424		3,728,647	
Accrued liabilities		97,206		172,798		270,004	
Unearned revenues		13,622		24,425		38,047	
Other liabilities		31,277		-		31,277	
Customer deposits		-		85,400		85,400	
Long-term liabilities:							
Due within one year		114,361		70,450		184,811	
Due in more than one year		698,395		2,019,459		2,717,854	
Total liabilities		991,281		6,171,786		7,163,067	
Deferred Inflows of Resources							
Deferred inflows related to pensions		165,062		-		165,062	
Total deferred inflows of resources		165,062		-		165,062	
Net Position							
Net investment in capital assets		5,936,126		5,338,152		11,274,278	
Restricted for:				•		- •	
Economic environment		1,021,740		-		1,021,740	
Unrestricted (deficit)		2,677,851		(1,724,592)		953,259	
<u> </u>		·		· · · · · · · · · · · · · · · · · · ·		<u> </u>	
Total net position	\$	9,635,717	\$	3,613,560	\$	13,249,277	

### Town of Eatonville, Florida Statement of Activities



									Net (Expense) Revenue and Changes in Net Po				et Position
For the year ended September 30, 2020					Pro	gram Revenues				Pr	imary Governmer	nt	
						Operating		Capital					
				Charges for		Grants and		Grants and		Governmental	Business-type		
Functions/Programs		Expenses		Services		Contributions		Contributions		Activities	Activities	5	Total
Primary government:													
Governmental activities:													
General government	\$	1,895,699	\$	163,171	\$	-	\$	-	\$	(1,618,605)	-	\$	(1,618,605
Public safety		1,457,425		24,020		120,877		-		(1,312,528)	-		(1,312,528
Physical environment		412,145		27,372		-		-		(384,773)	-		(384,773
Economic environment		8,477		-		-		-		(8,477)	-		(8,477
Human services		12,597		-		51,821		-		39,224	-		39,224
Culture/recreation		68,638		64,824		-				(3,814)	-		(3,814
Interest on long-term debt		29,615		-		-				(29,615)	-		(29,615
Total governmental activities		3,884,596		279,387		286,621		-		(3,318,588)	-		(3,318,588
Business-type activities:													
Water and sewer		1,013,253		695,831		-		554,318		-	236,896		236,896
Solid waste		311,550		384,825		-		_		-	73,275		73,275
Stormwater		114,343		171,282		-					56,939		56,939
Total business-type activities		1,439,146		1,251,938		-		554,318		-	367,110		367,110
Total primary government	\$	5,323,742	\$	1,531,325	\$	286,621	\$	554,318		(3,318,588)	367,110		(2,951,478
	Gene	ral revenues:											
		perty taxes								2,007,197	-		2,007,197
			sed on	gross receipts						362,593	-		362,593
		es taxes		0						298,628	-		298,628
		al business tax	(							68,642	-		68,642
		ity taxes								584,803	-		584,803
		cellaneous an	d othe	r taxes						43,979	_		43,979
		estricted inve								3,233	-		3,233
		n on sale of ca		•						8,310	-		8,310
		general reven	•	33013						3,377,385	-		3,377,385
	Chan	ge in net posit	ion							58,797	367,110		425,907
	Net p	osition, begin	ning of	f year						9,473,607	3,246,450		12,720,057
	Resta	tement of beg	ginning	net position						103,313	-		103,313
	Net p	Net position, beginning of year, restated								9,576,920	3,246,450		12,823,370
	Net p	osition, end o	f year						\$	9,635,717	3,613,560	\$	13,249,277

September 30, 2020		General		ommunity development Agency	Total Governmental Funds		
Assets							
Cash and cash equivalents	\$	714,947	\$	710,040	\$	1,424,987	
Accounts receivable, net	Y	224,723	Y	710,040	Y	224,723	
Due from other funds		1,790,014		322,280		2,112,294	
Prepaid items		83,118		-		83,118	
Trepara items		03,110				00,110	
Total assets	\$	2,812,802	\$	1,032,320	\$	3,845,122	
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$	15,121	\$	10,580	\$	25,701	
Accrued liabilities		97,206		-		97,206	
Unearned revenue		13,622		-		13,622	
Due to other funds		322,280		_		322,280	
Other liabilities		31,277		-		31,277	
Total liabilities		479,506		10,580		490,086	
Fund balances							
Nonspendable		00.110				00.440	
Prepaid items		83,118		-		83,118	
Restricted for				4 004 740			
Community Redevelopment Agency		-		1,021,740		1,021,740	
Assigned for		1 000				4 000	
Special events		1,883		-		1,883	
Unassigned		2,248,295		-		2,248,295	
Total fund balances		2,333,296		1,021,740		3,355,036	
Total liabilities and fund balances	\$	2,812,802	\$	1,032,320	\$	3,845,122	

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



Total fund balances - governmental funds			\$ 3,355,036
Amounts reported for governmental activity different because:	ties in the statement of net position are		
Capital assets used in governmental activit are not reported in the funds.	ies are not financial resources and, therefore,		
·	Governmental capital assets	12,241,838	
	Less accumulated depreciation	(5,591,623)	6,650,215
Net pension asset included in total assets	s is not available to pay current expenditures		
and, therefore, is not reported in the funds	5.		380,309
	ce costs as expenditures when these costs are e costs must be included as a prepaid item in		
the government-wide statements.			6,154
Long-term liabilities, including compensate	d absences, are not due and payable in the		
current period and, therefore, are not repo	orted in the funds.		
	Notes payable	\$ (685,000)	
	Unamortized premium	(26,655)	
	Capital leases	(8,588)	
	Compensated absences	(92,513)	
	Accrued interest on long-term debt	(10,717)	(823,473)
	pension earnings are not recognized in the corded in the statement of net position under		
full accrual accounting.	toraca in the statement of het position ander		232,538
Deferred inflow of resources related t	to pension earnings are not recognized in		
governmental funds; however, they are re	corded in the statement of net position under		
full accrual accounting.			(165,062)
Net position of governmental activities			\$ 9,635,717

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



		Community Redevelopment			Total vernmental
For the year ended September 30, 2020	General		Agency		Funds
Revenue					
Ad valorem taxes	\$ 1,657,197	\$	350,000	\$	2,007,197
Utility taxes	653,445		, -		653,445
Franchise fees	362,593		-		362,593
Sales tax	298,628		-		298,628
Intergovernmental revenues	229,561		-		229,561
Licenses and permits	64,102		-		64,102
Charges for services	151,594		-		151,594
Fines and forfeitures	29,769		-		29,769
Interest income	3,233		260		3,493
Rental and other income	134,201		500		134,701
Total revenues	3,584,323		350,760		3,935,083
Expenditures					
General government	1,254,092		303,282		1,557,374
Public safety	1,418,297		-		1,418,297
Physical environment	154,709		134,975		289,684
Economic environment	8,477		-		8,477
Human services	12,597		-		12,597
Culture/recreation	27,199				27,199
Capital outlay	200,237		227,000		427,237
Debt service:					
Principal	86,719		1,367		88,086
Interest	30,450		265		30,715
Total expenditures	3,192,777		666,889		3,859,666
Excess (deficiency) of revenues					
over (under) expenditures	391,546		(316,129)		75,417
Other Financing Sources					
Proceeds from capital leases	9,128		-		9,128
Proceeds from sale of capital assets	8,310		-		8,310
Total other financing sources	17,438				17,438
Net change in fund balances	408,984		(316,129)		92,855
Fund balance, beginning of year	1,924,312		1,337,869		3,262,181
Fund balance, end of year	\$ 2,333,296	\$	1,021,740	\$	3,355,036

#### Town of Eatonville, Florida



### Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the year ended September 30,			2020
Net change in fund balances - total governmental funds			\$ 92,855
Amounts reported for governmental activities in the statement of activities are different because:	;		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$254,488) exceeded capitalized capital outlay (\$157,590) in the current period.	•		(96,898)
outlay (\$157,550) in the current period.			(50,656)
Issuance of capital leases is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.			(9,128)
Repayment of note principal and amortization of premium on notes is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			90,751
Insurance for governmental debt is recorded as an expenditure in the governmental funds. However, in the government-wide statements, this insurance is recorded as a prepaid item and amortized over the life of the policy.			(615)
Some expenses reported in the statement of activities do not provide (or do not require) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
(Increase) in compensated absences payable Decrease in accrued interest on long-term debt	\$	(2,273) 1,104	(1,169)
Pension expense is reported in the Statement of Activities, which differs from pension expenditures as reported in governmental funds.			
Decrees in anti-continuous	<b>,</b>	(420,000)	
Decrease in net pension asset Increase in deferred outflows related to pensions	\$	(128,980) 96,411	
Decrease in deferred outflows related to pensions		96,411 15,570	(16,999)
		- / 3	( -,)
Change in net position of governmental activities			\$ 58,797



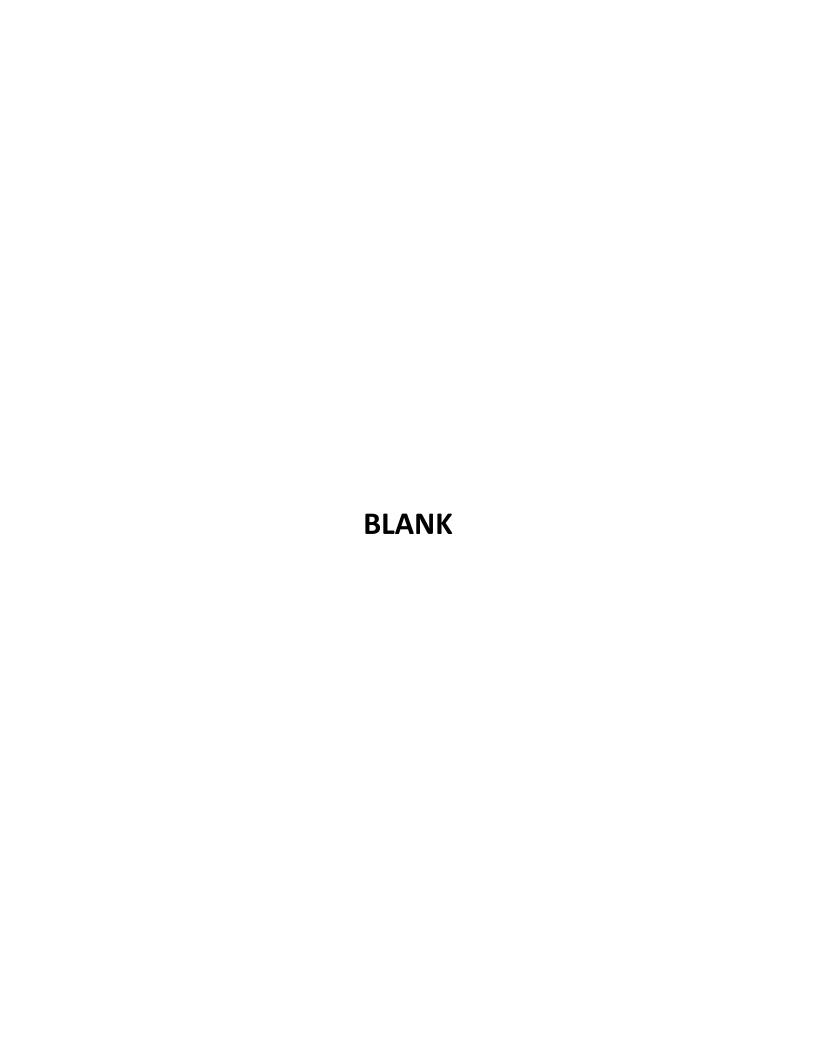
	Business-type Activities - Enterprise Funds										
September 30, 2020	Water and Sewer	Solid Waste	Stormwater	Total							
September 30, 2020	Sewei	Solia waste	Stormwater	TOTAL							
Assets											
Current assets											
Cash	\$ 207,938	\$ -	\$ -	\$ 207,938							
Accounts receivable, net	119,784	63,725	28,568	212,077							
Due from other governments	23,517	-	-	23,517							
Total current assets	351,239	63,725	28,568	443,532							
Noncurrent assets											
Due from other funds	-	974,856	946,553	1,921,409							
Capital assets											
Capital assets not being depreciated											
Land	2,500	_	_	2,500							
	·			-							
Construction in progress  Total non-depreciable capital assets	856,600 859,100	-	-	856,600 859,100							
·	859,100	-	-	859,100							
Capital assets being depreciated	40.450.005			40 450 005							
Buildings and improvements	10,150,027	-	-	10,150,027							
Equipment	251,975	-	125,187	377,162							
Total depreciable assets	10,402,002	-	125,187	10,527,189							
Less accumulated depreciation	(3,857,559)	-	(108,325)	(3,965,884)							
Total depreciable capital assets,											
net of accumulated depreciation	6,544,443	-	16,862	6,561,305							
Total noncurrent assets	7,403,543	974,856	963,415	9,341,814							
Total assets	7,754,782	1,038,581	991,983	9,785,346							
Liabilities											
Current liabilities											
Accounts payable	79,725	_	8,105	87,830							
Accrued liabilities	•	127.011	•								
	22,127	127,011	23,660	172,798							
Unearned revenues	24,425	-	-	24,425							
Current portion of notes payable	65,988	-	-	65,988							
Current portion of compensated absences	3,796	-	666	4,462							
Customer deposits	85,400	-	-	85,400							
Total current liabilities	281,461	127,011	32,431	440,903							
Noncurrent liabilities											
Due to other funds	3,711,424	-	-	3,711,424							
Compensated absences	2,475	-	719	3,194							
Notes payable	2,016,265	-	-	2,016,265							
Total noncurrent liabilities	5,730,164	-	719	5,730,883							
Total liabilities	6,011,625	127,011	33,150	6,171,786							
Net Position											
	E 221 200		16,862	E 220 1F2							
Net investment in capital assets Unrestricted (deficit)	5,321,290 (3,578,133)	911,570	941,971	5,338,152 (1,724,592)							
Total net position	\$ 1,743,157	\$ 911,570	\$ 958,833	\$ 3,613,560							

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

	Business-type Activities - Enterprise Funds								
	V	Vater and							
For the year ended September 30, 2020		Sewer	Solid Waste		Stormwater		Total		
Operating Revenues									
Charges for services	\$	695,831	\$	384,825	\$	171,282	\$	1,251,938	
Total operating revenues		695,831		384,825		171,282		1,251,938	
Operating Expenses									
Personnel services		183,835		-		88,923		272,758	
Operating		504,704		311,550		24,247		840,501	
Depreciation expense		324,714		-		1,173		325,887	
Total operating expenses		1,013,253		311,550		114,343		1,439,146	
Operating income (loss) before contributions		(317,422)		73,275		56,939		(187,208)	
Capital contributions		554,318		-		-		554,318	
Change in net position		236,896		73,275		56,939		367,110	
Net position - beginning of year		1,506,261		838,295		901,894		3,246,450	
Net position - end of year	\$	1,743,157	\$	911,570	\$	958,833	\$	3,613,560	



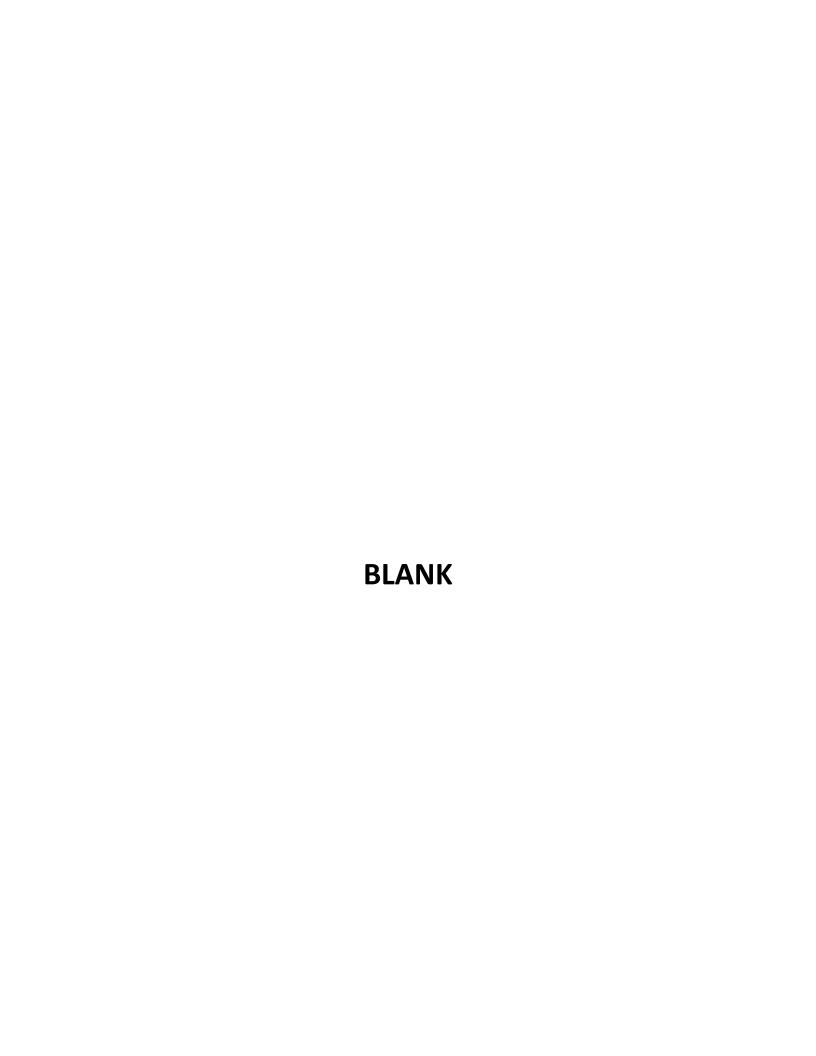
	Business-type Activities - Enterprise Funds							
	Water and							
For the year ended September 30, 2020		Sewer	Sc	olid Waste	St	ormwater		Total
Operating Activities								
Cash received from customers	\$	707,767	\$	389,679	\$	172,367	\$	1,269,813
Cash payments to suppliers for goods and services		(547,216)		(311,550)		(23,067)		(881,833
Cash payments to employees for services		(177,461)		-		(88,923)		(266,384
Net cash provided by (used in) operating activities		(16,910)		78,129		60,377		121,596
Noncapital Financing Activities								
Borrowings from other funds		147,206		_		_		147,206
Loans and reimbursements to other funds		-		(78,129)		(62,696)		(140,825
Net cash provided by (used in)								
noncapital financing activities		147,206		(78,129)		(62,696)		6,381
Coulted and Deleted Financia - Astroite								
Capital and Related Financing Activities  Acquisition and construction of capital assets		(906,331)		-		-		(906,331
Proceeds from state revolving loan		71,019		-		_		71,019
Proceeds from revenue bonds		282,000		_		_		282,000
Principal paid on notes payable		(43,834)		-		_		(43,834
Proceeds from captial contributions		554,318		-		_		554,318
Net cash provided by (used in) capital and related financing activities		(42,828)		-		-		(42,828)
Net increase (decrease) in cash and cash equivalents		87,468		-		(2,319)		85,149
Cash and cash equivalents, beginning of year		120,470		-		2,319		122,789
Cash and cash equivalents, end of year	\$	207,938	\$	-	\$	-	\$	207,938
Reconciliation of operating income (loss) to								
net cash provided by (used in) operating activities								
Operating income (loss) before contributions	\$	(317,422)	\$	73,275	\$	56,939	\$	(187,208
Adjustment to reconcile operating income (loss) to								
net cash provided by (used in) operating activities:								
Depreciation		324,714		-		1,173		325,887
Change in assets and liabilities								
Accounts receivable		(5,055)		4,854		1,085		884
Accounts payable		(66,937)		-		2,750		(64,187
Accrued liabilities		8,719		-		333		9,052
Unearned revenues		24,425						24,425
Customer deposits		16,991		-		-		16,991
Compensated absences		(2,345)		-		(1,903)		(4,248
Total adjustments		300,512		4,854		3,438		308,804
Net cash provided by (used in) operating activities	\$	(16,910)	\$	78,129	\$	60,377	\$	121,596



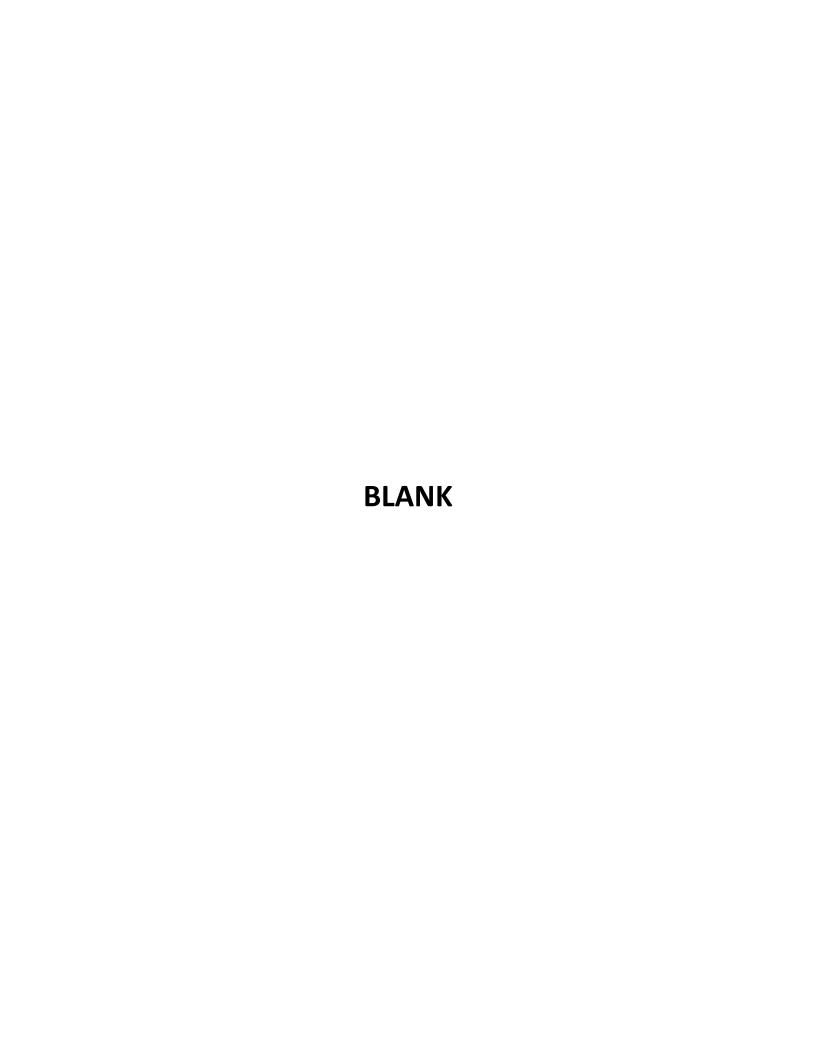
September 30, 2020	Police Pension Trust Fund
Assets	
Money market mutual funds	\$ 72,845
Investments, at fair value	1,858,681
Accrued interest and dividends	5,524
Due from other funds	17,223
Total assets	1,954,273
Net Position	
Restricted for pension benefits	\$ 1,954,273

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

	P	olice Pension
September 30, 2020		Trust Funds
Additions		
Contributions		
State of Florida	\$	16,839
Plan members		30,675
Total contributions		47,514
Investment earnings		
Interest		55,363
Investment income		13,256
Total investment earnings		68,619
Total additions		116,133
Deductions		
Benefit payments including refunds of contributions		19,003
Administrative expenses		15,032
Investment expenses		2,960
Unrealized losses on investments		85,554
Total deductions		122,549
Change in net position		(6,416)
Net position restricted for pension benefits, beginning of year		1,960,689
Net position restricted for pension benefits, end of year	\$	1,954,273



# NOTES TO THE FINANCIAL STATEMENTS



#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

## The Reporting Entity

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

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

## **Government-Wide and Fund Financial Statements**

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

## Government-Wide and Fund Financial Statements (Continued)

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

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

# Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

#### **Government-Wide Financial Statements**

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

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

#### **Fund Financial Statements**

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

The Town reports the following major governmental funds:

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

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

## Fund Financial Statements (Continued)

The Town reports the following major proprietary funds:

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

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

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

The Town reports the following fiduciary fund:

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

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

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

# **Budgetary Information**

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

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

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

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

## Cash and cash equivalents

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

## Investments

Investments for the Town are reported at fair value or amortized cost, which approximates fair value.

## Receivables and Payables

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

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

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

## **Interfund Activities and Transactions**

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

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

## **Prepaid Items**

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

## Capital Assets

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

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

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

Capital Assets (Continued)

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

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

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

Capital leases are amortized over the lives of the respective leases or the service lives of the leased equipment, whichever is shorter.

# Deferred Outflows/Inflows of Resources

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

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

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

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

## Compensated Absences

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

## Long-term Obligations

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

#### **Pensions**

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

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

Categories and Classification of Fund Equity

Net position flow assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

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

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

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

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

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

Categories and Classification of Fund Equity (Continued)

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

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

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

# Revenues and Expenditures/Expenses

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

*Property taxes* - The Town levied a millage rate of \$7.2938 per \$1,000 of assessed value for the fiscal year ended September 30, 2020. Orange County, Florida bills and receives payment for all ad valorem taxes levied by the Town. Payments are then remitted to the Town.

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

## Revenues and Expenditures/Expenses (Continued)

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

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

#### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The Town did not have any significant encumbrances outstanding as of September 30, 2020.

# **Use of Estimates**

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

# **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 25, 2022. See Note 5 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## Recently Issued and Implemented Accounting Pronouncements

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

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

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

The Town is evaluating the requirements of the above statements and the impact on reporting.

#### **Note 2: CORRECTION OF AN ERROR**

The Town has a prior period adjustment of \$103,313 which was required for restating the prior period balance of governmental activities net position. The September 30, 2020 net position was incorrectly stated as the capital assets of the CRA were not included in governmental activities capital assets.

	Gove	ernmental Activities
Net position, September 30, 2019, as previously stated Capital assets, net - CRA	\$	9,473,607 103,313
Net position, September 30, 2019, as restated	\$	9,576,920

## **Note 3: DETAILED NOTES ON ALL FUNDS**

# **Cash Deposits**

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

#### Investments

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

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

# *Investments (Continued)*

As of September 30, 2020, the Town's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

Credit Risk – Section I50: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The Town has limited its credit risk by limiting investments to the safest types of securities, primarily government investment pools. The Town's investment objectives are prioritized by safety, liquidity and yield. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member's default.

Concentration risk — Section I50: Investments of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Town's investment policy does not address concentration risk.

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

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

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

## *Investments (Continued)*

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

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

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

		Credit					
		Quality	Carrying	Less			More
Investment Type	Туре	Rating	Amount	Than 1	1 to 5	5 to 10	Than 10
Money market mutual funds	Money Market	NR*	\$ 72,845	\$ 72,845	\$ -	\$ -	\$ -
Corporate Bonds	Fixed Income	Aaa	8,494	-	-	-	8,494
Corporate Bonds	Fixed Income	Aa2	15,342	10,151	5,191	-	-
Corporate Bonds	Fixed Income	Aa3	5,454	-	-	5,454	-
Corporate Bonds	Fixed Income	A1	10,728	-	-	5,293	5,435
Corporate Bonds	Fixed Income	A2	49,670	5,042	27,748	5,795	11,085
Corporate Bonds	Fixed Income	A3	63,620	15,296	39,587	-	8,737
Corporate Bonds	Fixed Income	Baa1	39,853	-	5,256	17,875	16,722
Corporate Bonds	Fixed Income	Baa2	64,162	5,003	31,812	22,211	5,136
Corporate Bonds	Fixed Income	Baa3	54,840	-	41,556	2,199	11,085
Corporate Bonds	Fixed Income	NR	37,685	-	7,355	16,341	13,989
Municipal Bonds	Fixed Income	Aaa	10,538	-	10,538	-	-
Municipal Bonds	Fixed Income	Aa1	5,730	-	5,730	-	-
Municipal Bonds	Fixed Income	Aa2	9,448	-	-	-	9,448
Municipal Bonds	Fixed Income	NR	5,207	-	-	-	5,207
Government Bonds	Fixed Income	Aaa	23,533	10,130	-	-	13,403
<b>Government Sponsored Bonds</b>	Fixed Income	Aaa	18,719	-	-	-	18,719
Mortgage Pools	Fixed Income	Aaa	370,645	10	12,573	132,000	226,062
Total debt securities			793,668	45,632	187,346	207,168	353,522
Common Stock	Equity	NR*	1,065,013	1,065,013	-	-	-
Total pension investments			\$ 1,931,526	\$ 1,183,490	\$ 187,346	\$ 207,168	\$ 353,522

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

## Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of September 30, 2020:

	Carrying			Fair V	alue		An	nortized
Investments	Amount		Level 1		Level 2			Cost
Money market mutual funds	\$ 7	2,845	\$	-	\$	-	\$	72,845
U.S. treasury bonds and notes	2	23,533		-	2	23,533		-
U.S. government agencies	1	8,719		-	1	18,719		-
Asset-backed securities	37	0,645		-	37	70,645		-
Muncipial bonds	3	80,923		-	3	30,923		-
Corporate bonds and notes	34	19,848		-	34	19,848		-
Common stock	1,06	55,013	1,0	065,013		-		-
Total Investments	\$ 1,93	31,526	\$ 1,0	065,013	\$ 79	93,668	\$	72,845

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

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

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

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

# *Investments (Continued)*

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

#### Accounts Receivable

For the Water and Sewer, Solid Waste, and Stormwater Utility Funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2020 (unbilled receivable), is estimated and accrued at year end. The Town deems all amounts over 60 days uncollectable therefore an allowance for doubtful accounts has been established equivalent to the last two months of billing. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectible accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2020, were as follows:

	(	General	٧	Vater and	Solid			
		Fund		Sewer	Waste	St	ormwater	Total
Receivables								_
Customer receivables								
and unbilled revenues	\$	37,606	\$	345,097	\$ 182,393	\$	80,536 \$	645,632
Franchise and utility		214,343		-	-		-	214,343
Total receivables		251,949		345,097	182,393		80,536	859,975
Less allowance for uncollectibles		(27,226)		(225,313)	(118,668)		(51,968)	(423,175)
Total receivables, net	\$	224,723	\$	119,784	\$ 63,725	\$	28,568 \$	436,800

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2020. There are no other reserves for receivables recorded by the Town as of September 30, 2020.

# Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance
	balance	Additions	Deletions	balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 862,143	\$ 45,000	\$ -	\$ 907,143
Total capital assets not being depreciated	862,143	45,000	-	907,143
Capital assets, being depreciated				
Infrastructure	5,269,416	-	-	5,269,416
Buildings and improvements	3,342,152	-	-	3,342,152
Improvements other than buildings	772,593	24,149	-	796,742
Equipment	1,906,468	88,441	(68,524)	1,926,385
Total capital assets, being depreciated	11,290,629	112,590	(68,524)	11,334,695
Less accumulated depreciation for				
Infrastructure	(1,285,548)	(121,916)	-	(1,407,464)
Buildings and improvements	(1,567,636)	(79,670)	-	(1,647,306)
Improvements other than buildings	(678,885)	(17,515)	-	(696,400)
Equipment	(1,873,590)	(35,387)	68,524	(1,840,453)
Total accumulated depreciation	(5,405,659)	(254,488)	68,524	(5,591,623)
Total capital assets being depreciated, net	5,884,970	(141,898)	-	5,743,072
Governmental activities capital assets, net	\$ 6,747,113	\$ (96,898)	\$ -	\$ 6,650,215

# Capital Assets (Continued)

	Beginning Balance		Additions	Deletions		Ending Balance
Business-type activities						
Capital assets not being depreciated						
Land	\$	2,500	\$ -	\$	-	\$ 2,500
Construction in progress		-	856,600		-	856,600
Total capital assets not being depreciated		2,500	856,600		-	859,100
Capital assets being depreciated						
Buildings and improvements	10,	100,296	49,673		-	10,149,969
Equipment		377,162	-		-	377,162
Total capital assets being depreciated	10,	477,458	49,673		-	10,527,131
Less accumulated depreciation for						
Buildings and improvements	(3,	294,319)	(324,395)		-	(3,618,714)
Equipment	(	345,620)	(1,492)		-	(347,112)
Total accumulated depreciation	(3,	639,939)	(325,887)		-	(3,965,826)
Total capital assets being depreciated, net	6,	837,519	(276,214)		-	6,561,305
Business-type activities capital assets, net	\$ 6,	840,019	\$ 580,386	\$	-	\$ 7,420,405

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

Government	tal activ	vitiac:

General government	¢	68,459
-	¥	•
Public safety		22,129
Physical environment		122,461
Culture and recreation		41,439
Total	\$	254,488

# **Business-type activities:**

Water and Sewer	\$ 324,714
Stormwater	1,173
Total	\$ 325,887

## Long-Term Debt

## FMLC Series Note Payable

In fiscal year 2016, the Town entered into an agreement with the Florida Municipal Loan Council to advance refund the Series 2005B through the issuance of FMLC Series 2016. The loan contains certain filing requirements. The loan is payable annually on October 1 through October 2030. The interest is payable semi-annually on April 1 and October 1 through October 2030, with interest rates from 2.00% to 5.00% over the term of the loan. The loan agreement provides for events of default upon failure to timely make loan payments or other specified payments when due, and failure to observe and perform any covenant, condition or agreement, other than loan payment requirements, for a period of more than 30 days after notice of noncompliance. Covenants beyond timely loan payment requirements include incurrence of additional debt secured by non-ad valorem tax revenues and timely submission of financial information. In the event of default, the lender may call the loan and take other actions to collect amounts due. The Town did not meet the time deadline specified in the loan agreement for submission of audited financial statements; however, this covenant violation was not an event of default. As of September 30, 2020, the principal outstanding on the note was \$685,000.

## State Revolving Loan Fund

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

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

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

## Long-Term Debt (Continued)

State Revolving Loan Fund (Continued)

Each of the State Revolving Fund Loans contain covenants that provide for a revenue coverage ratio of 1.15 times debt service payments. As of September 30, 2020, the loans were not compliant with this provision, resulting in a loan default. The State of Florida Department of Environmental Protection may seek remedies in the event of default by accelerating loan payments, increasing the financing rate, intercepting delinquent amounts from unobligated funds due to the Town through the State, or applying for a court to appoint a receiver to manage the water and sewer systems, including setting rates, collecting revenues and applying those revenues to the loan balance. The State of Florida Department of Environmental Protection has agreed to forbear acceleration of loan payments providing the Town takes certain curative actions.

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

As of September 30, 2020, the principal outstanding on the state revolving loan funds were \$1,800,253.

## System Revenue Bond

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

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

As of September 30, 2020, the principal outstanding on the system revenue bonds is \$282,000.

## Capital Lease

The Town has entered into lease agreements as a lessee for financing the acquisition of police vehicles and copiers. There were no down payments related to these acquisitions. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of their inception dates.

# Long-Term Debt (Continued)

Long-term liability activity for the fiscal year ended September 30, 2020 as follows:

	eginning Balance	Additions			eductions	Ending Balance		ue Within One Year
Governmental activities								
Note payable								
FMLC Series 2016	\$ 740,000	\$	-	\$	(55,000)	\$ 685,000	\$	55,000
Unamortized premium	29,320		-		(2,665)	26,655		2,665
Total note payable	769,320		-		(57,665)	711,655		57,665
Other liabilities:								
Capital leases	32,546		9,128		(33,086)	8,588		3,124
Compensated absences	90,240		64,873		(62,600)	92,513		53,572
Total other liabilities	122,786		74,001		(95,686)	101,101		56,696
Governmental activities								
long-term liabilities	\$ 892,106	\$	74,001	\$	(153,351)	\$ 812,756	\$	114,361

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

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

For the year ended September 30:	Principal		I	nterest	Total
2021	\$	55,000	\$	20,613	\$ 75,613
2022		55,000		18,963	73,963
2023		55,000		17,038	72,038
2024		60,000		15,338	75,338
2025		60,000		14,138	74,138
2026-2030		330,000		47,531	377,531
2031		70,000		1,750	71,750
Total	\$	685,000	\$	135,371	\$ 820,371

# Long-Term Debt (Continued)

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

	Beginning			Ending	<b>Due Within</b>	
	Balance	Additions	Reductions	Balance	One Year	
Business-type activities						
Notes payable						
SRF Loan WW480200	\$ 195,079	\$ -	\$ (9,322)	\$ 185,757	\$ 9,519	
SRF Loan WW480202	1,577,989	-	(32,199)	1,545,790	50,693	
SRF Loan WW480204	-	71,019	(2,313)	68,706	849	
System Revenue Bond 2019A	-	203,000	-	203,000	3,547	
System Revenue Bond 2019B	-	79,000	-	79,000	1,380	
Total notes payable	1,773,068	353,019	(43,834)	2,082,253	65,988	
Other liabilities:						
Compensated absences	11,904	1,235	(5,483)	7,656	4,462	
Total other liabilities	11,904	1,235	(5,483)	7,656	4,462	
Business-type activities long-term liabilities	\$ 1,784,972	\$ 354,254	\$ (49,317)	\$ 2,089,909	\$ 70,450	

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

For the year ended September 30:	Principal	1	nterest	Total
2021	\$ 65,988	\$	23,063	\$ 89,051
2022	70,074		22,291	92,366
2023	70,861		21,513	92,374
2024	71,657		20,725	92,382
2025	72,464		20,033	92,497
2026-2030	374,813		87,252	462,066
2031-2035	396,675		65,590	462,265
2036-2040	357,798		43,827	401,625
2041-2045	347,122		26,259	373,381
2046-2050	165,042		11,057	176,099
2051-2055	42,933		6,378	49,311
2056-2059	46,825		2,486	49,311
Total	\$ 2,082,253	\$	350,474	\$ 2,432,727

# **Obligations under Capital Lease**

The Town has entered into lease agreements for various equipment. Total annual lease payments that the Town paid for the year ended September 30, 2020, was \$33,086. The leases have a 4 year term. The net book value of the leased assets is \$6,846 as of September 30, 2020.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

September 30:	
2021	\$ 3,124
2022	2,717
2023	2,717
2024	1,617
Total minimum lease payments	10,175
Less: amount representing interest	(1,587)
Present value of minimum lease payments	\$ 8,588

## **Operating Leases**

The Town entered into lease agreements with Orange County (the "County") and the Orange County Library System (the "OCLS") in 1998 and 2004, respectively. The agreement with the County, which was terminated by the County in August 2019, allowed for the use of the Denton Johnson Center for the County's Head Start program. The lease agreement provided for an annual rental of \$1 and the County paid a portion of the operating and maintenance costs at the Denton Johnson Center based on the square footage used by the County each year. The remainder of the building continues to be used by the Town and the portion that was leased to the County will be either used by the Town or rented out for special events.

The agreement with OCLS allows use of the building on the corner of Kennedy Boulevard and College Street for the operation of a library branch. The lease will terminate in 2024, at which time all additions to the property will revert to the Town. OCLS has the option to extend the lease for an additional five (5) year term. The lease agreement provides for an annual rental of \$60,564, paid in monthly installments, with minimum future rentals of \$302,820 for fiscal years 2021 through 2024.

## **Net Investment In Capital Assets**

The elements of this calculation are as follows:

	Governmental Activities		isiness-Type Activities	Total
Capital assets (net) Plus unamortized deferred bond cost	\$ 6,650,215 6,154	\$	7,420,405 -	\$ 14,070,620 6.154
Less outstanding debt related to capital assets	(720,243)		(2,082,253)	(2,802,496)
Net investment in capital assets	\$ 5,936,126	\$	5,338,152	\$ 11,274,278

## **Risk Management**

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

## **Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

## Fund Balance Deficit

The Water and Sewer Fund had a deficit balance in unrestricted net position of \$3,578,133 at September 30, 2020. The Water and Sewer Fund deficit is anticipated to be funded through enhanced revenues and reduction of expenses.

#### **Note 4: RETIREMENT PLANS**

## **Employee Retirement Plans and Pension Plans**

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

# **Defined Contribution Plan**

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

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

## **Contributions**

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

## **Contributions (Continued)**

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

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

There were no employee contributions to the Defined Contribution Plan during the fiscal year ended September 30, 2020. The employer's contributions were \$22,120 for the year ended September 30, 2020.

## **Pension Plan**

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

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

## Pension Plan (Continued)

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

As of October 1, 2018, the date of the Plan's latest actuarial valuation, the Plan had 13 active participants.

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

## Annual Money-Weighted Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on Plan investments, gross of investment related expenses, was 5.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# Pension Plan (Continued)

Net Pension Asset

The following schedule displays the components of the net pension asset as of the Town's measurement date of September 30, 2020.

	Increase (Decrease)					
	Total Plan					
	Pension	Fiduciary	<b>Net Pension</b>			
	Liability	Net Position	(Asset)			
	(a)	(b)	(a) - (b)			
Balance at October 1, 2019	\$ 1,451,400	\$ 1,960,689	\$ (509,289)			
Changes for the year:						
Service cost	82,509	-	82,509			
Interest	96,643	-	96,643			
Changes of assumptions	(37,585)	-	(37,585)			
Contributions - Employer	-	16,839	(16,839)			
Contributions - Employee	-	30,675	(30,675)			
Net investment income	-	(20,267)	20,267			
Benefit payments, including						
refunds of employee contributions	(19,003)	(19,003)	-			
Administrative expense	-	(14,660)	14,660			
	-					
Net changes	122,564	(6,416)	128,980			
Balance at September 30, 2020	\$ 1,573,964	\$ 1,954,273	\$ (380,309)			

## Pension Plan (Continued)

## **Actuarial Assumptions**

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

Valuation date 10/1/2018

Actuarial method and assumptions:	
Method	Entry Age Normal Cost Method
Investment rate of return	6.50%
Discount Rate	6.50%
Inflation rate	2.50%
Projected salary increases	5.00%
Mortality tables	RP 2000 Table - Sex Distinct

## Investments

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2020 are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Equities	55.60%	6.04%
Fixed income	39.50%	0.97%
Cash	4.90%	0.10%
Total	100.00%	

## Pension Plan (Continued)

#### Discount Rate

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

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

	1 % Decrease	Current Discount Rate	1 % Increase
	 (5.5%)	(6.5%)	(7.5%)
Net pension (asset)	\$ (131,784)	\$ (380,309)	\$ (542,766)

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

For the year ended September 30, 2020, the Town recognized a pension expense of \$33,838. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	_	eferred itflows of	_	eferred Iflows of
	R	esources	R	esources
Differences between expected and actual experience	\$	32,696	\$	135,474
Changes of assumptions		67,518		29,588
Net difference between projected and actual earnings				
on plan investments		132,324		-
Total	\$	232,538	\$	165,062

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

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

2021	\$ 6,332
2022	14,315
2023	10,051
2024	36,778
Total	\$ 67,476

#### **Note 5: INTERFUND BALANCES**

The outstanding balances between funds result mainly from interfund goods and services provided, reimbrusements of expenditures, and working capital loans. The following is a summary of interfund receivables and payables at September 30, 2020:

Fund	Receivable	Payable
General Fund	\$ 1,790,015	\$ 339,503
Pension Fund	17,223	
CRA	322,280	-
Water and Sewer Fund	-	3,711,424
Solid Waste Fund	974,856	-
Stormwater Fund	946,553	
Total	\$ 4,050,927	\$ 4,050,927

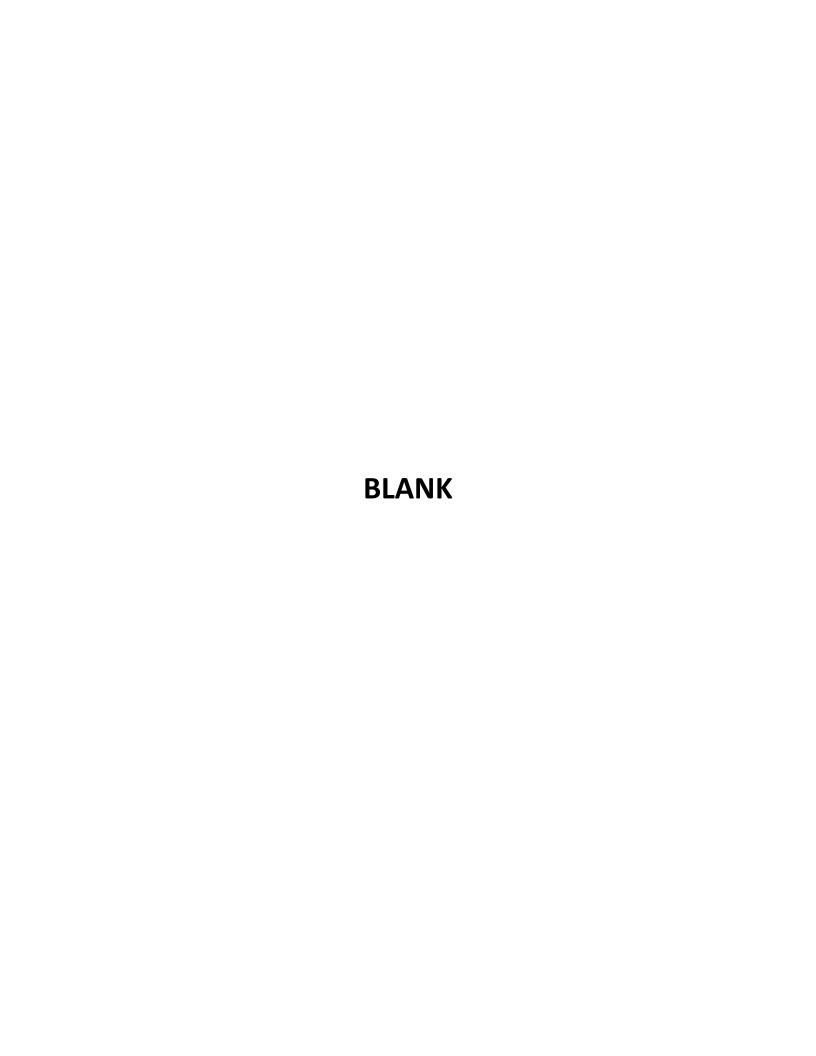
## **Note 6: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

## **Note 7: SUBSEQUENT EVENTS**

In August, 2021, the Town received approximately \$1,108,000 from COVID American Rescue Plan Act.

# REQUIRED SUPPLEMENTARY INFORMATION



# Town of Eatonville, Florida Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (Budgetary Basis) – General Fund

Budgeted Amounts           For the year ended September 30, 2020         Original         Final         Actual Amounts           Revenue         4 1,628,104         1,628,104         1,628,104         1,657,197           Utility taxes         632,732         632,732         653,445           Franchise fees         395,188         395,188         362,593           Sales tax         376,927         376,927         298,628           Intergovernmental revenues         178,797         178,797         229,561           Licenses and permits         65,500         65,500         64,102           Charges for services         238,440         238,440         151,594           Fines and forfeitures         33,500         33,500         29,769           Interest income         200         200         3,233           Rental and other income         98,123         98,123         134,201	\$ (	ive/
Revenue         \$ 1,628,104         \$ 1,628,104         \$ 1,657,197           Utility taxes         632,732         632,732         653,445           Franchise fees         395,188         395,188         362,593           Sales tax         376,927         376,927         298,628           Intergovernmental revenues         178,797         178,797         229,561           Licenses and permits         65,500         65,500         64,102           Charges for services         238,440         238,440         151,594           Fines and forfeitures         33,500         33,500         29,769           Interest income         200         200         3,233	\$ (Nega	29,093 20,713 32,595) 78,299) 50,764 (1,398) 86,846) (3,731)
Revenue         Ad valorem taxes       \$ 1,628,104       \$ 1,628,104       \$ 1,657,197         Utility taxes       632,732       632,732       653,445         Franchise fees       395,188       395,188       362,593         Sales tax       376,927       376,927       298,628         Intergovernmental revenues       178,797       178,797       229,561         Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	\$ (; (;	29,093 20,713 32,595) 78,299) 50,764 (1,398) 86,846) (3,731)
Ad valorem taxes       \$ 1,628,104       \$ 1,628,104       \$ 1,657,197         Utility taxes       632,732       632,732       653,445         Franchise fees       395,188       395,188       362,593         Sales tax       376,927       376,927       298,628         Intergovernmental revenues       178,797       178,797       229,561         Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	(; (;	20,713 32,595) 78,299) 50,764 (1,398) 86,846) (3,731)
Ad valorem taxes       \$ 1,628,104       \$ 1,628,104       \$ 1,657,197         Utility taxes       632,732       632,732       653,445         Franchise fees       395,188       395,188       362,593         Sales tax       376,927       376,927       298,628         Intergovernmental revenues       178,797       178,797       229,561         Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	(; (;	20,713 32,595) 78,299) 50,764 (1,398) 86,846) (3,731)
Utility taxes       632,732       632,732       653,445         Franchise fees       395,188       395,188       362,593         Sales tax       376,927       376,927       298,628         Intergovernmental revenues       178,797       178,797       229,561         Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	(; (;	20,713 32,595) 78,299) 50,764 (1,398) 86,846) (3,731)
Franchise fees       395,188       395,188       362,593         Sales tax       376,927       376,927       298,628         Intergovernmental revenues       178,797       178,797       229,561         Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	() ()	32,595) 78,299) 50,764 (1,398) 86,846) (3,731)
Sales tax       376,927       376,927       298,628         Intergovernmental revenues       178,797       178,797       229,561         Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	(;	78,299) 50,764 (1,398) 86,846) (3,731)
Intergovernmental revenues         178,797         178,797         229,561           Licenses and permits         65,500         65,500         64,102           Charges for services         238,440         238,440         151,594           Fines and forfeitures         33,500         33,500         29,769           Interest income         200         200         3,233	(;	50,764 (1,398) 86,846) (3,731)
Licenses and permits       65,500       65,500       64,102         Charges for services       238,440       238,440       151,594         Fines and forfeitures       33,500       33,500       29,769         Interest income       200       200       3,233	(;	(1,398) 86,846) (3,731)
Charges for services         238,440         238,440         151,594           Fines and forfeitures         33,500         33,500         29,769           Interest income         200         200         3,233	()	86,846) (3,731)
Fines and forfeitures         33,500         33,500         29,769           Interest income         200         200         3,233	:	(3,731)
Interest income 200 200 3,233	:	
	:	3,033
Rental and other income 98.173 98.173 134.701		26 070
	1	36,078
Total revenues 3,647,511 3,647,511 3,584,323	(	63,188)
Expenditures		
General government 1,429,194 1,429,194 1,254,092	1	75,102
Public safety 1,699,367 1,699,367 1,418,297	2	81,070
Physical environment 207,245 207,245 154,709		52,536
Economic environment 7,184 7,184 8,477		(1,293)
Human services 27,615 27,615 12,597		15,018
Culture/recreation 13,700 13,700 27,199		13,499)
Capital outlay 148,771 148,771 200,237		51,466)
Debt service:	•	, ,
Principal 58,000 58,000 86,719	(	28,719)
Interest 21,438 21,438 30,450		(9,012)
Total expenditures 3,612,514 3,612,514 3,192,777	1	19,737
Total experiultures 3,012,314 3,012,314 3,132,777		19,737
Excess (deficiency) of revenues		
over (under) expenditures 34,997 34,997 391,546	(4	82,925)
Other Financing Sources		
Proceeds from capital leases - 9,128		(9,128)
Proceeds from sale of capital assets 8,310		(8,310)
	·	
Total other financing sources 17,438	(	17,438)
Net change in fund balances         34,997         34,997         408,984	(5)	00,363)
Fund balance, beginning of year 1,924,312 1,924,312 1,924,312		
Fund balance, end of year \$ 1,959,309 \$ 1,959,309 \$ 2,333,296	\$ (5	

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

						\	/ariances
							nal Budget
	 Budgeted	l Am					Positive/
	 Original		Final	Act	ual Amounts	(1	Negative)
Revenue							
Ad valorem taxes	\$ 313,950	\$	313,950	\$	350,000	\$	36,050
Interest	20,000		20,000		260		(19,740)
Rental and other income	25,000		25,000		500		(24,500)
Total revenues	358,950		358,950		350,760		(8,190)
Expenditures							
General government	438,545		433,350		303,282		130,068
Physical environment	-		-		134,975		(134,975)
Culture/recreation	7,000		7,000		-		7,000
Capital outlay	750,405		772,700		227,000		545,700
Debt service							
Principal	-		-		1,367		(1,367)
Interest	-		-		265		(265)
Total expenditures	1,195,950		1,213,050		666,889		546,161
Net change in fund balances	(837,000)		(854,100)		(316,129)		(537,971)
Fund balance, beginning of year	1,337,869		1,337,869		1,337,869		-
Fund balance, end of year	\$ 500,869	\$	483,769	\$	1,021,740	\$	537,971

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

5	

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability Service cost Interest	\$ 82,509 96,643	\$ 78,742 89,594	\$ 70,718 94,557	\$ 71,173 85,329	\$ 71,173 75,091	\$ 66,517 65,507	\$ 71,395 56,863
Differences between expected and actual experience Changes of assumptions Benefit payments, including refunds of	- (37,585)	47,668 56,088	(270,949) 62,221	-	-	7,014 -	-
employee contributions	(19,003)	(33,112)	(48,446)	-	-	(6,670)	-
Net change in total pension liability	122,564	238,980	(91,899)	156,502	146,264	132,368	128,258
Total pension liability, beginning	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553	869,185	740,927
Total pension liability, ending (a)	1,573,964	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553	869,185
Plan Fiduciary Net Position Contributions - Employer Contributions - State Contributions - Employee Net investment income Benefit payments, including refunds of employee contributions Administrative expense	\$ 16,839 - 30,675 (20,267) (19,003) (14,660)	\$ 15,000 17,160 31,598 96,006 (33,112) (24,694)	\$ 15,000 14,803 29,461 106,241 (48,446) (25,168)	\$ 9,000 13,340 28,405 151,725	\$ 6,000 2,484 28,010 138,286	\$ - 10,398 28,874 19,866 (6,670) (10,650)	\$ 16,543 11,688 29,951 105,889
Net change in plan fiduciary net position	(6,416)	101,958	91,891	187,320	164,880	41,818	151,913
Plan fiduciary net position, beginning	1,960,689	1,858,731	1,766,840	1,579,520	1,414,640	1,372,822	1,220,909
Plan fiduciary net position, ending (b)	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,414,640	1,372,822
Net pension (asset) - ending (a) - (b)	\$ (380,309)	\$ (509,289)	\$ (646,311)	\$ (462,521)	\$ (431,703)	\$ (413,087)	\$ (503,637)
Plan fiduciary net position as a percentage of the total pension liability	124.16%	135.09%	153.31%	135.46%	137.61%	141.24%	157.94%
Covered payroll	\$ 613,500	\$ 631,956	\$ 589,220	\$ 568,100	\$ 560,200	\$ 577,474	\$ 599,025
Net pension asset as a percentage of covered payroll	(61.99%)	(80.59%)	(109.69%)	(81.42%)	(77.06%)	(71.53%)	(84.08%)

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

#### **NOTES TO SCHEDULE:**

The amounts presented for each fiscal year were determined as of September 30. The Town implemented GASB Statement No. 68 for the fiscal year ended September 30, 2014. As a result, this information is only available for the past seven fiscal years.

# **Change of Assumptions:**

For measurment date September 30, 2020, amounts reported as changes of assupmtions were resulted from lowering the inflation rate from 3.0% to 2.5% and reducing the salary increase assumptions from 5.5%-10.0% to 5.0%.

### PRIOR YEAR NOTES TO SCHEDULE:

For measurement date 9/30/18, as a result of Chapter 2015-157, Laws of Florida, assumed rates of mortality have been changed to those used in the July 1, 2018 FRS valuation report.

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



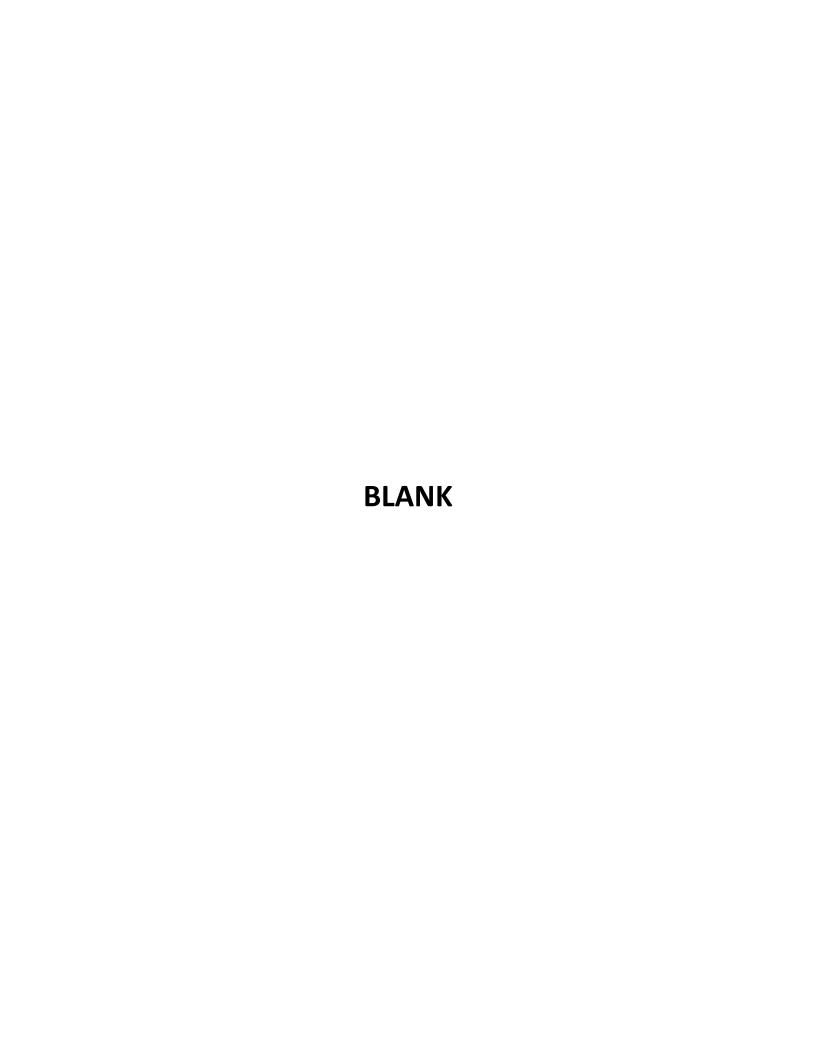
# Schedule of Contributions Last 10 Fiscal Years

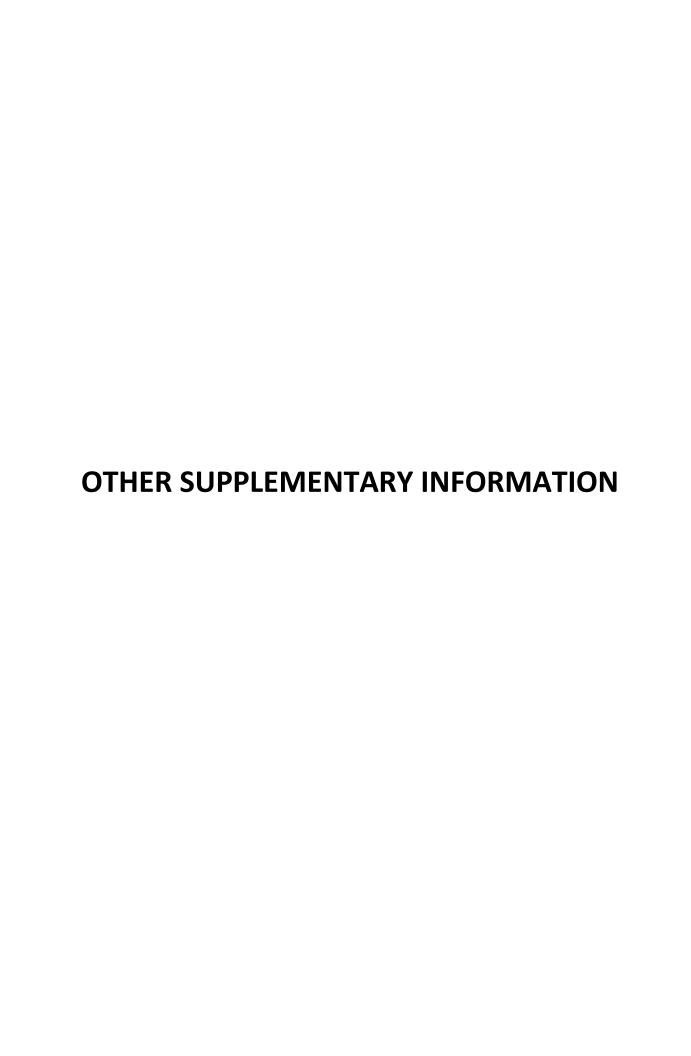
			Con	ntribution					
			in Re	elation to					Percentage
	Actuar	ially	Act	tuarially	Co	ntribution			of Covered
Year	Determ	Determined		equired	(	(Excess)		Covered	Payroll
Ended	Contrib	Contribution		Contribution		eficiency		Payroll	Contributed
September 30	(a)			(b)		(a-b)		(c)	(b/c)
2020	\$	-	\$	16,839	\$	(16,839)	\$	613,500	2.74%
2019		1,896		32,160		(30,264)		631,956	5.09%
2018		1,768		29,803		(28,035)		589,220	5.06%
2017		1,084		22,340		(21,256)		568,100	3.93%
2016		1,084		8,484		(7,400)		560,200	1.51%
2015		9,240		10,398		(1,158)		577,474	1.80%
2014		8,734		28,231		(19,497)		599,025	4.71%
2013	!	51,010		51,010		-		552,485	9.23%
2012		46,826		30,077		16,749		670,970	4.48%
2011		46,562		55,426		(8,864)		461,577	12.01%

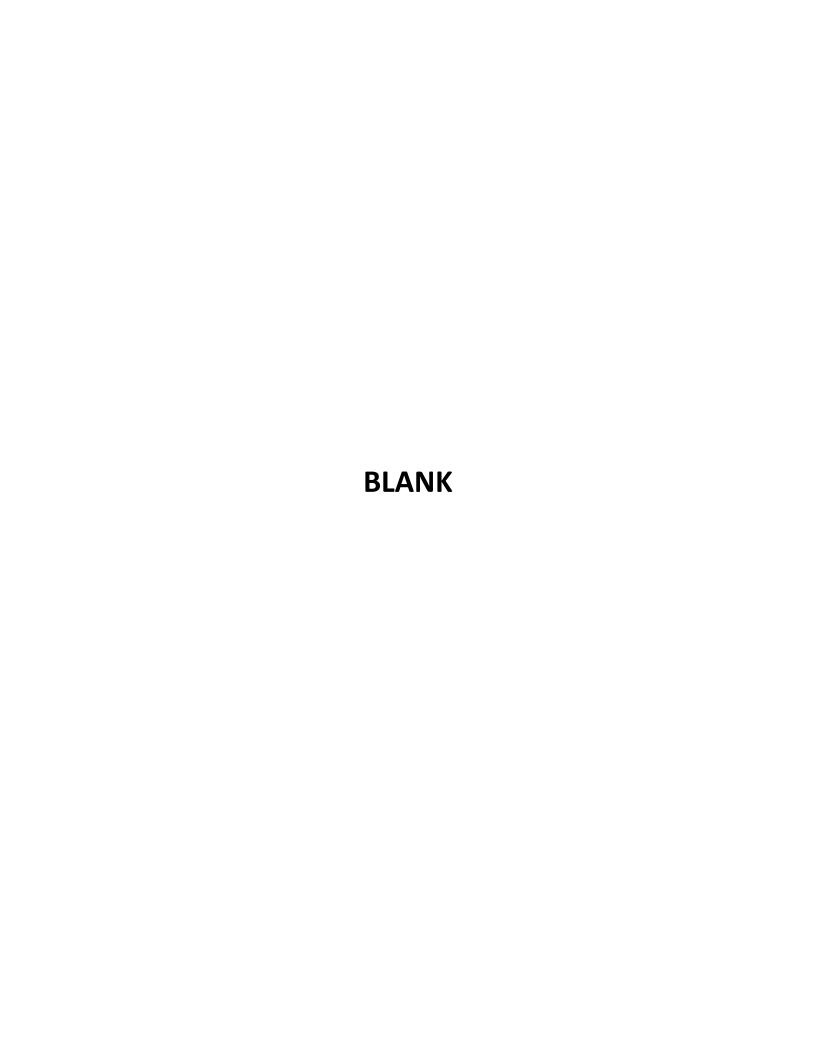
# Annual Money Weighted Rate of Return Last 10 Fiscal Years

Year	Annual Money- Weighted
rear	vveignteu
Ended	Rate of
September 30	Return
2020	-1.03%
2019	5.19%
2018	9.50%
2017	9.50%
2016	9.72%
2015	1.72%
2014	8.85%

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







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

	Water and Sewer					
					'	Variance
		Final			ı	Positive/
For the year ended September 30, 2020		Budget		Actual	(1	Negative)
Operating Revenues						
Charges for services	\$	862,611	\$	695,831	\$	(166,780)
Total operating revenues		862,611		695,831		(166,780)
O						
Operating Expenses						
Personnel services		282,112		183,835		98,277
Operating		680,499		504,704		175,795
Total operating expenses		962,611		688,539		274,072
Operating loss		(100,000)		7,292		107,292
Operating ioss		(100,000)		7,232		107,232
Non-operating revenues						
Capital contributions		-		554,318	\$	554,318
Total non-operating revenues		-		554,318		554,318
- (16)		(100.005)	_	=0.4 0.4 5		664.645
Excess (deficiency) of revenues under expenses	\$	(100,000)	\$	561,610	\$	661,610

Note: Depreciation expense of \$324,714 is not budgeted and, therefore, is not included on this schedule.

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

	Solid Waste					
					Variance	
		Final			Р	ositive/
For the year ended September 30, 2020	Budget Actual			(Negative)		
Operating Revenues						
Charges for services	\$	360,000	\$	384,825	\$	24,825
						_
Total operating revenues		360,000		384,825		24,825
Operating Expenses						
Operating		293,550		311,550		(18,000)
Total enerating expenses		293,550		311,550		(19 000)
Total operating expenses		233,330		311,330		(18,000)

Excess of revenues over expenses

66,450

73,275

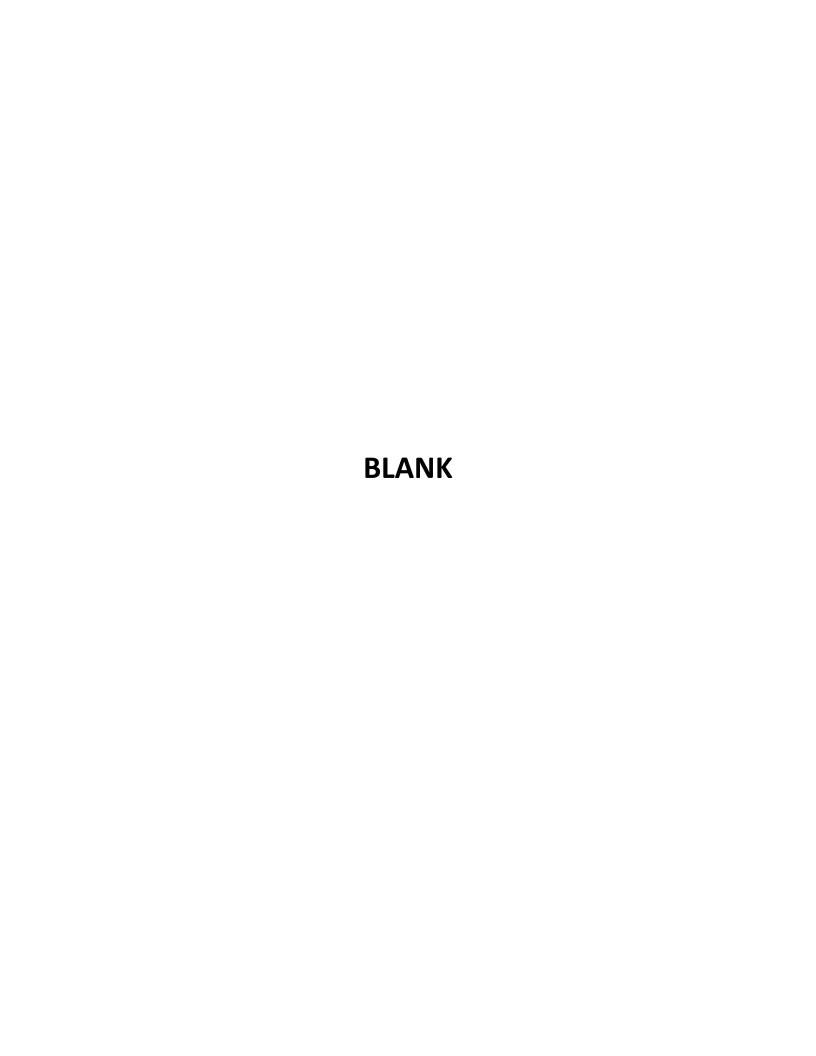
6,825

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

	Stormwater						
					١	/ariance	
		Final			F	Positive/	
For the year ended September 30, 2020		Budget		Actual	(Negative)		
Operating Revenues							
Charges for services	\$	219,336	\$	171,282	\$	(48,054)	
Total operating revenues		219,336		171,282		(48,054)	
		,		,		( , ,	
Operating Expenses							
Personnel services		144,446		88,923		55,523	
Operating		74,890		24,247		50,643	
Total operating expenses		219,336		113,170		106,166	
				_			
Excess of revenues over expenses	\$	-	\$	58,112	\$	58,112	

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







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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the Town Commission Town of Treasure Island, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund (except for the Town of Eatonville Community Redevelopment Agency), and the aggregate remaining fund information of the Town of Eatonville, Florida (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 25, 2022. Our report includes a reference to other auditors who audited the financial statements of the Town of Eatonville Community Redevelopment Agency, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-003.

# **Town's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

# **Purpose of this Report**

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

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ungram, L.L.C.

Tampa, Florida February 25, 2022



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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

## **Report on Compliance for the Major Federal Program**

We have audited Town of Eatonville, Florida's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended September 30, 2020. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

# **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

#### **Opinion on the Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ungram, L.L.C.

Tampa, Florida February 25, 2022

		Assisance			
Federal Grantor/Pass-Through Grantor/Program	Identifying	Listing	Expe	nditures	Subrecipients
Title	Grant/Loan	Number			
U.S. Department of Agriculture:					
Water and Waste Disposal System	Loan	10.760	\$	282,000	\$ -
Water and Waste Disposal System	Grant	10.760		548,768	-
Total Water and Waste Disposal System				830,768	
Community Facilities Loan and Grant Cluster					
Community Facilities Loan and Grant	Grant	10.766		53,500	-
Total Community Facilities Loan and Grant Cluster				53,500	
Total U.S. Department of Agriculture				884,268	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$	884,268	\$ -

#### **Note 1: BASIS OF PRESENTATION**

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of the Town, and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town has elected not to use the 10% de Minimis Indirect Cost Rate as outlined in the Uniform Guidance.

The Town's federal awards include loans or loan guarantees.

The Town did not receive any federal non-cash assistance for the fiscal year ended September 30, 2020.

## **Note 3: LOANS OUTSTANDING**

The Town had loan balances outstanding with State Revolving Fund and State Revolving Bond of \$2,082,253 at September 30, 2020.

#### **Note 4: CONTINGENCIES**

Expenditures incurred by the Town are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Management believes that if audited, any adjustment for disallowed expenditures would be immaterial in amount. As of September 30, 2020, management is not aware of any material questioned or disallowed expenditures as a result of grant audits in process or completed.

#### **Note 5: NON-CASH CONTRIBUTIONS**

The Town did not receive any donated personal protection equipment as of September 30, 2020.

#### PART I – SUMMARY OF AUDITORS' RESULTS

#### Financial Statements:

1. Type of auditors' report issued

Qualified-Government Activities; Unmodified-Business-type Activities, each major fund (except CRA fund) Disclaimer-CRA Fund

- 2. Internal control over financial reporting:
  - a. Material weaknesses identified?

Yes

b. Significant deficiencies identified not considered to be material weaknesses? None noted

c. Noncompliance material to the financial statements noted?

Yes

#### Federal Awards:

1. Type of auditors' report issued on compliance for major federal program Unmodified

2. Internal control over major programs:

a. Material weaknesses identified?

b. Significant deficiencies identified not considered to be material weaknesses? None noted

3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?

None

4. Identification of major federal program:

Federal Awards

Assistance
Listing Number

Water and Waste Disposal System

10.760

- 5. A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs.
- 6. Auditee qualified as low-risk auditee under 2 CFR 200.520?

No

#### PART II – FINANCIAL STATEMENT FINDINGS

## 2020-001 Financial Reporting (Repeat material weakness finding)

**Criteria:** All transactions should be recorded in accordance with GAAP. The financial close process should include evaluation and adjustments to ensure accrual of respective accounts. In accordance with 2 CFR 200.512a(1), the audit must be completed and the data collection form described in <u>paragraph (b)</u> of this section and reporting package described in <u>paragraph (c)</u> of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

**Condition:** Multiple transactions were not recorded consistently with accounting principles generally accepted in the United States of America (GAAP). Required filings due December 31, 2021 were not timely completed.

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

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

- \$101,000 to properly account for the balances between the due to/from other funds
- \$30,000 of deferred revenue that was not properly recorded as grant revenue
- \$282,000 of revenue that was not properly recorded as debt from grant funds received
- \$71,000 to properly reflect allowance for doubtful accounts
- The late filing of the data collection form resulted in noncompliance with 2 CFR 200.512a(1)

**Recommendations:** We recommend the Finance Department ensure adjustments are made to reflect all activity on the GAAP basis and all filings are timely made as part of the financial close process.

Views of Responsible Officials: See page 77-79 for management's response to the finding.

#### 2020-002 Schedule of Expenditures of Federal Awards (Material weakness finding)

**Criteria:** The Schedule of Expenditures of Federal Awards should be prepared in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

**Condition:** The Schedule of Expenditures of Federal Awards was not prepared to include federal expenditures on grant funds.

**Cause of Condition**: The Town did not identify expenditures made on grant funds properly to prepare a Schedule of Expenditures of Federal Awards.

**Effect of Condition:** The Town did not identify expenditures made on grant funds in the amount of \$884,000 to properly prepare a Schedule of Expenditures of Federal Awards.

#### PART II – FINANCIAL STATEMENT FINDINGS (Continued)

#### 2020-002 Schedule of Expenditures of Federal Awards (Material weakness finding) Continued

**Recommendations:** We recommend the Finance Department ensure grant expenditures are properly tracked and accounted for to prepare a Schedule of Expenditures of Federal Awards if the threshold of \$750,000 is met.

Views of Responsible Officials: See page 77-79 for management's response to the finding.

### 2020-003 Debt Covenant Compliance (Repeat noncompliance finding)

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

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

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

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

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

Views of Responsible Officials: See pages 77 - 79 for management's response to the finding.

### PART III – FEDERAL AWARD FINDINGS

None noted

### PART IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

**2019-001:** Multiple transactions were not recorded consistently with accounting principles generally accepted in the United States of America (GAAP).

**Condition:** Transactions inconsistent with GAAP were recorded due to oversight, insufficiency of knowledge or a reduction in finance departments staffing.

**Recommendation:** The Finance Department should exercise increased diligence in the recording and review of transactions and hire knowledgeable staff, in light of recent turnover, to ensure all transactions are recorded in accordance with GAAP.

**Current Status:** Finding remains relevant in the current year. See 2020-001.

**2019-002:** The Town did not meet the pledged revenue coverage covenant required by its State Revolving Fund Loan (SRF Loan) agreements.

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

**Recommendation:** The Town should increase the water and sewer rates and provide other necessary actions to ensure the pledged revenue coverage covenant is met.

**Current Status:** Finding remains relevant in the current year. See 2020-003.

### **Management's Corrective Action Plan**



# Town of Eatonville

"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"

#### PART II - FINANCIAL STATEMENT FINDINGS

2020-001 Financial Reporting (Repeat material weakness finding)

**Criteria:** All transactions should be recorded in accordance with GAAP. The financial close process should include evaluation and adjustments to ensure accrual of respective accounts. The financial close process should also include all relative filings, to include data collection form with Audit Clearinghouse.

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

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

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

- . \$101,000 to properly account for the balances between the due to/from other funds
- \$30,000 of deferred revenue that was not properly recorded as grant revenue
- \$282,000 of revenue that was not properly recorded as debt from grant funds received
- \$71,000 to properly reflect allowance for doubtful accounts
- Data Collection Form not filed with Audit Clearinghouse timely

**Recommendations:** We recommend the Finance Department ensure adjustments are made to reflect all activity on the GAAP basis and all filings are timely made as part of the financial close process.

Views of Responsible Officials: The Town accounting system, while adequate to process transactions. Is labor-intense and does not post transactions which are automated in other accounting systems. Also, as you know, during the period being audited, the town had two employees and, at times, only one full-time employee in the finance department responsible for all accounting and reporting functions. Due to the lack of staff, we could not perform on time all required reconciliations and closing functions as we were engaged in performing the day-to-day activities of the finance department. In terms of reports not being timely filed, we agree that filing relating to the audit was not timely filed as the audit is late. Thus filings that require the including of the audit could not be completed until the audit was completed. We intend to obtain additional finance personnel and perhaps an upgrade to the accounting systems, which will allow the town to comply with the filing requirement in the future.

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# Management's Corrective Action Plan (Continued)



# Town of Eatonville

"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"

#### 2020-002 Schedule of Expenditures of Federal Awards (Material weakness finding)

Criteria: The Schedule of Expenditures of Federal Awards should be prepared in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance).

Condition: The Schedule of Expenditures of Federal Awards was not prepared to include federal expenditures on grant funds.

**Cause of Condition**: The Town did not identify expenditures made on grant funds properly to prepare a Schedule of Expenditures of Federal Awards.

Effect of Condition: The Town did not identify expenditures made on grant funds in the amount of \$884,000 to properly prepare a Schedule of Expenditures of Federal Awards.

**Recommendations:** We recommend the Finance Department ensure grant expenditures are properly tracked and accounted for to prepare a Schedule of Expenditures of Federal Awards if the threshold of \$750,000 is met.

Views of Responsible Officials: The current system can identify grant expenditure but is not user-friendly in tracking grants. The Finance Department is in the process of acquiring a new accounting system that will have the ability to track projects, programs, and grants. The new system will streamline the process; therefore, this finding will be addressed in the future. In the future as required a Schedule of Federal Expenditures will be prepared in accordance with the federal guidelines

#### 2020-003 Debt Covenant Compliance (Repeat noncompliance finding)

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

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

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

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

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# **Management's Corrective Action Plan (Continued)**

and sewer systems, including setting rates, collecting revenues and applying those revenues to the loan balance.

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

Views of Responsible Officials: The Town has met with Florida Rural Water Association in preparing another Utility rate study to increase revenues. Upon completion of the study we will proceed accordingly to increase the utilities rate charges in accordance with any loan agreement. The new rates will be implemented in FY 2022 budget year.



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

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

#### **Report on the Financial Statements**

We have audited the financial statements of the Town of Eatonville, Florida (the Town) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 25, 2022. We have issued a qualified opinion on the governmental activities of the Town. Our report includes reference to other auditors that audited the Town of Eatonville CRA and in their report dated June 15, 2021, they issued a disclaimer opinion on those financial statements.

### **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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 25, 2022, should be considered in conjunction with this management letter.

## **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Audit findings 2020-001 and 2020-003 are repeat findings from the preceding two annual financial audit reports.

Tabulation of Uncorrected Audit Findings							
Current Year	2019-20 FY	2018-19 FY					
Finding #	Finding #	Finding #					
2020-001	2019-001	2018-001					
2020-003	2019-002	2018-002					

## **Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We recommend the Town follow the process narrative implemented by the Town and have the Mayor or Town Council approve disposals of property, plant and equipment. We also recommend the Town reconcile financial records to ensure proper accounting treatment and accuracy of accounts. We also recommend the Town implement a formal IT risk assessment and review the Service Organization Control (SOC) reports for the payroll provider used by the Town.

#### **Additional Matters**

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

#### **Purpose of this Letter**

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

CARR, RIGGS & INGRAM, LLC

Parr, Riggs & Chypan, L.L.C.

Orlando, Florida February 25, 2022

